



# Armenian Tax & Legal Brief

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## Amendments and Additions to the Tax legislation

- **Supplements to the RA Law on VAT**

According to the RA Law on Supplements to the RA Law on VAT #129-N dated 7 October 2010, starting 1 January 2014 in case of import/sale of tobacco products the taxable turnover shall be defined based on the maximum retail price (excluding VAT) of tobacco products labeled in line with the procedures determined by the Government of the RA.

Further, the following transactions were added to the list of VAT exempt transactions:

- ✓ Sale of tobacco products by persons not considered to be producers and/or importers of tobacco products (effective from 1 January 2014);
- ✓ Import and/or sale of diesel fuel (effective from 1 January 2011).

(Published in Official Journal #53 (787), 22 October 2010)

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

Supplements and amendments were made to the RA Law on Excise Tax (Law #126-N dated 7 October 2010). The amendments concern the taxable bases and excise tax rates on alcoholic drinks, tobacco products and petrol and diesel fuel.

(Published in Official Journal #53 (787), 22 October 2010)

## IFRS for Small and Medium Enterprises

Under the requirements of the RA Law on Accounting, the RA Government introduced Decree # 1209-N dated 16 September 2010. Based on the mentioned decree, the new edition of International Financial Reporting Standards (IFRS) for Small and Medium Enterprises was published in Armenian. At the same time, the Government Decree # 775-N dated 17 June 2010 on Publishing of International Financial Reporting Standards (IFRS) for Small and Medium Enterprises was abolished. (Published in Official Journal #47 (781), 29 September 2010)

## Newly Validated Double Taxation Agreements

- **Agreement with the State of Kuwait**

According to the resolution #222-N of the National Assembly of the RA dated 4 October 2010, the agreement between the Government of the RA and the Government of the State of Kuwait for the avoidance of double taxation was validated.

(Published in Official Journal #52 (786), 21 October 2010)

- **Agreement with the Republic of Hungary**

According to the resolution #234-N of the National Assembly of the RA dated 7 October 2010, the agreement between the Government of the RA and the Government of the Republic of Hungary for the avoidance of double taxation was validated.

(Published in Official Journal #52 (786), 21 October 2010)

#### **Official clarifications of the State Revenue Committee**

- **Fine calculations on profit tax advance payments**

The RA State Revenue Committee together with the RA Ministry of Finance introduced the official clarification #11 dated 5 October 2010. The mentioned clarification aims to specify issues related to fine calculations on profit tax advance payments in case taxpayer independently determines monthly advance payment amounts and such payments constitute less than 75% of the actual profit tax. According to the clarification, fines shall not be calculated if the aggregate paid amount of calculated advance payments for the whole year exceeds 75% of the actually calculated profit tax amount. Otherwise fines shall be calculated starting from upcoming advance payment date after a written notification was submitted by taxpayer.

(Published in Official Journal #23 (375), 15 October 2010)

- **Other deductions from gross income (payments to disabled)**

According to Article 38 of the RA Law on Profit Tax, when determining the taxable profit of a taxpayer, gross income shall be reduced by 150% of salaries, wages and other payments deemed equal thereto, made to every disabled person employed by the taxpayer. In order to specify issues related to application of the above mentioned article, the RA State Revenue Committee together with the RA Ministry of Finance introduced the

official clarification #13 dated 5 October 2010. According to the clarification, in addition to labor costs and other payments deemed equal thereto accrued to every disabled person a taxpayer's gross income can be reduced by 150 % of that costs/ payments as other deduction, even though these costs/ payments are not considered to be necessary expenses incurred on deriving the taxpayer's income.

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