

<i>Number:</i>	N 1119-Ն	<i>Type:</i>	Incorporation
<i>Type:</i>	Decision	<i>Status:</i>	Effective
<i>Original source:</i>	RA Official Journal 2011.08.24/49(852) Art. 1222	<i>Place of adoption:</i>	Yerevan
<i>Adopting body:</i>	RA Government	<i>Date of adoption:</i>	04.08.2011
<i>Signing body:</i>	RA Prime Minister	<i>Date of signing:</i>	12.08.2011
<i>Validating body:</i>		<i>Date of validation:</i>	03.09.2011
<i>Effective date:</i>	26.04.2013	<i>Date of invalidation:</i>	

## **GOVERNMENT OF THE REPUBLIC OF ARMENIA**

### **DECISION**

N 1119-N of 4 August 2011

**ON APPROVING THE PROCEDURES FOR EXTENDING THE PERIODS OF THE “TEMPORARY EXPORT” CUSTOMS PROCEDURE APPLIED TO THE GOODS EXPORTED UNDER THE “TEMPORARY EXPORT” CUSTOMS PROCEDURE, FOR SELECTING ORGANIZATIONS AND INDIVIDUAL ENTREPRENEURS FOR THE PURPOSE OF DEFERRING THE PERIOD OF PAYMENT OF VALUE ADDED TAX AMOUNTS CALCULATED BY CUSTOMS AND TAX AUTHORITIES, AND MAKING AMENDMENTS TO RA GOVERNMENT DECISION N 1934-N OF 9 NOVEMBER 2005, AND REPEALING RA GOVERNMENT DECISION N 600-N OF 30 APRIL 2009**

*(The heading amended by RA Government Decision N 417-N of 17.04.14 and edited by RA Government Decision N 961-N of 06.08.15)*

Based on Article 220 of the RA Law on Customs Regulations and Article 6.1 of the RA Law on Value Added Tax, the Government of the Republic of Armenia hereby *decides*:

*(The preamble amended by RA Government Decision N 961-N of 06.08.15)*

1. To approve:

- 1) the procedure for extending the periods of the “Temporary export” customs procedure applied to the goods exported under the “Temporary export” customs procedure, in accordance with Annex N 1;
- 2) the procedure for selecting organizations and individual entrepreneurs for the purpose of deferring the period of payment of value added tax amounts calculated by customs and tax authorities, in accordance with Annex N 2;
- 3) the model contract on expected results of implementation of the investment project and the monitoring system, in accordance with Annex N 3;

*(Point 1 amended by RA Government Decision N 417-N of 17.04.14, and edited, amended and supplemented by RA Government Decision N 961-N of 06.08.15)*

2. To make the following amendments in RA Government Decision N 1934-N of 9 November 2005 “On approving the procedure for releasing of goods for a period longer than one year under the customs regimes of “Temporary import for processing”, “Temporary import”, “Temporary export” and “Temporary export for processing””:

- 1) to delete the words “Temporary import” and “Temporary export” from the heading and the text of the Decision and the heading and point 1 of the Procedure approved by the Decision, and
- 2) to delete figures “37” and “47” from the preamble of the Decision.

3. To repeal RA Government Decision N 600-N of 30 April 2009 “On approving the procedure for selecting organizations and individual entrepreneurs defined by Article 6.1 of the Law of the Republic of Armenia on Value Added Tax”.

4. This Decision shall enter into force on the tenth day following the day of the official promulgation.

**RA Prime Minister**

**T. Sargsyan**

August 12, 2011  
Yerevan

**PROCEDURE**

**FOR EXTENDING THE PERIOD OF THE “TEMPORARY EXPORT” CUSTOMS  
PROCEDURE APPLIED TO THE GOODS EXPORTED UNDER THE “TEMPORARY  
EXPORT” CUSTOMS PROCEDURE**

*(The heading edited by RA Government Decision N-961-N, dated 06.08.15)*

1. This Procedure regulates relations pertaining to the procedure of releasing the good(s) for a period longer than one year under the “Temporary export” customs procedure (hereinafter also referred to as “the appropriate customs procedure”).

