

THE LAW OF THE REPUBLIC OF ARMENIA

ON PRESUMPTIVE PAYMENTS

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Non official translation

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Chapter 1. General Provisions

Article 1. Scope of this Law Regulates

This law regulates the concept and payment of presumptive payment for certain types of business activities in the Republic of Armenia, defines subjects to presumptive payment, procedures of payment and calculation, as well as responsibilities for violation of the law.

Article 2. Presumptive Payment

1. In a context of this law presumptive payment is a compulsory and non-refundable payment, replacing VAT and (or) Profit Tax (Income Tax), paid to the state budget at the rates and terms set in this law.
2. For individuals Presumptive payment replaces VAT and (or) Income Tax.
3. For legal entities and corporations without status of a legal entity, Presumptive payment replaces VAT and (or) Profit Tax.

Article 3. Payers of Presumptive Payment

Payers of Presumptive Payment are individuals and legal entities, corporations without status of a legal person.

Article 4. Payment of Other Taxes by Payers of Presumptive Payment

Payers of Presumptive Payment shall calculate and pay other taxes stipulated by the "Law on Taxes of the Republic of Armenia", and other compulsory payments based on the procedures and term established by law.

Article 5. Termination of Tax Privileges

For payers of Presumptive Payment defined in this law, tax privileges and deductions established by tax legislation for VAT and Profit Tax (Income Tax) will be terminated.

Article 6. Structure of Presumptive Payment

VAT share in the amount of Presumptive payment is 60 percent with exception of business activities indicated in article 7, clauses (k), (l) and (m) of this law, where VAT share is 0 percent.

Article 7. Taxable objects

The following types of business activities will be considered to be taxable objects for presumptive payment:

- a) trading, carried out in stores, stands (halls), trading area of which does not exceed 30 square meters;
- b) organisational type of business activity for organising trading site;
- c) business activity related to the sphere of public catering;
- d) business activity related to vehicles;
- e) business activity related to barbers' shops;
- f) business activity related to photo laboratories;
- g) business activity related to auto repair shops;
- h) business activity related to retail sales of petrol and diesel fuel;
- i) business activity related to parking lots;
- j) business activity related to industrial fishing;
- k) foreign exchange transactions;
- l) foreign exchange dealer's activity;
- m) organisational type of business activity for organising gambling houses (casinos);
- n) business activity related to exploitation of gambling machines with cash winnings;
- o) organisational type of business activity related to computer games;
- p) business activity related to leasing of video tape recorders and video tapes;
- q) organisation of lottery games;
- r) organisation of bathhouses and washhouses;
- s) gas filling activities of vehicles;
- t) organisation of billiards games.

Article 8. Taxable Base

Taxable base for presumptive payment is the product of initial data of business activities provided in article 7 of this law and adjustment ratios expressed in drams.

Article 9. Determination of the Amount of Presumptive Payment

1. Calculation of Presumptive payment amount shall be carried out by taxpayers with exception of cases provided in clause 2 of this article.
2. In cases, stipulated by tax legislation and other statutes regulating tax relations, Presumptive payment amount shall be determined by Tax agency of the Republic of Armenia (hereinafter – tax body) in compliance with this law.

Article 10. Registration of Initial Data and Adjustment Ratios

1. Before starting their business activity taxpayers shall submit to their regional tax body (where they reside or are registered) information on taxes (hereinafter declaration) in two copies based on the procedure established by Tax Inspectorate of the Republic of Armenia. The declaration must contain initial data and adjustment ratios, which are necessary for calculation of Presumptive payment.
2. After registration and approval with the stamp of a tax inspectorate one copy of the declaration shall be returned to the taxpayer.
3. If some initial data or adjustment ratios change (except closing down of the business, even if temporary), the payer must submit a new declaration (in two copies) to the regional tax body reporting the changes. A previous declaration must be returned to the tax body or annihilated by the payer.
4. Initial data concerning area (space) where business activity indicated by clause e, article 7 of this law is carried out, submitted by the final day of the month preceding the reporting month, may be reduced only in case of emergency or unavoidable circumstances (invincible force) by notifying the tax inspectorate of the registration address.
5. If a payer terminates his business activity temporarily, he must inform about it his regional tax body in advance by an announcement-declaration, where the dates of termination must be indicated. If a business activity is one of those described in article 7, clauses (d) or (j) of this law, the payer must also return his copy of a declaration.
6. If the dates of termination are not indicated in the announcement-declaration, the payer must submit a new declaration to the regional tax body with initial data and adjustment ratios when restarting his business activity. A copy of the previous declaration shall be returned to the regional tax body or annihilated by the payer.
7. If a payer terminates his business activity, he must inform about it the regional tax body in advance, submitting a written announcement. A copy of the previous declaration shall be returned to the regional tax body or annihilated by the payer.
8. While carrying out business activities stipulated by this law a payer (with exception of those, whose business activities are indicated in clauses (j) and (l) of article 7 must stick the second copy of his declaration, stipulated by this article, to the best observing place of the business site.
9. The provisions of this article do not apply to taxpayers specified in article 7(q) of this law. Those taxpayers file reports on the base data to their regional tax inspectorates in accordance with procedures established by the MSR.

Article 11. Submission of Information on the Area and Other Data

1. When carrying out business activities as indicated in article 22, clause 3(a), article 25, clause 2(a) and (b), article 53, clause 2(a) and article 57, clause 2(b) of this law, payers shall submit to the regional tax body information (declaration) on the area of the location as provided by RA Tax Inspectorate.
2. Payers who are involved in business activity indicated in article 22, clause 3(b), (c), (d) and (g) of this law shall submit on a special form a certificate on proportions, mentioned in article 22, clause 4 of this law as set by RA Tax Inspectorate.

