

LAW
OF THE REPUBLIC OF ARMENIA

Adopted on 20 November 2014

**ON EXEMPTING ACTIVITIES CARRIED OUT IN BORDER
SETTLEMENTS FROM TAXES**

*(title amended by HO-141-N of 24 November 2015, HO-297-N
of 21 December 2017)*

Article 1. This Law shall regulate the relations pertaining to exempting from taxes the activities carried out in border settlements included in the list approved by the Government of the Republic of Armenia (hereinafter referred to as "the List") and having land plots unused due to military operations.

(Article 1 amended by HO-141-N of 24 November 2015, HO-297-N of 21 December 2017)

Article 2. Within the meaning of this Law, the following carried out within the administrative boundaries of border settlements included in the List shall be considered as activities carried out in the border settlements:

- (1) activities related to retail sale (purchase and sales) to the public through shopping facilities, sale outlets in trading venues;
- (2) organisation of production within the framework of economic activity, irrespective of the fact where the finished product is sold, whether within the administrative boundaries of border settlements included in the List or beyond them;

- (3) performance of activities considered as patent taxable objects, except for passenger transportation by a light passenger vehicle, by a bus and/or minivan, organisation of betting, as well as organisation of internet betting, prescribed by the Tax Code of the Republic of Armenia (hereinafter referred to as "the Code").

(Article 2 amended by HO-141-N of 24 November 2015, amended, edited by HO-297-N of 21 December 2017)

(Article 2 supplemented with part 2 of Article 2 of Law HO-297-N of 21 December 2017 shall enter into force on 1 July 2018)

Article 3. The application of benefits of exempting from taxes the activities carried out in the border settlements included in the List shall mean that:

- (1) the income derived from activities related to retail sale (purchase and sales) to the public through shopping facilities, sale outlets in trading venues located within the administrative boundaries of those settlements, as well as the income derived from activities in the sector of public catering shall be exempt from turnover tax, and individual entrepreneurs carrying out those activities and considered as turnover taxpayers shall be exempt from profit tax provided for by law for entrepreneurial activities;
- (2) the income derived from the following activities related to the product derived as a result of organisation of production within the framework of economic activity (except for the production of excisable goods) shall be exempt from the taxes below:
- a. income derived from the sales of the product shall be exempt from turnover tax;
 - b. transactions on alienation of the product shall be exempt from value added tax;

- c. income to be received from the sales of the product shall be exempt from profit tax;
- (3) the activities considered as patent taxable objects, except for passenger transportation by a light passenger vehicle, by a bus and/or minivan, types of activities related to the organisation of betting, as well as organisation of internet betting, prescribed by the Code, shall be exempt from patent tax, and the patent for the activities exempted from the patent tax shall be issued as prescribed by the Code, without paying patent tax;
- (4) organisations and individual entrepreneurs shall be exempt, in cases provided for by laws of the Republic of Armenia, as a tax agent, from the obligation to calculate, withhold and transfer to the State Budget the tax for activities carried out in border settlements included in the List, except for the income tax and social payment calculated against the funds paid by the tax agent and directed to work remuneration and from equivalent income under the general procedure prescribed by law.

(part repealed by HO-297-N of 21 December 2017)

(part repealed by HO-297-N of 21 December 2017)

(part repealed by HO-297-N of 21 December 2017)

(Article 3 amended, supplemented by HO-141-N of 24 November 2015, amended by HO-297-N of 21 December 2017, supplemented, amended, edited by HO-297-N of 21 December 2017)

Article 4. With respect to activities carried out in border settlements included in the List, the organisations and individual entrepreneurs shall be obliged:

- (1) to maintain, as prescribed by the Code, separated record-keeping of tax objects, tax bases that are being formed with regard to taxable and non-taxable types of

activities or transactions, as well as of deductions, offset (reduced) amounts prescribed by the Code, and where it is impossible to maintain the separated record-keeping, taxable objects, tax bases, tax amounts, as well as deductions and offset (reduced) amounts prescribed by the Code (with regard to the part for which separated record-keeping cannot be maintained) shall be calculated by the weighted average method prescribed by the Code, in conformity with weighted average of gross income calculated in the gross income with regard to the activities carried out in the border settlements included in the List;

- (2) to maintain record-keeping prescribed by the Code and laws of the Republic of Armenia on fees, and in cases prescribed by the legislation, also accounting, to issue relevant settlement documents prescribed by the Code with regard to supply of goods, performance of work and/or provision of services. To submit tax calculation reports to the tax authority under the procedure and within the time limits prescribed by the Code and laws of the Republic of Armenia on fees;
- (3) to comply with the requirements of the Code and laws of the Republic of Armenia on fees, as well as of other legal acts vesting powers of control in the tax authority.

(Article 4 amended by HO-141-N of 24 November 2015, edited by HO-297-N of 21 December 2017)

Article 5.

(Article repealed by HO-297-N of 21 December 2017)

Article 6. This Law shall enter into force from 1 January 2015.

**President
of the Republic of Armenia**

S. Sargsyan

9 December 2014

Yerevan

HO-156-N