2. The Government of the Republic of Armenia may permit extension of the period of customs procedure for goods released under the “Temporary export” customs procedure on the grounds as follows:

1) needs of the state, scientific research, educational, cultural, protection of the health of humans and animals, environmental protection, and

2) goods exported in the scope of investment projects (hereinafter “the project”), including goods provided under financial leasing and classified in FEACN 84-89 commodity codes.

3. Each extended period of the customs procedure for goods released under the “Temporary export” customs procedure shall not be longer than 3 (three) years, and for goods provided under financial leasing and classified in FEACN 84-89 commodity codes – the effective period of the financial lease agreement.

4. An organization or a private entrepreneur (hereinafter “the person”) may seek permission for extending the period of “Temporary export” customs procedure for over one year, if the good enjoying up to one-year permission for “Temporary export” customs procedure is already outside the customs territory of the Republic of Armenia, within the scopes of “Temporary export” customs procedure.

5. To obtain the permission in accordance with provision 4 hereinabove, an application, in paper or electronically, shall be submitted to the Staff of the RA Government, in at least 2 months prior to the expiration of the effective date of the permission for the particular good to enjoy the “Temporary export” customs procedure. The application shall contain the company name or the first name and the surname of the person, contact information, as well as the ground for extension of the period of customs procedure for goods released under the appropriate customs procedure, in accordance with provision 2 hereof.

6. The following shall be attached to the application:

1) information about the exported good, in accordance with Form N 1;

2) a copy of the customs declaration whereby the release of the good is permitted under the “Temporary export” customs procedure;

3) a copy of the relevant contract (if any), and a copy of financial lease agreement, for goods provided to financial leasing and classified in FEACN 84-89 commodity codes;

4) substantiation of the necessity to extend the period longer than one year (submitted only in case of availability of any of the grounds stipulated by provision 2.1 of this Procedure);

5) the project description, in accordance with Forms N 2 and N 5 (submitted only in case of availability of any of the grounds stipulated by provision 2.2 of this Procedure), and

6) other information (at the applicant's discretion).

7. The person shall bear responsibility for submission of unreliable (*inaccurate*) information, in the manner stipulated by law.

8. Within 3 business days after the date of filing the application with the Staff of the RA Government, the application, on the instruction of the RA Prime Minister, shall be submitted to the RA Ministry of Finance, the RA State Revenue Committee at the RA Government (RA SRS) and the competent authority coordinating the area of economy covering the particular project, to seek opinion, and to the RA Ministry of Economy, to summarize the opinions and elaborate a respective draft decision.

*(Provision 8 supplemented by RA Government Decision N 728-N, dated 14.07.16)*

9. The RA Ministry of Finance, the RA SRC and the competent authority coordinating the area of economy covering the particular project shall review the application within 5 (five) business days and submit opinions to the RA Ministry of Economy.

*(Provision 9 supplemented by RA Government Decision N 728-N, dated 14.07.16)*

10. Within 5 (five) business days, summarizing opinions of the RA Ministry of Finance, the RA SRS and the competent authority coordinating the area of economy covering the particular project, the RA Ministry of Economy shall elaborate the draft of respective RA Government decision and submit it to the Staff of the RA Government.

*(Provision 10 supplemented by RA Government Decision N 728-N, dated 14.07.16)*

11. Within two business days after the date of receiving the respective decision of the RA Government, the RA Ministry of Economy shall inform the applicant about it.