Article 12. Determination of the Amount of Presumptive Payment if a New Declaration is not Submitted

If a new declaration is not submitted to the tax body, the presumptive payment amount for each month will be calculated by tax body using initial data and additional ratios of the last month, except those cases when the presumptive tax amount is still being corrected, also in a case established in article 94, clause 3 of this law.

Article 13. Term of Submission of Declarations and Other Information

1. Declaration on initial data and additional ratios (except cases, indicated in article 10 of this law) must be submitted by taxpayers in June and December except for cases provided in clause 2 of this law.

2. Payers who are involved in business activity defined in article 7(b) of this law, must submit declarations with initial data and adjustment ratios on monthly basis, and on a quarterly basis for business activity mentioned in article 7(d). A monthly (quarterly) declaration shall be submitted by last day of the month preceding the given month (quarter).

The taxpayers that carry out activities specified in sub-clause 17 of article 7 shall file monthly declarations on the base data to their regional tax inspectorates for each month by the 15th (inclusive) of the following month.

3. Quarterly declarations on the area used in business defined in article 22, clause 3(a) and in article 33, clause 2(a) of this law, must be submitted up to the 15th of the month following the quarter.

4. Monthly declaration on the area of location as stipulated in article 31, clause 2, article 53 and article 57, clause 2(b) of this law, must be submitted up to the 15th of the following month.

5. A certificate on proportions, indicated in article 22, clause 4 of this law, must be submitted by payers once in a quarter up to the 15th of the month which follows tax return quarter.

6. The information specified in clause 2 of article 28 of the law shall be filed by taxpayers for each month by the 15th of the following month.

Article 14. Registration of Initial Data and Adjustment Ratios

Initial data and adjustment ratios, as well as their changes must be registered (reregistered) at the tax body in personal cards of taxpayers.

Article 15. Accounting and Submission of Declarations by Payers

1. Based on the procedure established by GOA, payers must maintain accounting record keeping (in cases stipulated by tax legislation or decision-decrees of GOA – also other records and/or registration) and submit to tax body (based on terms and procedures provided by tax legislation) accounting reports, tax calculations, declarations, also documents and information stipulated by this law and tax legislation.

2. If a payer is involved only in business activity stipulated by this law, and has no other taxable objects, he should not submit to tax body calculations on Profit tax and VAT.

3. Payers subject to Presumptive tax on several types of business activities stipulated by this law must keep records separately (legal entities, corporations without status of a legal person – separate accounting records). On this basis calculated for the reporting period, as the law stipulates, gross income, as well as expenses, shall be deducted to the amount of gross income on types of activities provided by this law. Results of separate records must be shown in tax calculations and declarations submitted to the tax body.

Article 16. Paid (Calculated) Presumptive Payment Credited Against other Tax Liabilities

1. If the payer has overpaid his liabilities provided by article 22, clause 3(a), article 33, clause 2(a), article 53, clause 2 and article 57, clause 2(b) of this law the amount of paid (calculated) presumptive payment will be

credited due to the procedure established by article 33 of the RA law "On Taxes".

2. The credit will be considered first of all against actual amount of Profit tax (Income tax) and VAT, calculated as the law stipulates on corresponding types of taxes – in proportion indicated in article 6 of this law.

Article 17. Issuing Accounting Documents by Payers

1. Based on the legislation payers should provide the customers with an accounting document for shipped, provided or sold products and services.
2. In the accounting document issued for business activities stipulated by this law payers do not make notes on VAT rate and amount. In case of separation of the VAT amount, which is due to pay to the budget, it shall be calculated and paid based on the general procedure regardless of presumptive payment.

Article 18. Tax Amount Paid to Suppliers

If a payer paid VAT when purchasing products and services from suppliers (also while importing – at the customs), he should add this amount to the expenses.

Article 19. Procedures and Terms of Presumptive Payment

1. Payers shall calculate and pay Presumptive payment on monthly basis up to the 15th of the following month.
2. Presumptive payment must be paid in drams.
3. Payers shall not make any Profit tax (or Income tax) advance payments for business activities subject to Presumptive payment.

Article 20. Usage of Cash Registers

Provisions of this law do not concern business activities covered by clauses a (with the exception for trading activities, conducted through sales kiosks or directly from residential places which are situated outside trading places, with area not exceeding 7 sq.m. for Yerevan and 10 sq.m. for other places), f, h, and k where cash registers are used.

Chapter 2. Presumptive Payment for Trading Activity Carried out at Stores and Stands (Stalls)

Article 21. Glossary of Terms Used for Trading Activity Carried out in Stores, Stands (Stalls)

- a) store - a steady construction built or adjusted for trading activity which has a hall for this purpose;
- b) stand (stall) - a construction built or adjusted for trading activity without a trading hall;
- c) trading space - for stores it is the trading area (including the area where merchandise is exhibited and being sold), and for stands (stalls) - the total area.

Article 22. Payers of Presumptive Payment Involved in Trading Activity Carried out in Stores, Stands (Stalls)

1. Those who are involved in trading activity carried out at stores, stands (stalls) with trading space not exceeding 30m² are considered to be Payers of Presumptive Payment if they meet the requirements defined in clause 2 of this article.
2. Criteria to be met to be qualified as Presumptive payment payer:
 - a) availability of a separate construction (permanent or temporary);
 - b) availability of a space in the construction for carrying out trading activity;
 - c) area of trading space not exceeding 30m².

