



ENTERPRISE
ARMENIA

ARMENIA

INVESTMENT

GUIDE

2023

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ARMENIA

AT A GLANCE I

ARMENIA GENERAL OVERVIEW

■ **Total area:**
29,734 sq km

■ **Climate:**
Continental

■ **Currency**
Armenian Dram (AMD)

■ **Governance:**
Parliamentary Republic

■ **Major cities:**
Gyumri, Vanadzor

■ **Time zone**
GMT +4

■ **Capital:**
Yerevan
(more than 1 million
population)

■ **Population:**
2,97 million

■ **International airports:**
Zvartnots International Airport
Shirak International Airport

ECONOMIC RANKING



**ECONOMIC
FREEDOM INDEX
2022**



**OECD FDI
REGULATORY
RESTRICTIVENESS
INDEX**

MOODY'S

FitchRatings

**S&P Global
Ratings**

▶ **58TH** Among 177 countries

▶ **10TH** Among 83 countries including all OECD countries and G20

▶ **BA3**

▶ **B+**

▶ **B+**

RELIABLE

PARTNERSHIP



EAEU
Since 2015



Council of Europe
Since 2001



United Nations
Since 1992



ICSID
Since 1992



CIS
Since 1992



BSEC
Since 1992



WTO
Since 2003



EU CEPA
Since 2017



MIGA
Since 1992

START A BUSINESS IN ARMENIA

Electronic registration is available at www.e-register.am

Companies and individual entrepreneurs can obtain name reservation, business registration and a tax identification number simultaneously at a single location.

NECESSARY INFORMATION

- | Name of the company
- | Legal type of the company
- | List of partners or owners
- | Manager of the company
- | Registration address
- | Amount of charter capital

5 minutes

Online registration of commercial entities is available at www.e-register.am

1-10 days


Opening a corporate bank account in Armenia may take 1-10 days

Amount of charter capital
no minimum threshold

Registration

Free of charge for an LLC
Less than 10 USD for an Individual Entrepreneur





TAXATION SYSTEM

VAT **20%**

Turnover Tax
1.5-10%

Personal Income
Tax **20%**

Export **0%**

Turnover tax payers: The turnover tax is applicable for taxpayers with previous year revenues from the sale of goods and provision of services not exceeding 115 million AMD (around 280 000 USD), with some exceptions.

Income from lottery activities: 25%

Dividend
Tax **5%**

Profit
Tax **18%**

Property Tax
0.05%-1.5%

15% for agricultural
land

Import Duties
Depends on good

(Duties according to
EAEU customs code)

Excise Tax

Alcoholic products,
cigarettes and fuels

LEGISLATION

AGRICULTURE

Agricultural production is exempt from VAT in case of turnover less than 115 mln AMD

Exemption from profit tax for income from the sales of agricultural production

ACCELERATED DEPRECIATION

20-year depreciation period for buildings

Accelerated 10-year depreciation period for hotels, sanatoriums, and buildings for educational institutions

LOSS CARRY FORWARD

Loss carry forward for corporate tax purposes (5 year)

MICRO ENTREPRENEURSHIP

No profit tax and VAT for entities if turnover of activities did not exceed 24 million AMD

TAXATION SYSTEM FOR EMPLOYEES

PENSION FUND PAYMENTS

5% The State **5%** Employee **5%**

For salaries below **500.000 AMD**

DIFFERENCE OF THE SALARY'S

10% ^{AND} **25.000** _{AMD}

For salaries above **500.000 AMD**
to **1.020.000 AMD**

PERSONAL INCOME TAX

20%

NET SALARY

75%

**CONTINUOUS REFORMS
IN TAXATION SYSTEM**

OTHER TAXES

INCOME TAX FOR OTHER ACTIVITIES

INTEREST **10%** ROYALTIES **10%**

ALIENATION OF PROPERTY **10%** RENT **10%**

ROAD TAX

Use of roads of Armenia by trucks not registered in Armenia (\$30 for a car weighing 1.5 tons, \$1600 for a car weighing 100 tons)

Placing advertisements on the state public roads of Armenia 0- \$20 per square meter

ENVIRONMENTAL TAX

\$0-200
for each ton emitted

PROPERTY TAX FOR VEHICLES

\$ 0-2
per horsepower





INSTITUTIONAL SUPPORT

INTERNATIONAL TREATIES

Armenia is a signatory country of the International Convention of Investment Disputes(ICSID)



Member of Multilateral Investment Guarantee Agency (MIGA)