*(The Annex edited by RA Government Decision N 961-N of 06.08.15 and supplemented by RA Government Decision N 728-N of 14.07.16)*

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

**D. Sargsyan**

**PROCEDURE**

**FOR SELECTING ORGANIZATIONS AND INDIVIDUAL ENTREPRENEURS FOR  
THE PURPOSE OF DEFERRING THE PERIOD OF PAYMENT OF VALUE ADDED TAX  
AMOUNTS CALCULATED BY CUSTOMS AUTHORITIES**

*(The heading amended by RA Government decisions N 417-N of 17.04.14 and N 961-N of  
06.08.15)*

1. This Procedure defines criteria for selecting organizations and individual entrepreneurs (hereinafter “the person”) defined by Article 6.1 of the RA Law on Value Added Tax, who may enjoy up to three-year deferral of the payment period of VAT amounts calculated by customs and tax authorities in the established manner, for importing goods in the scope of investment projects (henceforth “the project”).

*(Provision 1 amended by RA Government Decision N 417-N of 17.04.14 and supplemented by  
RA Government Decision N 961-N, dated 06.08.15)*

2. To obtain the permission of deferral, the importer, in at least a month prior to the importation of goods, shall submit, in paper or electronically, an application to the Staff of the RA Government, in accordance with provision 3 of this Procedure.

3. The following shall be attached to the application:

1) the project, in accordance with Forms N 2, N 4 and N 5;

2) *(The sub-point repealed by RA Government Decision N 961-N, dated 06.08.15)*

3) the list of imported goods, in accordance with Form N 3, approved by the person or authorized persons of the latter.

*(Provision 3 amended by RA Government Decision N 961-N, dated 06.08.15)*

4. Under this Procedure, goods that are raw materials for each phase of the particular activity cannot be included in the list of imported goods.

5. The person shall bear responsibility for submission of unreliable information, in the manner stipulated by law.

*(Provision 5 edited by RA Government Decision N 961-N, dated 06.08.15)*

6. Within 3 business days after the date of filing the application with the Staff of the RA Government, the application, on the instruction of the RA Prime Minister, shall be submitted to the RA Ministry of Finance, the RA State Revenue Committee at RA Government (RA SRC) and the competent authority coordinating the area of economy covering the particular project, to seek opinion, and to the RA Ministry of Economy, to seek conclusion.

*(Provision 6 amended by RA Government Decision N 961-N dated 06.08.15 and supplemented  
by RA Government Decision N 728-N, dated 14.07.16)*

7. The RA Ministry of Finance, the RA SRC and the competent authority coordinating the area of economy covering the particular project shall review the application within 5 (five) business days and submit opinions to the RA Ministry of Economy, by attaching assessments (*scores*) of evaluation criteria defined by provision 8 of this Procedure.

*(Provision 7 amended by RA Government Decision N 961-N of 06.08.15 and supplemented by  
RA Government Decision N 728-N of 14.07.16)*

8. The RA Ministry of Economy, the RA Ministry of Finance, the RA SRC and the competent authority coordinating the area of economy covering the particular project shall assess the project, in accordance with the following evaluation criteria:

- 1) feasibility and sustainability (5);
- 2) degree of risk (5);
- 3) multiplicative effects on the economy (4);
- 4) employment growth (7);
- 5) innovation and competitive advantage (4);
- 6) export promotion, import substitution and/or infrastructure development (8).
- 7) proper marketing policy and/or availability of demand for the good or service (6);
- 8) availability of co-financing (50% and over participation of the owner in the project) (5);
- 9) labour productivity (3), and
- 10) application of the principles of corporate governance code (availability of annual declaration of corporate governance) (3).

***(Provision 8 edited by RA Government Decision N 1906-N of 29.12.1, and supplemented by RA Government Decision N 728-N of 14.07.16)***

9. The RA Ministry of Economy shall prepare a conclusion within a 7-day period, by summarizing opinions and project evaluation results of the RA Ministry of Finance, the RA SRC and the competent authority coordinating the area of economy covering the particular project.

***(Provision 9 amended by RA Government Decision N 961-N of 06.08.15 and supplemented by RA Government Decision N 728-N of 14.07.16)***

10. The project evaluation results shall be summarized taking into account the arithmetic average of each criterion.

10.1. In the case of not receiving opinions and project evaluation results of the RA Ministry of Finance, the RA SRC and the competent authority coordinating the area of economy covering the particular project in the period stipulated by provision 7 of this Procedure, the opinion about the project shall be deemed “positive” and the project shall be assigned with 26 scores.

