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## GOVERNMENT OF THE REPUBLIC OF ARMENIA

### DECISION

N 387-N, dated 2 April 2015

#### ON APPROVING THE PROCEDURE FOR GRANTING THE APPROVAL OF THE GOVERNMENT OF THE REPUBLIC OF ARMENIA TO THE PROGRAMS STIPULATED BY PARTS 1.1 AND 1.2 OF ARTICLE 33 OF THE LAW OF THE REPUBLIC OF ARMENIA ON PROFIT TAX

*(The heading edited by RA Government Decision N 639-N, dated 18.06.15)*

Based on parts 1.1 and 1.2 of Article 33 of the RA Law on Profit Tax, as well as part 1.2 of Article 10 of the RA Law on Income Tax, hereby the Government of Armenia *decides*:

1. To approve the procedure for granting the approval of the Government of the Republic of Armenia to the programs stipulated by part 1.1 of Article 33 of the RA Law on Profit Tax, in accordance with Annex N 1.
2. To approve the procedure for granting the approval of the Government of the Republic of Armenia to the programs stipulated by part 1.2 of Article 33 of the RA Law on Profit Tax, in accordance with Annex N 2.
3. To define that if a taxpayer in the group of RA resident taxpayers or a resident taxpayer performs types of activity subject to implementation within the frameworks of programs under both 1.1 and 1.2 parts of Article 33 of the RA Law on Profit Tax, then, in the case of the presence of an export program stipulated by part 1.1 of Article 33 of the RA Profit Tax Law, that has been submitted by the taxpayer in the group of RA resident taxpayers or the resident taxpayer and has been granted the approval of the RA Government, it is considered that the taxpayer in the group of RA resident taxpayers or the resident taxpayer implements also the program stipulated by part 1.2 of the same Article.
4. The minimum customs value of goods exported from the territory of the Republic of Armenia by the group of RA resident taxpayers during the implementation of the export program under the "Export" customs procedure and/or transported to the territory of the member states of the Eurasian Economic Union shall be defined by the RA Government, for individual programs.
5. This Decision shall enter into force on the day following the day of the official promulgation.

**RA Prime Minister**

**H. Abrahamyan**

April 17, 2015

Yerevan

## PROCEDURE

### FOR GRANTING THE APPROVAL OF THE GOVERNMENT OF THE REPUBLIC OF ARMENIA TO THE PROGRAMS STIPULATED BY PART 1.1 OF ARTICLE 33 OF THE LAW OF THE REPUBLIC OF ARMENIA ON PROFIT TAX

1. This procedure shall regulate relations pertaining to granting the approval of the RA Government to the programs stipulated by part 1.1 of Article 33 of the Law of the Republic of Armenia on Profit Tax.

2. For the purpose of application of this Procedure:

1) *“group of taxpayers”* shall mean two or more resident taxpayers of the Republic of Armenia or a resident taxpayer, who have submitted an application for implementing the export program, have a common shareholder who owns minimum 20 percent shareholding and has been included in the approved export program;

2) limitations prescribed by point 4, part 1.1 of Article 33 of the Law shall apply exclusively to incomes stipulated by points (a), (b) and (c) of Article 7.2 of the Law.

3. To seek the approval of the RA Government to the export programs stipulated by part 1.1 of Article 33 of the Law, the applicant shall submit the following to the RA Government:

1) an application (in accordance with the form);

2) the export program, which contains information about the volume of exports, including the volume of goods exported from the territory of the Republic of Armenia under the “Export” customs procedure and/or transported to the territory of the member states of the Eurasian Economic Union (EAEU), the list of taxpayers in the group of the RA resident taxpayers involved in the program, the state registration certificates (the number), information about taxpayers’ TINs, and in case of involvement in the field of construction and installation, also information about performance of works, the number of jobs and the average salaries;

3) in the case of submitting an application on behalf of a group of RA resident taxpayers, the applicant shall submit the power of attorney issued to him by the other members of the group.

4. After the RA Government approves the export program stipulated by part 1.1 of Article 33 of the RA Law, in the entire effective period of the program, if the limitations prescribed by part 1.1 of Article 33 of the Law are observed, then, the taxpayer implementing the export program and acting in the group of resident taxpayers involved in the program or the resident taxpayer shall\_

1) calculate and pay the profit tax at the following rates:

a. 2 percent from the entire business activity (including in the field of construction and installation), if the cost of rendered services, performed works and supplied goods provided by them outside the territory of the Republic of Armenia amounts to minimum 50 billion Armenian drams, and

b. 5 percent from the entire business activity (including in the field of construction and installation), if the cost of rendered services, performed works and supplied goods provided by him outside the territory of the Republic of Armenia amounts to minimum 40 billion Armenian drams.

2) The income tax on salary and other payments equal thereto, stipulated by part 1.2 of Article 33 of the RA Law of Profit Tax, paid to the RA residents exclusively for works provided by them outside the territory of the Republic of Armenia based on the employment contracts with the RA residents shall be calculated at 13 percent rate.

5. Before the approval of the “export” program by the Government of the Republic of Armenia, the balances of foreign currencies available in the bank accounts of the taxpayers shall not be considered for the purpose of applying the privilege.

6. For calculating amounts generated from the export related activities and credited to the bank accounts of a group of taxpayers opened with RA resident banks, the exchange rate of the foreign currency established by the Central Bank of Armenia as of the date of crediting the foreign currency amount to the bank account of the taxpayer shall be considered.