3. This chapter does not refer to:

- a) taxpayers whose sales (goods turnover) exceeds 310.000.00 drams per one square meter during a quarter of a year (regardless of a number of work days);
- b) taxpayers who sell products produced by themselves – for this part of activity;
- c) drug stores, sale of medications and medical supplies;
- d) trading of gas, engine oil;
- e) Book-stalls where newspapers, prospects, manuals, periodicals are being sold.

4. If in trading sites organized for business activities mentioned in points (b), (c), (d) and (e) of article 7 some other items than specified there are sold, a payer is subject to Presumptive payment, if during the reporting quarter sales share of those items exceeds 10 percent (for bookstalls - 50 percent).

In these cases the following data will be considered initial for calculation of Presumptive payment:

- a) actually occupied trading space;
- b) number of calendar days of the tax return quarter.

The payer can submit a declaration on initial data and adjustment ratios.

Article 23. Presumptive Payment Amount for Trading Activity in Stores, Stands (Stalls)

1. Presumptive payment shall be calculated on monthly basis in drams to the amount of a product of initial data and adjustment ratio (ratios) multiplied by 22;

2. If trading is carried out immediately from dwelling (like from window), Presumptive payment will be equal to:

- a) the amount paid for trading carried out in a stand with area not exceeding 3 sq.m if the area for exhibition of merchandise does not exceed 10m² .
- b) payment stipulated for trading activity from bookstalls considering area actually used for exhibition of products only if the actual area for exhibition of products exceeds 10 sq.m.

Article 24. Initial Data for Calculation of Presumptive Payment for Trading Activity at Stores, Stands (Stalls)

Initial data for calculation of Presumptive payment are as follows:

- a) area of trading space of the trading activity carried out in Stores, Stands (Stalls) in square meters;
- a) calendar workdays within a month and their number.

Article 25. Adjustment Ratios for Calculation of Presumptive Payment for Trading Activity in Stores, Stands (Stalls)

1. Adjustment ratios based on location of a store, stand (stall) for calculation of Presumptive payment are as follows:

- a) for territory of Zvartnots airport and a highway from Zvartnots to Yerevan (Vagharshapat high road and highways from the airport) - from 1.0 to 2.75, which is established by GOA.
- b) For marz-centers - from 1.2 to 1.5 which is established by GOA based on the proposal submitted by corresponding body of a local management;
- c) For Abovian and Vagharshapat towns - from 1.0 to 1.2 which is established by GOA based on the proposal submitted by corresponding body of a local management;
- d) For marzes (except marz-centers, Abovian, Vagharshapat and Charentsavan towns) – 1.0;

e) For village areas, as well as for disaster zones and far and close to the border regions – 0.5.

For villages located in disaster zones and far and close to the border regions additional 0.8 ratio will be applied.

Before establishing by GOA adjustment ratios for closes b & c, trading (initial?) factors will be used.

2. the following additional adjustment ratios will be used for conducting trading activity at stores, stands (stalls) based on quarterly results:

a) if proceeds received from sale of VAT exempt products exceed 50 percent, adjustment ratio will be 0.7;

b) if the portion of proceeds from sold products imported to RA without paying VAT at the customs exceed 50 percent, adjustment ratio will be 1.4.

3. For stores, stands (stalls) which are located in basements of the buildings, additional 0,8 adjustment ratio will be applied.

4. Invalid

Chapter 3. Presumptive Payment for Organizing Trading Site

Article 26. Trading Site

Trading site (flee markets, fairs, food markets, etc.) is a site where space is provided by organiser for carrying out trading (or other) activity.

Article 27. Payers of Presumptive Payment for Organising Trading Site

Those who organise trading sites (flee markets, fairs, food markets, etc.) in the territory of RA will be considered to be payers.

Article 28. Submission of Necessary Documents and Presenting Information by Payers of Presumptive Payers for Organising Trading Site

When providing trading space at the trading site to those who will carry out trading activity, the payers must process documents stipulated by the tax legislation and keep records according to the procedure established by tax inspectorate.

Payers file to tax authorities information specified by the Government, on parties conducting trading activities in places designed for conducting trading activities.

Article 29. Amount of Presumptive Payment for Organising Trading Site

Presumptive payment for organising trading site shall be calculated on monthly basis to the amount of initial data and adjustment ratio (ratios) product multiplied by 100 and expressed in drams.

Article 30. Initial Data for Calculation of Presumptive Payment for Organising Trading Site

The initial data for calculation of presumptive payment for organising trading activity are as follows:

a) Trading area actually used, in square meters. Note, that ratio 1.2 shall be applied for area actually used for registration of areas directly connected to and assisting in trading and ratio 0.7 shall be applied for organisers of trading in areas located within permanent buildings with trading halls. Actually used area is considered to be the area allocated to legal or physical entities organising trading by organisers of trading area activities.

b) Calendar workdays within a month and their number.

Article 31. Adjustment Ratios for Calculation of Presumptive Payment for Organising Trading Site

1. The adjustment ratios for calculation of presumptive payment for organising trading activity are as follows:

a) for territory of Zvartnots airport and a highway from Zvartnots to Yerevan (Vagharshapat high road and

highways from the airport) - 1.25.

b) food markets for agricultural products, disaster zone, far and close to the border regions, also for the country - 0.4;

c) for other locations - 1.0.

2. If the amount collected by organiser per square meter of trading site is 5 times more than presumptive payment, the adjustment ratio will be 2.

Chapter 4. Presumptive Payment for Business Activity Carried out in Public Catering Sector

Article 32. Glossary of Terms Used for Calculation of Presumptive Payment for Business Activity in the Sphere of Public Catering

a) business activity in a sphere of public catering - organisation of production, sale and consumption of food production

b) food production – assembling of meals from partially cooked food

c) public catering saloon – a space for sale and consumption of ready food products.

d) open public catering saloon – total area where catering business activity is carried out.