***(Provision 10.1 supplemented by RA Government Decisions N 961-N of 06.08.15 and N 728-N of 14.07.16)***

10.2. Together with a respective RA Government draft decision on projects having received positive conclusions in the result of evaluation in compliance with provision 10.1 of this Procedure, a statement on evaluating a project as “positive” on the ground of delay in submission of opinions of the respective bodies shall also be submitted to the Staff of the RA Government.

***(Provision 10.2 supplemented by RA Government Decision N 961-N, dated 06.08.15)***

11. Projects having received 26 and above scores in the result of summarizing shall be endorsed by a positive conclusion, and those with lower scores – by a negative conclusion.

12. Based on a positive or a negative conclusion, the RA Ministry of Economy shall prepare a respective draft decision of the RA Government and submit it to the Staff of the RA Government

13. Within two business days after the date of receiving the respective decision of the RA Government, RA Ministry of Economy shall inform the person about it.

***(Provision 13 amended by RA Government Decision N 961-N, dated 06.08.15)***

14. Within one-month period after the date when the positive decision of the RA Government on VAT tax deferral becomes effective, the RA Ministry of Economy shall sign a contract with the importer, in accordance with Annex N 3.

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

**D. Sagsyan**

**Form N 1**

**INFORMATION**

(Name of the person transporting the goods - company name, if legal entity (indicate), first name and surname, if individual entrepreneur)

**ABOUT GOODS EXPORTED UNDER “TEMPORARY EXPORT” CUSTOMS PROCEDURE**

*(The heading edited by RA Government Decision N 961-N of 06.08.15)*

NN	Name of the good, mark (model)	FEACN code	Quantity	Date of manufacturing	Number of customs declaration	Date of filing the customs declaration	Customs value (AMD)	Ending date of the customs procedure	Proposed extension period of the customs procedure, as of
1	2	3	4	5	6	7	8	9	10

*(The form amended by RA Government Decision N 961-N of 06.08.15)*

**Form N 2**

**DESCRIPTION OF THE INVESTMENT PROJECT**

1. Brief description (narrative)

1.	Information about the person's activity
2.	Information about the project
3.	Conformity to principles of corporate governance code (specify the applied principles)
4.	Other specific information concerning the project (where appropriate)

2. Necessity to collaborate with other local organizations for the implementation of the project (related orders, provision of services, etc.)

NN	Profile of the organisation (direction)	Form of collaboration
1.		
2.		

**Form N 3**

**LIST  
OF IMPORTED GOODS**

NN	FEACN code	Item	Measurement unit	Quantity	Country of origin/export destination	Cost (AMD)
1	2	3	4	5	6	7
1.						
2.						
3.						



**Guidelines to fill in Form N 3**

- Column 2: in the respective line of “FEACN code” column, specify 4-digit code of each item (commodity/good): if the item is a production line or a component part of any other item, you may provide descriptions thereof.
- Column 3: in the respective line of “Item” column, specify the name of each item (model, if available), and/or description.
- Column 4: in the respective line of “Measurement unit” column, specify the unit of measurement of each item (commodity/good), by FEACN classification.
- Column 6: in the line of “Country of origin/export destination” column, specify the country of origin on the left of the fraction, and the country of export destination – on the right; put “-” (dash) mark, if information is not available.

**Form N 4**

**INVESTMENT PROJECT**

1. Brief information about the person’s activity

1.	Name of the person			
2.	Business address/location (residence address), contacts			
3.	Legal organizational form			
4.	Profile/area of activity			
5.	Premises available/required for the project		Available premises	Required premises
		Land plot		
		Buildings and structures		
		Other		
6.	Form of Ownership, including shareholders, by shareholding			
		1.		
		2.		
		3.		
7.	Year of establishment			
		1.		
		2.		
		3.		
8.	Purpose of the project			
9.	Description of the marketing policy			
10.	Partners			
11.	Competitive advantages			
12.	Date of manufacturing of imported goods (average)			
13.	Depreciation (%)			
14.	Participation of the supplier in installation and testing of imported goods			