43 PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

Argentina, Austria, Belgium and Luxemburg, Belarus, Bulgaria, Canada, China, Cyprus, Egypt, Finland, France, Georgia, Germany, Greece, Korea, Iran, Iraq, Israel, Italy, Japan, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lithuania, Netherlands, Qatar, Romania, Russian Federation, Singapore, Sweden, Switzerland, Syria, Tajikistan, Turkmenistan, Ukraine, UAE, UK, USA, Uruguay, Vietnam

51 DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION

Austria, Belgium, Bulgaria, Belarus, Canada, Switzerland, China, Cyprus, Czech Republic, Estonia, Spain, Finland, France, Georgia, Greece, Croatia, Hungary, India, Iran, Italy, Kazakhstan, Kingdom of Denmark Lebanon, Lithuania, Luxembourg, Latvia, Moldova, Netherlands, Poland, Qatar, Romania, Russian Federation, Syria, Thailand, Turkmenistan, UK, UAE, Ukraine, Germany, Ireland, Kuwait, Slovenia, Indonesia, Tajikistan, Serbia, Sweden, Slovakia, Israel

STATE DIGITAL TOOLKIT

GOVERNMENT

Governments decrees
<https://www.e-gov.am>

DATALEX

Search for information relating to the proceedings and verdicts of court cases.
<http://datalex.am>

DRAFTS

Unified website for publication of legal acts' drafts.
<https://www.e-draft.am>

YEREVAN MUNICIPALITY

Applications for construction permits and other documents.
<https://www.yerevan.am/am/one-window/>

REGISTER

Online registration of legal entities, tracking applications etc
<https://www.e-register.am>

APOSTILLE

Online register of Apostilles
<https://www.e-apostille.am>

TENDER

Procurement E- Directory.
<https://www.tender.am>

CADASTRE

Online application, request or complaint.
<https://e-request.am>

REQUEST

Online application, request or complaint.
<https://e-request.am>

ARLIS

Database of laws and other legal acts.
<https://www.arlis.am>

E-VISA

E-VISA Issuance System
Ministry of Foreign Affairs
Republic of Armenia.
<https://evisa.mfa.am>

INVESTMENT PROTECTION AND PROMOTION

Investment Legislation

Incentives for Investors

Free Economic Zones

Financing State Organizations

Enterprise Armenia

Law on PPP



LEGISLATION

FDI LEGISLATION

OWNERSHIP

100% ownership of resident legal entities is permitted to foreigners

EQUAL TREATMENT

Legal regime no less favorable than the one for nationals, unless a more favorable regime is provided by a respective treaty

NO RESTRICTIONS

Unrestricted access to almost any sector and geographic location within the country

LAND OWNERSHIP

Companies registered by a foreign citizen in Armenia have the right to own land. Foreign citizens can have long-term lease contracts

- | **Free exchange**
of foreign currencies
- | **No restrictions**
on staff recruitment
- | **No restrictions**
on remittances
- | **Unrestricted repatriation**
of profits

INVESTMENT LEGISLATION

- | Guarantees for national treatment and non-discrimination of foreign investors.
- | Protection of foreign investors against nationalization or expropriation of property.
- | Guarantees in case of change of the investment legislation of the Republic of Armenia.
- | Compensation for damage caused to foreign investors.

LAW ON PUBLIC-PRIVATE PARTNERSHIP

The Law on Public-Private Partnership of the Republic of Armenia was adopted on June 28, 2019 and has been in force since January 1, 2020.

The law defines the legal framework for regulation of PPP, including the rules and procedures related to the development and implementation of PPP projects, the institutional framework for governance, applicable criteria and other issues related to the PPPs.

Risk allocation between public and private partners

Economic profitability for the Republic of Armenia

Fiscally affordable

Unsolicited proposals in the sectors of

- | Healthcare

- | Water economy

- | Collection, treatment and disposal of solid waste

NECESSARY
LEGISLATIVE
AND **INSTITUTIONAL BASE**
FOR PPP

INVESTMENT INCENTIVES

INCENTIVES FOR INVESTORS

ATTRACTION OF HIGHLY-QUALIFIED SPECIALISTS

Reimbursement of up to **20%** of wages paid to newly hired highly-qualified specialists

Reimbursement of up to **50%** of wages paid to newly hired highly-qualified specialists with doctorate degrees and—in the case of teaching in Armenian universities—the return of **70%** of the salary from teaching activities.