Article 33. Payers of Presumptive Payment Involved in Business Activity in Sphere of Public Catering

1. Individuals and legal entities, corporations without status of a legal person involved in business activity in a sphere of public catering shall be payers.

2. Provisions of this chapter do not refer to:

a) taxpayers whose sales (goods turnover) exceeds 200.000 drams (threshold) per one square meter of the area of a saloon during a quarter of a year (regardless of a number of work days);

b) those who carry out public catering business at buildings of secondary schools, colleges and higher educational institutions.

Article 34. The Rate of Presumptive Payments for Activities in the Sphere of Public Catering

The rate of monthly presumptive payment makes 2000-fold the product of the base data and the adjustment ratio (ratios), in drams.

Article 35. Initial Data for Calculation of Presumptive Payment for Public Catering Activity

1. The area of the space in square meters used for public catering activities is taken as base data for calculating presumptive payment rate.

2. Area of external lunchrooms (dining cars and those for preparing and serving food products) and for other sites which do not have serving saloons, serving area will be considered 20 sq.m.

Article 36. Adjustment Ratios for Calculation of Presumptive Payment for Public Catering Activity

Adjustment ratios for calculation of Presumptive payment are as follows:

a) for open catering sites - 0.7;

b) for show bars and other public catering places with stage performances as well as bars operating from 12:00 a.m. to 6:00 a.m. an additional factor of 2.0 is used;

c) for places (units) with limited number of consumers – 0.5;

d) for open sites additional 1.5 ratio will be applied from April through October;

e) in case if the area used for providing with public catering service does not exceed 50 sq.m., an additional

0.75 adjustment ratio is used;

f) for (objects) places conducting public catering service in marzes Syunik, Vayots Dzor, Shirak, Lori, Tavoush, additional 0.7 adjustment ration is used.

Chapter 4.1. Presumptive Payments for Organizing Bathhouses and Washhouses

Article 36.1. The concepts used for calculating presumptive payments for organization of bathhouses and washhouses

For this particular law the concept of organization of bathhouses and washhouses includes, in particular, the washhouses, solariums, saunas, bathhouses and steam baths.

Article 36.2. Taxpayers for Activities in the Sphere of Organisation of Bathhouses and Washhouses

Taxpayers are those legal entities and individuals, which conduct activities in this sphere on part of commercial services.

Article 36.3. The Rate of Presumptive Payments for Activities in the Sphere of Organisation of Bathhouses and Washhouses

The presumptive payment is calculated for each month and makes 2000 - fold the product of the base data and the adjustment ratio, in drams

Article 36.4. The Base Data for Activities in the Sphere of Organisation of Bathhouses and Washhouses

The area of the buildings in square meters used for activities of organization of bathhouses and washhouses is taken as base data for calculating presumptive payment rate.

Article 36.5. The Adjustment Ratio for Calculation of the Rate of Presumptive Payments for Organisation of Bathhouses and Washhouses

The adjustment ratios for calculation of presumptive payments are:

- a) for bathhouses and washhouses - 1
- b) for baths and (or) washhouses not located in saunas and (or) steam baths - 0.5

Chapter 5. Presumptive Payments for Business Activity Related to Vehicles

Article 37. Glossary of Terms Used for Calculation of Presumptive Payment for Business Activity Related to Vehicles

- a) taxi car – car for transportation of passengers, with a corresponding sign on the top, where the fee is taken according to the number of passengers or the data shown on a meter or speedometer installed in the car;
- b) capacity of the car – optimal cargo weight that is defined by the manufacturer, and mentioned in the specification;
- c) number of seats in a bus – optimal number of passengers defined by the manufacturer that can be transported in seating position.

Article 38. Payers of Presumptive Payment Involved in Business Activity Related to Vehicles

1. Individuals and entities involved in business activity related to transportation by vehicles shall be considered to be payers.
2. Those individuals and entities that provide service based on advance order or agreement will calculate and pay presumptive payment based on general procedure established in this article.
3. Provisions of this chapter do not concern those who use cars for transportation of their own products.

Article 39. Presumptive Payment Rate for Transportation Activities

1. The rate of monthly presumptive payment makes 2000 fold the product of the base data and the adjustment ratio, in drams.
2. If several types of transportation were made during a month by one and the same vehicle, the highest initial rate for one piece of data and adjustment ratios shall be considered for calculation of presumptive payment.
3. When implementing regular passenger transportation by a bus with 18 and more seats according to procedure specified by law, in case of its breakdown it can be temporarily replaced by a bus with the same base data, informing the tax agency about that beforehand. If the number of buses used instead of buses out of order does not exceed 20 percent of the total number of previously registered buses, expressed in integer numbers, then the presumptive payment shall be calculated based on the base data of previously declared buses.

Provisions of this clause shall not apply to transportation of passengers in Yerevan, connected to Yerevan and through international routes.

Article 40. The Base Data for Calculating Presumptive Payments for Transportation Activities

The following are considered as base data for presumptive payments for transportation activities:

- a) transportation of passengers by cars – 1.0
- b) for activities carried out by trucks – the lading in terms of tons
- c) for activities carried out by buses – the number of seats

Article 41. Adjustment Ratios for Calculation of Presumptive Payment for Transportation Activity

1. Adjustment ratios for small and medium size vehicles used for transportation of passengers:

In Yerevan 3.4

In Gyumri and Vanadzor cities 3.1

Other locations 2.8

In case of inter-city transportation the highest ratio of them will be applied.

