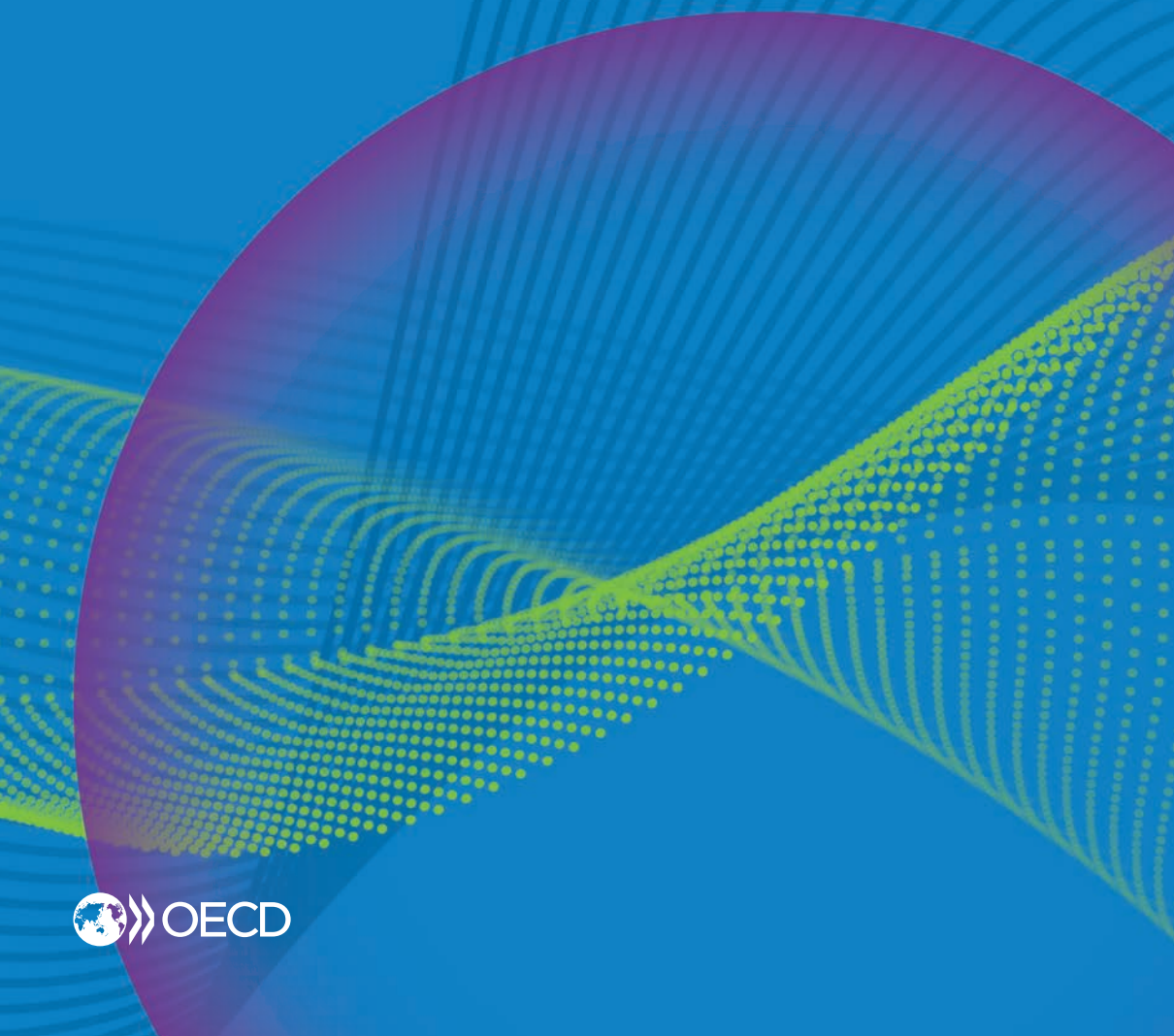
GLOBAL FORUM ON
TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request

ARMENIA

2024 (Second Round, Phase 1)



OECD

Global Forum on Transparency and Exchange of Information for Tax Purposes: Armenia 2024 (Second Round, Phase 1)

PEER REVIEW REPORT ON THE EXCHANGE OF INFORMATION ON REQUEST

This peer review report was approved by the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) on 19 February 2024 and adopted by the Global Forum members on 27 March 2024. The report was prepared for publication by the Global Forum Secretariat.