INFRASTRUCTURE IN EXCHANGE FOR INVESTMENT

The funds provided by the state may be used in the following forms:

- | Road construction
- | Water supply systems
- | Drainage systems
- | Gas supply systems
- | Power supply systems and
- | Telecommunications

A highly qualified specialist is considered to be a specialist who has lived outside Armenia for at least **12** months of the **30** months prior to the time of applying for the program by the company and meets at least one of the following conditions:

1. Graduated from any of the top **400** universities in the QS World University Rankings published in the year of application and obtained a BA, MS and/or doctorate qualification/degree.
2. Has a minimum of **10** years of work experience in companies that are part of the rating or index issued by the following rating or index issuing companies: Forbes, Fortune, HeadHunter, NIFTY, Dow Jones, FTSE, S&P, SSE Composite, SZSE, KOSPI, KOSDAQ, BSE SENSEX, NSE of India, BOVESPA, IBrX, ITEL, Nikkei, TOPIX, DAX, MDAX, MOEX Russia.

Assistance in the amount of **10%** in case of investments of up to **500** million drams.

If the investment amount exceeds **500** million drams, then support will be provided in the amount of **20%**

TAX INCENTIVES FOR INVESTORS



TAX EXEMPTION FOR ACTIVITIES IN BORDERING AND OTHER COMMUNITIES

- | Exemption from VAT
- | Exemption from profit tax
- | Exemption from VAT & profit tax for operations in Dilijan community and adjacent territories of the Tavush marz of Armenia within the scope of projects approximately 4.8 million USD



TAX INCENTIVES FOR IMPORT OF CERTAIN GOODS AND EQUIPMENT

- | Customs duties exemption on import of equipment and raw materials from non-EAEU countries in the scope of export oriented investment projects
- | 0% VAT on most of the equipment for production as well as most of the raw materials imported for further processing.



TAX BENEFITS FOR THE IT SECTOR

- | Exemption from profit tax and reduction of income tax rate on employees' salaries (10%) for certified IT companies
- | 50% cash back mechanism from income tax for IT companies who relocate / register 10+ overseas employees to Armenia (deadline: May 2023)



EXEMPTION FROM VAT FOR SALE AND PROVISION OF:

- | Prosthetic and orthopedic accessories
- | Medical equipment
- | Sales of medical products
- | Medical assistance services

STATE SUPPORT PROGRAMS

PROFIT TAX REDUCTION FOR THE CREATION OF NEW JOBS IN ARMENIA

Resident profit taxpayers may be granted a profit tax reduction privilege under the business plans approved by the Government of Armenia.

The amount of profit tax of the business plan's implementation year and the next five tax years

is reduced by up to **100%** of the salaries and equivalent payments paid for the newly created jobs. The amount of reduction cannot be more than **30%** of the respective year's profit tax.

STATE-FUNDED PROFESSIONAL INTERNSHIP

Within **5** years after receiving the professional education and qualification, the person can

pass a **3-MONTH** professional internship to a relevant organization, which is **fully funded by the state (minimal wage)**.

INTEREST RATES SUBSIDY FOR LOANS PROVIDED FOR PROCUREMENT (PURCHASES) OF AGRICULTURAL RAW MATERIALS

- | Fruits and vegetables
- | Grape
- | Milk
- | Farm animals purchase by slaughterhouses

Loan amount: up to **4 billion AMD** Grace period: **6-12** months

Loan repayment period: **1.5-3** years Subsidy amount: **10-14%**

Exemptions for the procurement (purchase) of **GRAPE**: loan repayment period-**4** years, subsidy amount-**11%**, grace period for repaying the principal amount-**24** months.

FINANCIAL INCENTIVES

SUBSIDIZED CREDIT AND LEASING FOR NEW EQUIPMENT, DEVICES, AND THEIR PARTS

SUBSIDIZED LOAN

In AMD: **8%**

In foreign
currencies: **6%**

SUBSIDIZED LEASE

In AMD: **10%**

In foreign
currencies: **8%**

Amount of the Loan/Lease	Subsidy Period	Term of the Loan/Lease
Below 200 mln AMD	UP TO 42 months	UP TO 120 months
Above 200 mln AMD	UP TO 36 months	UP TO 120 months

CONSTRUCTION/RECONSTRUCTION

OF SMALL AND MEDIUM SMART LIVESTOCK COMPLEXES

THE PROGRAM IS
implemented in
2 WAYS

Partial reimbursement
OF EXPENSES
up to **50%**

RATE SUBSIDY
0-2% | **5**^{year}
REPAYMENT
PERIOD

Grace period of the principal
amount: **1** year

IMPLEMENTATION OF SMALL
AND MEDIUM GREENHOUSES

Partial reimbursement
OF EXPENSES
up to **50%**

STATE SUPPORT FOR AGRICULTURE

LEASING OF AGRICULTURAL MACHINERY

Subsidized loans

0-2% with annual
interest rate

Assistance limit:

250 million
AMD

Loan repayment
period

3-10
YEARS

20%

down payment

LEASING OF AGRI-FOOD EQUIPMENT

Subsidized loans
0-3% with annual
interest rate

Assistance limit:

1 billion
AMD

Loan repayment
PERIOD UP TO
5 YEARS

20%
down payment

CREATION OF GRAPE AND INTENSIVE ORCHARDS AND BERRIES DEVELOPED IN ARMENIA

THE PROGRAM IS
implemented in
2 WAYS

Partial reimbursement
OF EXPENSES **30-50%**

Partial loan interest
RATE SUBSIDY **0-5% | 0-5** year
REPAYMENT
PERIOD



FOREIGN TRADE ADVANTAGES

EURASIAN ECONOMIC UNION

THE EEU PROVIDES FREE MOVEMENT OF
Goods | Services | Capital | Labor

COMMON POLICY
in the economic sectors
stipulated in the
Treaty and international
treaties within the Union



ARMENIA



KAZAKHSTAN



BELARUS



KYRGYZSTAN



RUSSIA

THE UNION CARRIES OUT ITS ACTIVITIES

BASED ON THE FOLLOWING PRINCIPLES:

- | Respect for the universally recognized principles of international law, including the principles of sovereign equality of the Member States and their territorial integrity
- | Ensuring mutually beneficial cooperation, equality and respect for the national interests of the Parties
- | Respect for the principles of market economy and fair competition
- | Respect for specific features of the political structures of the Member States
- | Ensuring the functioning of the Customs Union without exceptions and limitations after transition periods

PREFERENTIAL TRADE REGIMES

FTA
between

ARMENIA
and **CIS, GEORGIA**

FTA

EEU and **IRAN** (interim FTA),
SERBIA, SINGAPORE, VIETNAM

PREFERENTIAL
REGIME

GSP
3500 PRODUCTS

**CANADA, JAPAN, NORWAY,
SWITZERLAND, USA**

ACCESS to a
consumer market WITH
1 BILLION
PEOPLE with _____
0% OR REDUCED
custom duties

FREE ECONOMIC ZONES

0%

VAT
PROFIT TAX
PROPERTY TAX
CUSTOM DUTIES

HI-TECH
INDUSTRIAL
PRODUCTION

"ALLIANCE" FEZ

Yerevan

JEWELRY
WATCHMAKING
DIAMOND CUTTING

"MERIDIAN" FEZ

Yerevan

HI-TECH

"ECOS" FEZ

Hrazdan

INDUSTRIAL
AND LOGISTIC

"MEGHRI" FEZ

Meghri

FIANANCING STATE ORGANIZATIONS

Armenian National Interests Fund (ANIF) is an investment fund operating under the Government of Armenia to co-invest alongside top global investors and industrial partners in large-scale projects in Armenia.

anif.am

Development and Investments Corporation of Armenia Universal Credit Organization closed joint-stock company has a purpose of promoting the development of small and medium-sized entrepreneurship.

dica.am/en/

Export Insurance Agency of Armenia provides insurance against the financial losses incurred as a result of non-payment for supplied goods by the Foreign Buyer or its Bank, which has a payment obligation under the Contract. The services offered by EIA are efficient solution for the control of export risks of our customers. EIA is a fully state-owned company.

eia.am



EXPORT INSURANCE
AGENCY OF ARMENIA

ENTERPRISE

ONE-STOP SHOP
FOR INVESTORS

ARMENIA

NATIONAL AUTHORITY FOR

| Attracting & facilitating FDI
inflow to Armenia

| Bridging investors & the
public sector

| Supporting foreign & local
investors throughout the
whole investment life cycle

| Providing aftercare services

THE BOARD OF TRUSTEES IS CHAIRED BY THE PRIME MINISTER OF ARMENIA

INVESTOR SERVICING



CONSIERING

Informing

On investment laws and regulations, business opportunities, investment projects.

Identifying

The potential investment location.

Advising

Land acquisition, co-financing sources, potential resident partner.



PROMOTING

Image building

Promoting Armenia as an attractive investment destination for doing business.

Marketing

Attract Foreign direct investment inflows into Armenia.

Outreaching

Conducting outreach campaigns, roadshows.



BRIDGING

Linking

Ensure institutional cooperation with local and international organizations, business support organizations, financial institutions, B2G.

Matchmaking

Preparation of site visits, business forums, business missions, B2B.



AFTERCARE

Problem solving

Ensure immediate response to problems

Policy advocacy

Ensure preconditions for investment retention

Raising satisfaction

Ensure prompt reply in the post investment stage, satisfy investor's needs

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