2. Adjustment ratios for vehicles used for transportation of cargo

Regions of Vayots Dzor and Tavush 1.1

Shirak region 1.3

Regions of Aragatsotni, Gegharkuniq and Lori 1.4

Syunik region 1.6

Ararat, Armavir, Kotaik regions 1.8

In Yerevan 1.9.

In case of inter-city transportation the highest ratio of them will be applied.

3. Adjustment ratios for buses used for transportation of passengers:

- a) routs:

inter-city 1.0

connected to Yerevan 1.2

within marzes, excluding inter-city and within cities:

- Kotayk, Ararat and Armavir marzes 0.75

- other marzes 0.5

international 0.75

In case of inter-marz (excluding inter-city and connected to Yerevan) transportation of passengers the highest coefficient from those specified for those marzes in this sub-clause shall be applied.

b) within cities:

- in Yerevan 1.0

- Gyumri and Vanadzor 0.9

- Other cities 0.8

c) for vans with up to 17 seats inclusive– additional 1.3.

Chapter 6. Presumptive Payments for Business Activity Related to Barber's Shops

Article 42. Glossary of Terms Used for Calculation of Presumptive Payment for Business Activity Related to Barber's Shops:

a) barber's shop - steady or permanent construction built or adjusted for providing with barber's service

b) work site - each specially furnished area for providing with barber's service.

Article 43. Payers of Presumptive Payment Involved in Barber's Shop Activity

Organizers of barber's shop activity shall be the payers.

Article 44. Presumptive Payment Amount for Barber's Shop Activities

Monthly Presumptive payment for barber's activity will be calculated to the amount of product of initial data and adjustment ratio multiplied by 420 and expressed in drams.

Article 45. Initial Data for Calculation of Presumptive Payment for Barber's Shops Activity

Initial data for calculation of presumptive payment is as follows:

a) Number of working staff;

b) Calendar workdays within a month and their number.

Article 46. Adjustment Ratios for Calculation of Presumptive Payment for Barber's Shops Activity

Adjustment ratios based on the location of the barber's shop:

In Yerevan 1.0

Other locations 0.6.

Chapter 7. Presumptive Payments for Photo Laboratory Activity

Article 47. Glossary of Terms Used in Presumptive Payment Calculations for Photo Laboratory Activities

a) photo laboratory is steady or permanent construction built or adjusted for developing films and printing pictures.

b) photo laboratory activity is a process of developing films and printing pictures.

c) work site for photo laboratory activity is an area furnished with special equipment to carry out the whole process of activity.

Article 48. Payers of Presumptive Payment Involved in Photo Laboratory Activity

Individuals and entities that carry out photo laboratory activities shall be the payers.

Article 49. Presumptive Payment Rate for Photo Laboratory Activities

Presumptive Payment monthly rate will be determined by multiplying the product of initial data and the corresponding adjustment ratios by 850.

Article 50. Initial Data for Calculation of Presumptive Payment for Photo Laboratory Activities

The initial data are the following:

- a) number of work sites for developing films and printing pictures.
- b) calendar work days within a month and their total number.

Article 51. Adjustment Ratios for Calculation of Presumptive Payment for Photo Laboratory Activities

The adjustment ratios are the following:

- a) based on the location of the photo laboratory
 - for Yerevan 1.0
 - for other locations 0.9
- b) in case of carrying out one type of photo laboratory activities (only developing or printing) another 0.8 adjustment ratio will be applied.

Chapter 8. Presumptive Payments for Business Activity Related to Auto Repair Shops

Article 52. Glossary of Terms Used in Calculation of Presumptive Payment for Activities Related to Auto Repair Shops

- a) auto repair shops is steady or permanent construction, built or adjusted for technical maintenance of vehicles.
- b) activity of auto repair shops is the technical maintenance of vehicles.
- d) work site for technical services of vehicles is the area furnished with special equipment to carry out the whole process of technical support for vehicles.

Article 53. Payers of Presumptive Payment Involved in Repair Shop Activities

1. Individuals and entities that carry out the technical maintenance activity shall be the payers .
2. The articles of this chapter do not refer to individuals and entities that carry out technical maintenance of vehicles if monthly sale per work site exceeds 800 thousand drams (the limited rate).

Article 54. Presumptive Payment Rate for Repair Shop Activities

Presumptive Payment monthly rate for repair shop activities will be determined by multiplying the product of initial data by 350.

Article 55. Initial Data used for Presumptive Payment Calculation for Repair Shops Activity

The initial data is the following:

- a) number of work sites of technical maintenance of vehicles.
- b) calendar work days within a month and their total number.

Chapter 9. Presumptive Payments for Retail Sale of Petrol and Diesel Fuel

Article 56. Retail Sale Site of Petrol and/or Diesel Fuel

Petrol and/or diesel fuel retail sale site is a complex of equipment set for providing petrol to vehicles.

Article 57. Payers of Presumptive Payment for Retail Sale of Petrol and Diesel Fuel

1. Individuals and entities that carry out activities of retail sale of petrol and/or diesel fuel (including those carrying out retail sale of petrol and diesel fuel from specially equipped trucks) shall be the payers.

2. The articles of this chapter do not refer to the payers, who:

- a) provide petrol from over three pipes at the retail sale site.
- b) at the retail sale site sell over 10 thousand litres (the limited quantity) petrol per month.

Article 58. Presumptive Payment Rate for Retail Sale of Petrol and/or Diesel Fuel

1. The monthly rate of Presumptive Payment for retail sale of petrol and/or diesel fuel is calculated by multiplying the product of initial data by 1000.