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Note by the Republic of Türkiye
The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union
The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

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Reader's guide

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

Consideration of the Financial Action Task Force Evaluations and Ratings

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to www.oecd.org/tax/transparency and http://dx.doi.org/10.1787/2219469x.

Abbreviations and acronyms

2016 Terms of Reference	Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015
AMD	Armenian dram, legal tender currency of Armenia
AML	Anti-Money Laundering
AML Law	Law on Combating Money Laundering and Terrorism Financing
CBA	Central Bank of Armenia
CDD	Customer Due Diligence
CIS	Commonwealth of Independent States
CIS Agreement	Agreement between the Member States of the CIS on Co-operation and Mutual Assistance in Tax Matters
Closed JSC	Closed Joint Stock Company
DTC	Double Taxation Convention
EOI	Exchange of Information
EOIR	Exchange of Information on Request
EUR	Euro
FIU	Financial Monitoring Centre of the Central Bank of Armenia
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
IFRS	International Financial Reporting Standards
JSC	Joint Stock Company
LLC	Limited Liability Company
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010

NGO	Armenian non-governmental organisation
Open JSC	Open Joint Stock Company
SRC	Armenian State Revenue Committee (Tax Administration)
State Registration Law	Armenian Law on the State Registration of Legal Entities, State Record-registration of Separated Subdivisions of Legal Entities, Institutions and individual entrepreneurs
SRC EOI Order	SRC EOI Order 506-A-2020 On Approving the Procedure for Exchange of Information with Competent Authorities of Foreign States for Taxation Purposes Upon Requests and Automatically
State Unified Register	Armenian State Unified Register of Legal Entities
TCSPs	Trust and Companies Service Providers
TIEA	Tax Information Exchange Agreement
TIN	Taxpayer Identification Number

Executive summary

1. This report analyses the implementation of the standard of transparency and exchange of information on request in Armenia on the second round of reviews conducted by the Global Forum. Due to the COVID-19 pandemic, the assessment team's on-site visit, which was scheduled to take place in 2021, could not take place. The present report therefore assesses the legal and regulatory framework in force as of 24 November 2023 against the 2016 Terms of Reference (Phase 1 review). The assessment of the practical implementation of the legal framework of Armenia will take place separately at a later time (Phase 2 review).

2. Armenia joined the Global Forum in 2015. Hence, the current report is the first assessment of the legal and regulatory framework for transparency and exchange of information on request in Armenia.

3. This report concludes that Armenia has a legal and regulatory framework that broadly ensures the availability of, access to, and exchange of relevant information for tax purposes, but that this framework requires improvement in the areas of availability, access and exchange of information.

Summary table of determinations on the legal and regulatory framework of Armenia

Element		Determination*
A.1	Availability of ownership and identity information	Needs improvement
A.2	Availability of accounting information	Needs improvement
A.3	Availability of banking information	Needs improvement
B.1	Access to information	Needs improvement
B.2	Rights and Safeguards	In place
C.1	EOIR Mechanisms	In place
C.2	Network of EOIR Mechanisms	In place
C.3	Confidentiality	In place
C.4	Rights and safeguards	Needs improvement
C.5	Quality and timeliness of responses	Not applicable
	OVERALL RATING	**Not applicable**

* The three-scale determinations for the legal and regulatory framework are In place, In place but certain aspects of the legal implementation of the element need improvement (needs improvement), and Not in place.

Transparency framework

4. Since joining the Global Forum in 2015, Armenia has improved its legal and regulatory framework in order to comply with the standard, including to ensure the availability of information on the legal and beneficial owners of legal persons and arrangements.

5. Ownership and identity information in relation to legal persons is available in application of the Companies Law and the State Registration Law. Information is kept by the entity itself, by a service provider (the Central Depository of Armenia) or by the authorities, depending of the type of entity. Legal entities have no obligation to provide ownership information to the tax administration, but they do provide ownership information to the Armenian State Unified Register of Legal Entities upon registration. However, the information is not necessarily updated thereafter.

6. The main sources of beneficial ownership information are the State Unified Register and the AML-obliged persons. Legal persons are obliged to provide up-to-date information to the State Unified Register within 40 days of any changes on beneficial ownership. In addition, AML-obliged persons must update the beneficial ownership information of their clients at least once a year and after any changes come to their knowledge. However, these sources of information suffer deficiencies.