7. For the purpose of application of the privilege, only the amounts generated from actual exports from the territory of the Republic of Armenia under the “Export” customs procedures and/or transported to the

EAEU member states in the effective period of the export program and credited to the bank accounts shall be considered.

8. Before the approval of the “export” program by the Government of the Republic of Armenia, exports implemented by the taxpayers or transportations to the territory of the EAEU, amounts credited to the bank accounts of the latter, as well as the circumstance of non-observance of limitations prescribed by the Law shall not be considered.

9. Within three business days following the date when the application submitted by the applicant is filed with the Staff of the RA Government, the application, on the instruction of the RA Prime Minister, shall be sent to the RA Ministry of Economy.

10. Upon receiving the instruction, the RA Ministry of Economy shall study, within the period specified in the instruction of the RA Prime Minister, the compliance of the submitted program with the requirements of provision 3 of this Procedure, and develop and put into circulation, in the manner established by the RA legislation, a draft decision of the RA Government on granting approval, and submit it to the RA Government in accordance with the established procedure.

11. Provisions of points 9 and 10 of this Procedure shall also apply to an application filed for making an amendment in the program.

12. If the list of documents submitted by the applicant is incomplete, the applicant shall be requested to file the complete set of documents within three business days.

13. The application shall be rejected, if the application and the attached documents are incomplete and, if the applicant fails to eliminate existing deficiencies contained in the application or documents attached thereto, or fails to file the completed documents.

*(The Annex edited by RA Government Decision N 639-N, dated 18.06.15)*

## PROCEDURE

### FOR GRANTING THE APPROVAL OF THE GOVERNMENT OF THE REPUBLIC OF ARMENIA TO THE PROGRAMS STIPULATED BY PART 1.2 OF ARTICLE 33 OF THE LAW OF THE REPUBLIC OF ARMENIA ON PROFIT TAX

1. This Procedure shall regulate relations pertaining to granting the approval of the RA Government to the programs stipulated by part 1.2 of Article 33 of the Law of the Republic of Armenia on Profit Tax.

2. For the purpose of application of this Procedure:

1) *“group of taxpayers”* shall mean two or more resident taxpayers of the Republic of Armenia or a resident taxpayer, who have submitted an application for implementing the export program, have a common shareholder who owns minimum 20 percent shareholding and has been included in the approved export program;

3. To seek the approval of the RA Government to export programs stipulated by part 1.2 of Article 33 of the Law, the applicant shall submit the following to the RA Government:

1) an application (in accordance with the form), and

2) the program, which includes information on performance of works, the number of jobs and the average salaries, as well as the list of taxpayers comprising the group of the RA resident taxpayers involved in the program or the company name of the resident taxpayer, the state registration certificates (the number), and information about taxpayers' TINs.

4. Within three business days following the date when the application submitted by the applicant is filed with the Staff of the RA Government, the application, on the instruction of the RA Prime Minister, shall be sent to the RA Ministry of Economy.

5. Upon receiving the instruction, the RA Ministry of Economy shall study, within the period specified in the instruction of the RA Prime Minister, the compliance of the submitted program with the requirements of provision 2 of this Procedure, and develop and put into circulation, in the manner established by the RA legislation, a draft decision of the RA Government on granting approval, and submit it to the RA Government in accordance with the established procedure.

6. Provisions of points 3 and 4 of this Procedure shall also apply to an application filed for making an amendment in the program.

7. After the RA Government approves the export program defined by part 1.2 of Article 33 of the RA Law, in the entire effective period of the program, if the limitations prescribed by part 1.2 of Article 33 of the Law are observed, then, the taxpayer implementing the export program and acting in the group of resident taxpayers involved in the program or the resident taxpayer, shall:

1) calculate and pay the profit tax at 5 percent rate, notwithstanding cases stipulated by paragraph (a), provision 4.1 of Annex N 1 of the Procedure approved by this Decision;

2) the income tax on salaries and other payments equal thereto paid to the RA residents exclusively for works provided outside the territory of the Republic of Armenia based on the employment contracts with the RA residents shall be calculated at 13 percent rate.

8. If the list of documents submitted by the applicant is incomplete, the applicant shall be requested to file the complete set of documents within three business days.

9. The application shall be rejected, if the application and the attached documents are incomplete and, if the applicant fails to eliminate existing deficiencies contained in the application or documents attached thereto, or fails to file the completed documents.

\_\_\_\_\_  
(authorized body)

**APPLICATION**

**FOR SUBMITTING THE PROGRAMS STIPULATED BY PARTS 1 AND 2 OF ARTICLE 33  
OF THE RA LAW ON PROFIT TAX**

Applicant

\_\_\_\_\_  
(name of the legal entity, first name and surname of the individual entrepreneur

\_\_\_\_\_  
telephone number and e-mail address )

Location

\_\_\_\_\_  
(location of the legal entity, residence address of the individual entrepreneur)

State registration number of the legal entity, state recording number of the individual entrepreneur

\_\_\_\_\_

Please discuss and approve the program

List of documents attached to the application

\_\_\_\_\_ :

I hereby declare that data provided in the submitted documents are complete and accurate.

Applicant

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(first name, surname)

\_\_\_\_\_ 20 \_\_\_\_.

*(Annex amended by RA Government Decision N 639-N of 18.06.15)*

**Minister – Chief of Staff of the Government of the  
Republic of Armenia**

**D. Harutyunyan**