2. In case of carrying out retail sale of petrol and/or diesel fuel exclusively by tares (in case of absence of filling pipes) a Presumptive Payment rate will be calculated as for one filling pipe.

Article 59. Initial Data for Calculation of Presumptive Payment for Retail Sale of Petrol and/or Diesel Fuel

Initial data are the following:

- a) number of filling pipes installed in retail sale sites of petrol and diesel fuel.
- b) calendar work days within a month and their total number.

Chapter 9.1. Presumptive Payments for Gas Filling Activities for Vehicles

Article 59.1. The Concept of Station (point) of Gas Filling for Vehicles

Under this law the concept of station (point) of gas filling for vehicles covers the whole equipment used for gas filling of vehicles.

Article 59.2. Presumptive Payment Payers for Activities in the Sphere of Gas Filling of Vehicles

The taxpayers are those who conduct gas filling activities for vehicles through gas filling stations (points).

Article 59.3. The rate of monthly presumptive payment for gas filling activity for vehicles

The rate of monthly presumptive payment for gas filling activity for vehicles makes 1,000,000 fold the product of base data and adjustment ratio, in drams.

Article 59.4. The Base Data for Calculating Presumptive Payment for Gas-filling Activity for Vehicles

The base data for calculating presumptive payment for gas filling activity for vehicles is the number of installed gas filling pipes at gas filling stations (points).

Article 59.5. Adjustment Ratios applied for Calculation of Presumptive Payment for Gas-filling Activities for Vehicles

The adjustment ratios based on location of the gas filling station (point) are the following:

- a) for stations located within the administrative border of Yerevan and outside of Yerevan at distance within 25 kilometers - 1.0.
- b) for stations located elsewhere - 0.8.

Chapter 10. Presumptive Payments for Business Activities Related to Parking Lots

Article 60. Glossary Of Terms Used for Presumptive Payment Calculations for Activities Related to Parking Lots

- a) parking lot is the area separated for temporary parking of auto-transportation means.
- b) activity related to parking lot is providing security for the temporarily parked auto-transportation means.

Article 61. Presumptive Payment Payers for Parking Lot Activity.

Payers are the individuals and entities, who organize parking lot activities (including during night hours).

Article 62. Presumptive Payment Rate for Parking Lot Activities

Presumptive Payment monthly rate for parking lot activities is calculated by multiplying the product of initial data and the corresponding adjustment ratios by 5.

Article 63. Initial Data of Presumptive Payment Calculation for Parking Lot Activities

Initial data is the following:

- a) the total area (in square meters) separated for temporary parking of the auto-transportation means.
- b) work days within month and their total number.

Article 64. Adjustment Ratios of Presumptive Payment Calculation for Parking Lot Activities

The adjustment ratios based on the location of the parking lots are the following:

- a) for Yerevan - 1.0 to 8.0 as determined by the Government of the RA.
- b) for other locations - 0.8.

Chapter 11. Presumptive Payments for Business Activities Related to Industrial Fishing

Article 65. Industrial Fishing

Industrial fishing is the fishing activity carried out in water region for making profit using special tools, in particular setting net with setting, pulling and pocket seines.

Article 66. Presumptive Payment Payers for Industrial Fishing

Payers are the individuals and entities that carry out industrial fishing.

Article 67. Presumptive Payment Rate for Industrial Fishing

Presumptive payment monthly rate is calculated by multiplying the product of initial data and the corresponding adjustment ratios by 150.

Article 68. Initial Data for Presumptive Payment Calculation for Industrial Fishing

Initial data for presumptive payment calculation are the following:

- a) work days within a month and their total number.
- b) number of fishing tools.

Article 69. Adjustment Ratios of Presumptive Payment Calculations for Industrial Fishing

The adjustment ratios based on fishing tools are the following:

- a) for setting net 1.0
- b) for setting and pulling seines with a length of
 - up to 200 meters inclusive 46.0
 - 200 till 250 meters inclusive 52.0
 - 250 till 300 meters inclusive 60.0
 - 300 till 350 meters inclusive 66.0
 - 350 till 400 meters inclusive 72.0
 - over 400 meters 80.0
- c) for a pocket seine 120.0
- d) for other fishing tools 66.0

Chapter 12. Presumptive Payment on Foreign Exchange Transactions

Article 70. Concept of Foreign Exchange Transaction

In the context of this law the foreign exchange transaction is the foreign exchange activity carried out by a license for foreign exchange transaction activity granted following the procedure determined by the RA Central Bank.

Article 71. Presumptive Payment Payers for Foreign Exchange Transactions

The individuals and entities carrying out activities based on a license for foreign exchange transaction activity granted by the Central Bank are considered to be the payers.

Article 72. Rate of Presumptive Payment on Foreign Exchange Transactions

The Presumptive payment is calculated by multiplying the adjustment ratio related to the location of a foreign exchange transaction site by 50,000 drams, and on a monthly basis.

Article 73. Adjustment Ratios for Calculation of Presumptive Payment on Foreign Exchange Transactions

The adjustment ratios for calculation of the Presumptive payment related to the location of foreign exchange transaction site are as follows:

- a) for Yerevan and Zvartnots airport ranges from 1.0 - 1.5 set by the RA Government.
- b) for other localities 0.8.

Chapter 13. Presumptive Payment on Foreign Exchange Dealer's Activities

Article 74. Concept of Foreign Exchange Dealer's Activities

In the context of this law, the foreign exchange transaction carried out by a license for foreign exchange dealer's activities granted following the procedure determined by the RA Central Bank is considered the foreign exchange dealer's activity.