7. The Law on Accounting, the Tax Code and the AML framework contain the main provisions for the availability of accounting records with underlying documentation. However, some gaps exist in specific circumstances.

8. Banking information is generally available in Armenia in line with the standard with some aspects connected to beneficial ownership of the accounts of legal persons and partnerships that need to be improved.

Key recommendations

9. The main recommendations for progress issued to Armenia relate to gaps identified regarding the availability of legal and beneficial ownership information (Elements A.1 and A.3), the availability of accounting information (Element A.2), the availability of banking information (Element A.3) and the access to and exchange of information protected by professional secrecy (Elements B.1 and C.4).

10. Key recommendations refer to the alignment to the standard of the definition of beneficial owners in the legislation for partnerships. Another key recommendation relates to the availability of legal ownership information related to foreign entities with a sufficient nexus with Armenia (Element A.1).

11. In relation to accounting information, Armenia is recommended to address the gaps identified in the specific cases of companies that cease to exist or that redomicile abroad, as it is not clear whether accounting information remains available in all cases for a minimum of five years. In addition, Armenia should put in place a system that permits availability of accounting information in a timely fashion when a legal person keeps accounting records and underlying documentation at a place(s) outside of Armenia. Armenia should ensure that accounting records of legal persons with sufficient nexus with the jurisdiction and foreign trusts with a trustee resident in Armenia are maintained (including underlying documentation) for a minimum of five years (Element A.2). Finally, Armenia should ensure the availability of banking information when a bank terminates or merges and if a branch of a foreign bank ceases to operate (Element A.3).

12. With respect to access to and exchange of information, the scope of attorney's/advocate's professional privilege is not clearly defined in Armenian law, and it might go beyond the scope allowed under the standard. Therefore, it is recommended that Armenia addresses these shortcomings (Elements B.1 and C.4).

Exchange of information

13. Armenia has EOIR instruments with 153 partners, through 51 double taxation conventions (DTCs), 6 Tax Information Exchange Agreements (TIEAs), a regional agreement and the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Armenia has in place a legal framework allowing for an effective access to and exchange of information, with only limited deficiencies identified in six bilateral relationships and a more material deficiency on the scope of attorney's professional privilege under its domestic laws. The assessment of EOI in practice is not covered by this report and will be subject to a future Phase 2 review.

Next steps

14. This report assesses only the legal and regulatory framework for transparency and exchange of information for tax purposes in Armenia, which is determined to be "in place" for Elements B.2, C.1, C.2 and C.3 of the standard and "in place but needs improvement" for Elements A.1, A.2, A.3, B.1 and C.4. Compliance with each element will be rated and the overall rating given at the conclusion of the Phase 2 review, which will be launched in the second quarter of 2024.

15. This report was approved at the Peer Review Group of the Global Forum on 19 February 2024 and was adopted by the Global Forum on 27 March 2024.

Summary of determinations, ratings and recommendations

Determinations	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their Competent Authorities (Element A.1)		
The legal and regulatory framework is in place but needs improvement	Legal ownership information on foreign companies with sufficient nexus in Armenia is not available in all circumstances. Foreign companies that attain permanent establishment status because of having a place of management in Armenia are required to register for tax purposes but they only provide their articles of association. Legal ownership information will be available in the articles of association only to the extent that the laws of the jurisdiction of incorporation so require. Subsequent changes in ownership would not be available.	Armenia is recommended to ensure that legal ownership information is available for foreign companies that have sufficient nexus to Armenia, in line with the standard.
	The available method for identification of beneficial owners of partnerships contains certain deficiencies, such as a 20% ownership threshold for identifying partners as beneficial owners, which is not in line with the form and structure of partnerships in Armenia, as all general partners should be identified as beneficial owners (if individuals) or looked through (if legal persons).	Armenia is recommended to ensure that beneficial owners of partnerships are identified in line with the standard.