2. Investments

NN	Direction	Equity	Other funds
	1	2	3
1.			
2.			
3.			
	Total investments		

3. Other information about the project (where appropriate)

**Guidelines to fill in Form N 4**

1. 1: Section “Brief information about the person’s activity”:

- 1) In line 4, provide information about the person’s activity and, where such information is absent, make relevant note (e.g. “the person doesn’t perform any activity”);
  - 2) Line 5: Specify spaces of available/required premises for the project in square meters.
  - 3) Line 6: If the person is an organization, specify the form of ownership, and in the remaining lines, fill in the names of persons holding 15 and more percent of shares.
  - 4) Line 8: Describe in text format the purpose of the project, making notes about already fulfilled and necessary works and their timelines.
  - 5) Line 9: Describe in text format marketing policies, whether in progress or planned, by specifying financial means necessary for their implementation.
  - 6) Line 10: Provide in text format information about existing and potential partners for realizing the outcome of the project activity, insert also information about contracts or arrangements, if any.
  - 7) Line 11: Describe in text format competitive advantages of the outcome of the project activity.
2. Put “-” (dash) mark in columns, where information requested in the Form is not available.

**Form N 5**

**1. Information about the economic (business) activity of the person**

NN	1	2	3	4	5	6	7
1.	Indicator	20__ year	20__ year	20__ year	20__ year	20__ year	20__ year
2.	Product						
3.	Sales						
4.	Export						
5.	Export destination countries						
6.	Number of jobs						
7.	Average salary						
8.	Productivity						
9.	VAT						
10.	Profit tax						
11.	Income tax						
12.	<i>(This point is repealed by RA Government Decision N 961-N of 06.08.15)</i>						

### **Guidelines to fill in Form N 5**

1. Line 1: Section “Information about the economic (business) activity of the person”:

1) Information requested in columns 2 and 3 shall be provided for two years preceding the year of filing the application, and in the next columns, for coming years until the end of the project;

2) The measurement unit for Lines 2, 3, 4, 9, 10, 11 and 12 shall be expressed in million Armenian drams (AMD), and in line 7 – thousand AMD;

3) Line 8: specify average labour productivity (L) expressed in million AMD

$$L=(P_g+A_f+S_f)/S,$$

where,

$P_g$  designates the gross profit,

$A_f$  - amortization of fixed assets,

$S_f$  – salary fund

S - average number of staff involved in production on the pay-roll of the person.

*(The Form amended by RA Government Decision N 961-N of 06.08.15)*

*(Annex edited by RA Government Decision N 1906-N of 29.12.11, amended by RA Government Decision N 417-N of 17.04.14, amended, edited and supplemented by RA Government Decision N 961-N of 06.08.15, and supplemented by RA Government Decision N 728-N of 14.07.16)*

FORM

## MODEL CONTRACT

### ON EXPECTED RESULTS OF IMPLEMENTATION OF THE INVESTMENT PROJECT AND THE MONITORING SYSTEM

Yerevan \_\_\_\_\_

Date: \_\_\_\_\_201\_

The Republic of Armenia, represented by the RA Ministry of Economy (hereinafter referred to as “the Ministry”), acting in the person of Minister \_\_\_\_\_, as one party, and \_\_\_\_\_, acting in the person of \_\_\_\_\_ (hereinafter, the “Company”), as the other party (hereafter jointly referred to as “the Parties”), based on the RA Government Decision N \_ of (date), enter into this contract (hereinafter “the Contract”) as follows:

#### 1. Subject of the Contract

Hereby, the Company assumes the obligation to fulfil the works envisaged under the investment project implemented by the company selected in accordance with the procedure approved by the RA Government Decision N 1119-N of 4 August 2013 (henceforth “the Project”), and the Ministry assumes the obligation to assist, within its authorities, the Company in the process of implementing the Project.