Article 75. Presumptive Payment Payers for Foreign Exchange Dealer's Activities

1. Individuals and entities carrying out foreign exchange transactions by a license for foreign exchange dealer's activities granted by the RA Central Bank are considered the taxpayers.
2. The provisions of this Chapter may not apply to those carrying out activities in the RA banks, credit institutions, and stock markets.

Article 76. Rate of Presumptive Payment on Foreign Exchange Dealer's Activities

The rate of Presumptive Payment on foreign exchange dealer's activities is set at 125 thousand drams per month.

Chapter 14. Presumptive Payments for Organizing Gambling Houses (Casinos)

Article 77. Casinos

Casinos are the halls with an outside or inside sign "Casino" or "Gambling House" or word combinations using these words in Armenian or foreign languages or where at least one gaming table or more than twenty gambling machines or both are exploited (irrespective of the quantity).

Article 78. Presumptive Payment Payers for Organising Gambling Houses

The Presumptive payment payers are the individuals and entities that organise gambling houses.

Article 79. Presumptive Payment Rate for Organising Gambling Houses

Presumptive payment monthly rate for organising gambling houses is determined by multiplying the product of initial data and the corresponding adjustment ratios by 1 500 000.

Article 80. Initial Data for Presumptive Payment Calculation for Organising Gambling Houses

Initial data is the number of gaming tables.

Article 81. Adjustment Ratios for Presumptive Payment Calculation for Organising Gambling Houses

Adjustment ratios based on the location of the gambling houses are the following:

- a) within Yerevan - 2.0;
- b) outside Yerevan - 1.0.

Chapter 15. Presumptive Payments for Gambling Machine Exploitation

Article 82. Gambling Machines

Slot machines with cash winnings are the machines with programmed games (including lottotron, bingo and other machines programmed for mechanical lottery). During games with this equipment the winner is determined by special program(s) of the machines with or without direct participation of the player.

Article 83. Presumptive Payment Payers for Gambling Machine Exploitation

1. Payers are the individuals and entities who exploit gambling machines.
2. The articles of this chapter do not hold for individuals and entities who exploit programmed machines for lottotron, bingo or other types of lottery games through television.

Article 84. Presumptive Payment Rate for Gambling Machines Exploitation

Presumptive payment monthly rate:

- a) for lottotron, bingo and other machines programmed for mechanical lottery games is determined by multiplying the product of initial data and the adjustment rates by 10,000.
- b) for other types of automations is determined by multiplying the product of initial data and adjustment ratios by 50,000.

Article 85. Initial Data for Calculation of Presumptive Payment for Gambling Machines Exploitation

Initial data:

- a) for lottotron, bingo and other types of programmed machines for mechanical lottery games is the total area of the game hall in square meters;
- b) for other types of machines is the number of installed (existing) machines.

Article 86. Adjustment Ratios for Calculation Presumptive Payment for the Gambling Machine Exploitation

Adjustment ratios based on the location of the gambling machines are the following:

- a) for Yerevan - 2.0;
- b) for regional centres as well as for the cities Abovian and Vagharshapat - 0.9;
- c) for other locations - 0.8.

Chapter 15.1. Presumptive Payments for Organizing Lottery Games

Article 86.1. Concept of Lottery Games

According to this law lottery game is considered to be the activity that is the subject of law "On Lottery Games" of the RA

Article 86.2. Presumptive Payment Payers for Organisation of Lottery Games

Presumptive payment payers for organisation of lottery games are considered to be the organisers of lottery games.

Article 86.3. Presumptive Payment Rate for Organisation of Lottery Games

The monthly rate of presumptive payments for lottery organisation is determined by 18 percent of initial data.

Article 86.4. Initial Data for Calculation of Presumptive Payments for Lottery Organisation

Initial Data for Calculation of Presumptive Payments for Lottery Organisation is considered to be the total cost of lottery tickets sold for all lottery games organised within the month.

Chapter 16. Presumptive Payments for Organizing Computer Games

Article 87. Payers of Presumptive Payment for Organising Business Activity Related To Computer Games

Payers are the individuals and entities who organise business activity related to computer games.

Article 88. Presumptive Payment Rate for Organising Business Activity Related To Computer Games

Presumptive Payment monthly rate is determined by multiplying the product of initial data and the adjustment ratios by 10 000.

Article 89. Initial Data for Presumptive Payment Calculation for Organising Business Activity Related To Computer Games

Initial data is the number of used monitors.

Article 90. Adjustment Ratios for Presumptive Payment Calculation for Organising Business Activity Related to Computer Games

Adjustment ratios based on the location of the computer games are the following:

- a) for Yerevan and the airport "Zwartnots" - 1.5 to 3.0 as determined by the Government of the RA.
- b) for regional centres as well as for the cities Abovian and Vagharshapat - 2.0
- c) for the republic regions (except for regional centres and the cities Abovian and Vagharshapat) - 1.5
- d) for the disaster zone, far and near border regions as well as villages - 1.0

Chapter 16.1. Presumptive Payment on Organization of Billiard Games

Article 90.1. Presumptive Payment Payers for Organization of Billiard Games

The organizers of billiard games are considered the presumptive payment payers.

Article 90.2. Rate of Presumptive Payment on Organization of Billiard Games

The monthly rate of Presumptive payment on the organization of billiard games shall be equal to the product of basic data and adjustment ratio multiplied by 20,000.

Article 90.3 Basic Data for Calculation of Presumptive Payment on Organization of Billiard Games

The number of billiard tables is considered the basic data for calculation of the Presumptive Payment for organization of billiard games.

