

LAW OF REPUBLIC OF ARMENIA ABOUT PROPERTY TAX

CHAPTER 1. WHAT IS SUBJECTED TO THE TAX AND ITS TAX PAYERS

Article 1. Property tax payers are those who have property rights as established by the law "About Property in the Republic of Armenia", within the territory of the Republic of Armenia, who possess property (subject to taxation) as determined by the present law.

Article 2. The following are subjected to taxation:

- a) Material objects registered with valuation stated in the balance reports of any organizational/legal enterprises (from now on "enterprises") as established by the law "About the Activity of Enterprises and Owner's" of the Republic of Armenia;
- b) Physical persons' dwelling-houses, apartments, country-houses, garages and other structures, dwellings and buildings (from now on "buildings"), air and water motorized modes of transportation (from now on "modes of transportation") if their total value exceeds 850 times the minimal monthly salary established by legislation of the Republic of Armenia.
- c) That property, being a material object of physical persons, which has been allotted (rent/lease) to an enterprise for utilization or disposition.

The property valuation order is established by the Government of the Republic of Armenia.

CHAPTER 2. RATES OF PAYMENT OF PROPERTY TAXATION

Article 3. The Following Annual Rates of Payment of Property Taxation are Established:

a) 0.2-0.8 percent of the average annual value of property subject to taxation.

The concrete rates of tax payment are established by the Government of the Republic of Armenia in conformance with the Permanent Commission on Financial-Credit and Budget Issues of the Supreme Council of the Republic of Armenia.b) for physical persons:

- 0.2 percent of the amount exceeding the non-taxed part of the valuation cost of structures;
- for each horse-power of air transportation modes, 3 percent of the monthly minimal salary/wages established in the Republic or 1.08% for each kilowatt of power;
- for each horse-power of a water transportation mode, 1.5 percent of the monthly minimal salary/wages established in the Republic or 2.04 percent for each kilowatt of power;
- in case of using the property of physical persons by the enterprises, the property tax is calculated by the rate of pay established for the enterprises.

CHAPTER 3. CALCULATION ORDER OF PROPERTY TAX AND ITS DATES OF PAYMENT

Article 4. The property tax of enterprises is calculated on the tax payer side, on a progressive basis, paid into the budget within five days from the day established for presentation of quarterly balance sheets.

The property tax from physical persons is calculated by the taxing bodies and a notice (for payment) is delivered to the tax payer by the 1st of August of the present year. The amount of tax is paid to the budget in equal parts, by the 15th of September and 15th of November.

For those physical persons who have an exemption right, the appropriate documents must be presented to the taxing bodies. For a building being the property of several physical persons, the tax is paid by each owner according to his/her share in that building, and for the transportation mode, the tax is paid by that person whose name is registered to the transportation mode.

For newly constructed buildings, as well as newly obtained transportation modes, tax is paid starting from the year following their construction or acquisition.

For inherited buildings (construction), tax is exacted from the heir, from the moment of inheritance.

In case of buildings and transportation modes being destroyed or made completely non-functional, tax exaction is terminated started from that month when they have been destroyed or rendered completely non-functional.

In case of buildings and transportation modes being transferred during a year, tax is paid by the former owner from the 1st of January to the beginning of that month when he/she lost the right regarding the property, and by the new owner starting from that month when he/she obtained a property right regarding the property.

The information necessary for property tax calculation is presented to the taxation bodies by the corresponding enterprises and organizations (technical inventory bureau, regional economic bodies, insurance bodies, bodies carrying out the registration of transportation modes, etc.) according to the regulations established by the law "About Taxes and Duties of the Republic of Armenia" of the Republic of Armenia (Article 20).

CHAPTER 4. PROPERTY TAX PRIVILEGES

Article 5. The following are exempt from property tax:

- institutions and organizations supported by the state budget;
- enterprises carrying out exclusively agricultural production, cultivation and preservation; fish breeding, fishing and processing;
- specialized prosthetic-orthopedic enterprises;
- newly created enterprises during a period of one year counted after their registration, except for those enterprises with the privilege established by the 22nd Article of the law "About Income Tax" is not enlarged;
- property used for creating insurance reserves in the enterprises of a seasonal nature, as well as, property used for creating reserves according to the decisions of corresponding bodies of state domain and governance;
- research institutions of the Academy of Sciences of the Republic of Armenia (RA), Health Ministry of RA, Ministry of Agriculture of RA, Ministry of "Enlightenment" of RA, Research institutions of State scientific centers, enterprises and organizations, as well as, of ministries and departments confirmed by the list of RA Government;
- property used exclusively for education and culture, science and sport;
- property of State apartments and communal residences (except for hotels) in urban areas and the associated public services provided by the Government of the Republic of Armenia;
- that property of social, including benevolent, religious organizations, other non-profit organizations, enterprises provided by the list confirmed by the established order and presented by the Government of the Republic of Armenia, which is used exclusively for carrying out their charter activity. The value of the property of enterprises is reduced for taxation purposes:
- by the value of the objects reflected in the balance-sheet of the payer, having apartment-communal and social-cultural importance;

- by the value of the objects used for the purpose of environmental protection and fire safety;
- by the value of the property being used for agricultural production, cultivation and preservation, fish breeding, fishing and fish processing;
- by the value of the buildings and land zones being used for the purpose of providing the operation with a means of communication (including transportation roads) lines of communication and power;
- by land value.

The following physical persons are exempt from the payment of property tax:

- disabled person of first and second classifications;
- crippled people of the First and Second World War and those disabled people who have become crippled in defending the Republic of Armenia, the former USSR or because of their wound, disability or illness obtained during the service in the army or on the front;
- disabled former guerrillas, as well as the other crippled people who by their pension provision are made equal to the above-mentioned status of military men, or their family members living together with them;
- soldiers being in real service in the army, officers of the national army and their family members.

The following individuals, as they relate to buildings are exempt from the property tax as well:

- those owners of structures, each family member (living together with them) who disposes a structure, the value of which does not exceed 300 times of the rate of a minimal salary (wages) established by legislation of the Republic of Armenia;
- pensioner owners of structures (houses);
- those owners of structures, who are the family members of pensioners, if they live together with the pensioner, and the family has no other income except for the pension, educational

allowance, personal auxiliary agricultural farm, incomes received from renting buildings (houses);

- participants of military actions taken place in the First and Second World Wars, in the Republic of Afghanistan and other republics, heroes of the former USSR, heroes of Socialist Labor, persons rewarded with Medals of Three Degrees of Glory and their family members at the rate of 50 percent of the amount of the calculated tax.

CHAPTER 5. CONCLUDING PRINCIPLES

Article 6. The questions related to tax payer's rights, duties, carrying out control upon tax payment, returning amounts of tax paid to the budget by mistake, setting apart additional privileges regarding tax, appealing the actions of state taxation inspection acting personalities, providing use of international contracts, as well as, the issue of instructions regarding the implementation of the present law, are regulated according to the order established by RA Law "About Taxes and Duties of the Republic of Armenia".

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