#### 2. Rights and Responsibilities of the Parties

2.1 The Ministry shall:

2.1.1 conduct monitoring of the Project implementation.

2.2. The Ministry shall have the right:

2.2.1. to implement supervision over the implementation of the Project by the Company, and

2.2.2. to demand from the Company submission of reports/statements stipulated by Clause 3.6 of the Contract.

2.3. The Company shall:

2.3.1. \_\_\_\_\_;

2.3.2. \_\_\_\_\_.

2.3.3. increase tax liabilities in proportion to the increase of the number of employees and sales volumes of the production;

2.3.4. execute instructions of the Ministry provided in connection with elimination of detected shortcomings, and

2.3.5. perform other necessary works envisaged by the Project.

2.4. The Company shall have the right:

2.4.1. to decide independently on the mechanisms of implementing the Project, and

2.4.2. to engage other organizations and individual experts in the implementation of the Project, by taking the responsibility for the quality of their works.

*(Clause 2 amended by RA Government Decision N 961-N, dated 06.08.15)*

### **3. Reporting and Monitoring**

3.1. The Company shall conduct monitoring with the view of conformity assessment of preliminary, current and final results of the implementation of the Project.

3.2. The Ministry may conduct monitoring within the scope of the Project, at any time, as well as review the monitoring carried by the Company and any documents and materials related to the Project.

3.3. For the purpose of correcting shortcomings and deficiencies detected during the monitoring, the Ministry may provide instructions and recommendations to the Company.

3.4. In the course of the monitoring, the Ministry may request the Company to provide clarifications and explanations in writing or verbally.

3.5. The monitoring shall be conducted with the view of evaluating the progress of fulfilment of obligations assumed under the Project.

3.6. The Company shall submit to the Ministry quarterly, semi-annual and annual reports.

*(Clause 3 amended by RA Government Decision N 961-N of 06.08.15)*

### **4. Liability of the Parties**

4.1. If the Company fails to fulfil, or fulfils improperly, the obligations stipulated by the Contract and the Project, and avoids the supervision of the Ministry, the Ministry shall have the right to terminate the Contract unilaterally and demand from the Company payment of deferred VAT amounts calculated on the total amount of goods imported by the Company as stipulated by RA Government Decision N \_ of (date), as well as fines defined by law for delay of payments thereof, calculated from the date of deferment of VAT until the end of the reporting period of the transaction, in the manner stipulated by the RA Law on Value Added Tax.

4.2. Herewith, the Parties agree to settle disagreements arising in connection with the Contract through negotiations. In the event the Parties fail to reach an agreement, the disputes shall be resolved judicially.

### **5. Effective Period of the Contract**

5.1. The Contract shall enter into force upon its signing by the Parties and remain in effect until the end of the proper implementation of the Project.

5.2. The Project shall be deemed implemented upon execution of obligations defined by the Contract.

### **6. Force-Majeure Clause**

The Parties shall be relieved of liability for full or partial failure to fulfil their obligations assumed by the Contract provided such failure result from force-majeure events/circumstances occurred after concluding the Contract, which the Parties could not foresee or prevent. Such events/circumstances are earthquake, flood, fire, war, announcement of martial law and state of emergency, lockout of communication means, acts of state bodies, etc, which make fulfilment of the obligations undertaken by the Contract impossible. If the impact of the force-majeure event/circumstance last longer than 3 (three) months, each Party shall have the right to terminate the Contract, by notifying the other Party about it beforehand.

### **7. Concluding Provisions**

7.1. Any amendments and restatements to this Contract shall be legally binding, if made in writing and signed by the Parties.

7.2. Relations not envisaged by the Contract shall be subject to regulation in the manner stipulated by the RA legislation.

7.3. The Contract is concluded in the Armenian Language, in two legally binding copies. Each Party shall be provided with the copy of the Contract.

## **8. Addresses and signatures of the Parties**

*(This Annex is amended by RA Government Decision N 961-N, dated 06.08.15)*

**Minister – Chief of Staff of the RA Government**

**D. Sargsyan**