Article 90.4. Adjustment Ratios for Calculation of Presumptive Payment on Organization of Billiard Games

The adjustment ratios for calculation of the Presumptive Payment related to the location of business activity site (object) are as follows:

- a) for Yerevan 2.0
- b) Outside Yerevan 1.0

Chapter 17. Presumptive Payments for Business Activity Related to Rental of Videotape Recorders and Videotapes

Article 91. Presumptive Payment Payers for Leasing Videotape Recorders And Videotapes

Payers are the individuals and entities who lend videotape recorders and videotapes.

Article 92. Presumptive Payment Rate for Leasing Videotape Recorders and Videotapes

Presumptive payment monthly rate is determined by multiplying the adjustment ratios based on location where the videotape recorders and the videotapes are leased by 40 000.

Article 93. Adjustment Ratios of Presumptive Payment Calculations for Videotape Recorders and Videotapes

Adjustment ratios based on location where the videotapes (recorders) are leased are the following:

- a) for Yerevan and the airport "Zwartnots" - 1.0 to 1.9 as determined by the Government of the RA.
- b) for regional centres as well as the cities Abovian and Vagharshapat - 1.7
- c) for republic regions (except for the regional centres and the cities Abovian and Vagharshapat) - 1.2
- d) for the disaster zone, far and near border regions as well as villages - 1.0.

Chapter 18. Responsibilities for Violation of this Law

Article 94. Unsubstantiated Presumptive Payment

1. Presumptive Payment amount of payers carrying out Presumptive Payment liable activities will be considered as unsubstantiated and the Tax Inspectorate will calculate (estimate) the Presumptive payment amount if:

- a) the amount of initial data and (or) adjustment ratios presented for the corresponding period is less than the actual amount registered during inspection and/or investigation carried out by tax inspectorate body.
- b) the payer does not submit the declaration of initial data and/or adjustment ratios before starting (restarting) the activity, as well as in cases and according to the procedure specified by the law for those organising lotteries.

2. In case if Presumptive payment amount is unsubstantiated as mentioned in clause "a" of this article the tax inspectorate body calculates it taking into account the actual amount of initial data and adjustment ratios (except for the work days within month).

In case if the actual workdays of the payer are more within a month than is mentioned in the declaration all days of the month are considered to be workdays starting from the day of presenting last (previous) initial data.

3. In case if Presumptive payment amount is unsubstantiated as mentioned in clause "b" of this article the tax inspectorate body calculates it taking into account the actual amount of initial data and adjustment ratios (except for the work days within a month).

Factual workdays of the payer are considered to be all days of the month starting from the day when Presumptive payment liable activity actually started. In case of absence of actual information (data) on the day when the activity started such is considered to be the day of compulsory re-registration of initial data and adjustment ratios (according to points 1 and 2 of this article).

4. In case of violations stated in the sub-clauses 'a' and 'b' of this article, the taxpayer shall pay a penalty equal to 50 percent of underreported or not reported Presumptive payment, while in the event that within a year after the tax inspection body detected the violation the same violation is committed in the same activity the penalty shall account for the amount of underreported or not reported Presumptive payment.

The taxpayers shall pay these penalties to the budget within 10 days after the tax inspection body submits an appropriate statement.

Article 94.1. Responsibility for Failure to Provide Information

In case of failing to provide or providing misleading information on the parties conducting trading activities in the trading area as required by article 28 of the law, the taxpayer shall pay a penalty equal to 100000 drams.

Article 95. Responsibilities for Violating this Law

After making Presumptive payment the payers are still obliged to carry out registrations and keep records as well as to have license for certain types of activities.

Chapter 19. Concluding Provisions

Article 96. Definitions of Some Terms Used in the Law

1. Work places for developing films and printing pictures mentioned in the clause "c" of article 47 and work places for technical support to the auto-transportation means mentioned in the clause "c" of the article 52 are determined by the Government of the RA.

2. The list of the disaster zone, near and far border regions is determined by the Government of the RA.

3. For the purpose of applying zone divisions this law is using of area zones of Yerevan as determined by the Government of the RA.

Article 97. Index-Linking of Presumptive Payment Rate

Starting from April, 2003 the monthly and marginal rates of Presumptive payment calculated as prescribed by this law for 12-month period (except the marginal rates stated in clause 3, article 58 of this law) shall be adjusted in accordance with the Government of Armenia decree (increased, decreased) by the consumer price index (with a precision of two digits after the point).

Article 98. Termination of Presumptive Payment

Presumptive payment for activities described in clauses "c", "d", "h", "k", "l", "m", "n", "o", "p", "r", "s" and "t" of article 7 of this law will be terminated in case if payers submit the tax body an announcement-declaration about stopping the activity and starting from the day indicated in the declaration which cannot be earlier than the day after submitting it.

Article 99. Registration of Initial Data and Adjustment Ratios

Within July 1998 payers register (re-register) initial data and adjustment ratios in the regional tax body. In case of failing to meet this requirement the responsibility defined by article 94 is applied.

Article 100. Invalid

Article 101. Adopting Administrative Legal Regulations

The administrative legal regulations concerning to this law are adopted by the Tax Inspectorate of the RA in co-operation with the Ministry of Finance and Economy.

Article 102. Enactment of this law

This law enters into force on August 1, 1998.

President of the Republic of Armenia

Robert Kocharyan

22 July 1998

AL-236

- 06.07.2000
- 15.12.2000
- 14.12.2001
- 06.02.2002
- 15.05.2002
- 11.12.2002
- 25.12.2003
- 13.12.2004
- 24.12.2004
- 04.05.2005
- 25.05.2006
- 05.12.2006
- 05.12.2006
- 25.12.2006
- 03.07.2007
- 21.08.2008
- 26.12.2008