



Armenian Tax & Legal Brief

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Amendments and Additions to the Tax Legislation

- ***Supplements and amendments to the RA Law on Property Tax***

According to the RA Law on Supplements and Amendments to the RA Law on Property Tax #140-N dated 21 May 2011 companies shall submit property tax returns to Authorized Bodies and make property tax payments half-yearly no later than 20th of the following month of the half year.

The amendment is effective starting 1 July 2011 and refers to the second semi year of 2011 and the reporting periods following it. The date of payments of property tax for second quarter 2011 is still the 1st of the second month following the quarter.

(Published in Official Journal #28 (831/1), 24 May 2011)

- ***Supplements and amendments to the RA Law on Land Tax***

According to the RA Law on Supplements and Amendments to the RA Law on Land Tax #141-N dated 21 May 2011, companies shall submit land tax returns to Authorized Bodies and make land tax payments half-yearly no later than 20th of the following month of the half year.

The amendment is effective starting 1 July 2011 and refers to the second semi year of 2011 and the reporting periods following it.

(Published in Official Journal #28 (831/1), 24 May 2011)

- ***Supplements and amendments to the RA Law on Taxes***

According to the RA Law on Supplements and Amendments to the RA Law on Taxes

#154-N dated 30 May 2011 a new provision concerning the freeze on taxpayer's property was introduced. Namely, if taxpayer's outstanding tax liabilities in the line of revenues controllable by Tax Authorities exceed kAMD 500.0, the Head of the Tax Authorities shall have a right to introduce an order applying a freeze on taxpayer's property in accordance with the requirements of the Law.

(Published in Official Journal #32 (835), 03 June 2011)

- ***Supplement to the RA Law on Temporary Disability Benefits***

The RA Law on Supplement to the RA Law on Temporary Disability Benefits #123-N dated 5 May 2011 introduced a new procedure on calculation of monthly average salary for estimation of temporary disability benefits.

(Published in Official Journal #26 (829), 11 May 2011)

- ***Supplements and amendments to the RA Law on Presumptive payments***

According to the RA Law on Supplements and Amendments to the RA Law on Presumptive Payments #148-N dated 24 May 2011 starting 1 January 2012 the following activities are no longer subject to presumptive payments:

- ✓ Retail sale of petrol and diesel fuel
- ✓ Commercial fishing
- ✓ Organization of computer games
- ✓ Organization of bath-houses
- ✓ Organization of billiard games

(Published in Official Journal #30 (833), 26 May 2011)

- **Optional usage of seal**

Supplements were made to the RA Laws on State Registration of Legal Entities, on Audit, on Joint Stock Companies according to which the mandatory use of a seal by legal entities was changed to optional use.

(Published in Official Journal #26 (829), 11 May 2011)

Official clarifications to the Tax Legislation

- **Tax treatment of paid social benefits to employees**

The RA State Revenue Committee together with the RA Ministry of Finance introduced official clarification # 14 dated 16 March 2011 stating that in case the employer pays temporary disability and/or funeral benefits to employees at his/her own expense (amount of social security payments calculated by employer for the month is not enough to cover amount of temporary disability and/or funeral benefits calculated for that month), then

1. the amount of those benefits are not subject to deduction from employer's gross income, irrespective of whether the state budget compensates this amount or not,
2. amount of compensation received from the state budget later on shall not be included in the employer's gross income.

(Published in Official Journal #9 (392), 02 May 2011)

- **Payments for leased apartments**

The RA State Revenue Committee together with the RA Ministry of Finance

introduced official clarification #15 dated 16 March 2011 stating that if it is not directly stipulated in the labor agreement between employer and employee that employee's payroll includes payments for apartment leased by employer then lease expenses:

- ✓ are considered to be necessary expenses for employer
- ✓ are considered to be in kind (non monetary) income for employee, thus are not subject to personal income tax.

(Published in Official Journal #9 (392), 02 May 2011)

- **Set-off of excise tax**

The RA State Revenue Committee together with the RA Ministry of Finance introduced official clarification #17 dated 24 March 2011 defining the peculiarities of crediting (set-off) accrued excise tax amounts in the line of purchased raw materials. Particularly:

- ✓ if the raw materials are imported to the RA, the requirement for set-off is the fact of payment of excise tax,
- ✓ if raw materials are purchased in the territory of the RA, bank payment to suppliers is required for set-off.

(Published in Official Journal #8 (391), 15 April 2011)

- **Business trip expenses**

The RA State Revenue Committee together with the RA Ministry of Finance introduced official clarification # 23 dated 17 May 2011 according to which peculiarities regarding application of limits to foreign business trip expenses subject to deduction from gross income

for profit tax calculation purposes were specified.

(Published in Official Journal #12 (395), 01 June 2011)

Government Decree

- *Procedures concerning tax invoices*

In pursuance of the requirements of Article 20 of the RA Law on VAT the RA Government introduced decree # 685 dated 20 May 2011 defining the procedure on provision, issuance and keeping of blank forms of tax invoices by Tax Authorities, procedure on submission of reports on the use of received tax invoices and procedure on return of damaged, invalid and unused tax invoices.

(Published in Official Journal #34 (837), 08 June 2011)

Order of the RA State Revenue Committee

- *New form of VAT return*

Based on the requirements of Article 33 of the RA Law on VAT the RA State Revenue Committee introduced order # 1423-N dated 14 June 2010 approving:

- ✓ the new form of VAT return and its filing procedure,
- ✓ the new application form for set-off and/or receiving back accrued VAT amounts in the line of zero rated VAT taxable transactions and filling procedure of it.

The order comes into force starting 1 January 2011. Previous forms and procedures become invalid.

(Published in Official Journal #18 (370), 02 August 2010)

Newly validated Double Taxation Agreement

- *Agreement with the Republic of Slovenia*

According to the resolution #263-N of the National Assembly of the RA dated 14 April 2011 the agreement between the Republic of Armenia and the Republic of Slovenia for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income and on capital was validated.

(Published in Official Journal #25 (828), 04 May 2011)

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