Determinations	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements (Element A.2)		
The legal and regulatory framework is in place but needs improvement	There are no requirements to maintain accounting records on foreign legal persons with sufficient nexus to Armenia or on foreign trusts that have a trustee that is resident in Armenia.	Armenia is recommended to ensure that reliable accounting records of foreign legal persons with sufficient nexus to Armenia and foreign trusts with a trustee resident in Armenia are maintained (including underlying documentation) for a minimum of five years.
	There is no provision under Armenian laws that require keeping of accounting records and supporting documents after the legal person is liquidated or ceases to exist.	Armenia is recommended to ensure that accounting information is available for a minimum of five years after a legal person ceases to exist.
	There is no provision in Armenia's legal framework requiring that the accounting documents should be physically maintained in Armenia. Although this would not necessarily be a gap, there is no system in place that permits the authorities to gain access to records in a timely manner. This may imply that the relevant documentation is not available and accessible for tax authorities.	Armenia is recommended to ensure that the legal and regulatory framework puts in place a system that permits availability of accounting information in a timely fashion when a legal person keeps accounting records and underlying documentation at a place(s) outside of Armenia.
	Legal persons that redomicile out of Armenia without dissolution have no specific obligation under Armenian laws to maintain full accounting records and underlying documentation in Armenia for a minimum of five years after their departure. Only the information provided to the state unified register and to the tax authority will be available with public authorities.	Armenia is recommended to ensure that accounting information is available for a minimum period of five years in relation to legal persons that redomicile out of Armenia.

Determinations	Factors underlying recommendations	Recommendations
Banking information and beneficial ownership information should be available for all account-holders (Element A.3)		
The legal and regulatory framework is in place but needs improvement	It is unclear who would be responsible to maintain the information when a bank terminates or merges and whether its records continue to be available in Armenia. Equally, no information was provided related to the situation when the branch of a foreign bank ceases to operate in Armenia and who would be responsible to maintain the relevant banking information.	Armenia is recommended to ensure the availability of banking information for at least five years when a bank ceases to exist or merges or a branch of a foreign bank ceases to operate.
	The definition of beneficial ownership does not take into account the form and structure of partnerships in Armenia, as all general partners should be identified as beneficial owners (if individuals) or looked through (if legal persons).	Armenia is recommended to ensure that beneficial ownership information in line with the standard is available for partnerships.
Competent Authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) (Element B.1)		
The legal and regulatory framework is in place but needs improvement	The scope of professional secret for advocates could go beyond the scope allowed under the standard as it covers all information obtained by advocates acting in their professional capacity and is not limited to confidential communications produced in the context of obtaining legal advice or for legal proceedings. In addition, legal privilege in the context of legal proceedings extends to communications with third parties.	Armenia is recommended to ensure that the scope of professional secret is in line with the standard.
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information (Element B.2)		
The legal and regulatory framework is in place		

Determinations	Factors underlying recommendations	Recommendations
Exchange of information mechanisms should provide for effective exchange of information (Element C.1)		
The legal and regulatory framework is in place		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners (Element C.2)		
The legal and regulatory framework is in place		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received (Element C.3)		
The legal and regulatory framework is in place		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties (Element C.4)		
The legal and regulatory framework is in place but needs improvement	The scope of the term "professional secret" under Armenia's domestic laws which is applicable to its EOI agreements is broader than what is permitted by the standard.	Armenia is recommended to ensure that the scope of professional secret is in line with the standard.
The jurisdiction should request and provide information under its network of agreements in an effective manner (Element C.5)		
Legal and regulatory framework:	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	

Overview of Armenia

16. This overview provides some basic information about Armenia that serves as context for understanding the analysis in the main body of the report.

17. Armenia is a landlocked country located in the Caucasus region, with a population of 2.97 million inhabitants and a high human development index according to the United Nations Development Programme parameters (0.776 in 2019). The capital city is Yerevan, with a population above one million inhabitants. Armenia is a lower middle-income country with a Gross Domestic Product at current prices just above USD 13.86 billion in 2021.[1] The economy is led by industry and the exploitation of mineral resources (copper, zinc, gold and lead), with remittances from Armenian citizens working abroad and foreign direct investment also playing an important role.

Legal system

18. Armenia is a republic with a civil law legal system based on the continental Romano-Germanic system.

19. After the independence from the Union of Soviet Socialist Republics, declared on 21 September 1991, the Constitution of the Republic of Armenia was adopted through a national referendum in 1995. The Constitution is the supreme rule and prevails over any other norm in the legal system (art. 5 of the Constitution). The Constitution provides that state power must be exercised in conformity with the Constitution and the laws, based on the separation and balance of the legislative, executive and judicial powers (art. 4).

20. The National Assembly implements the legislative power. It is composed of deputies elected through a proportional electoral system for a term of five years (art. 89 and 90). The number of deputies in the National Assembly

1. Data extracted from https://data.worldbank.org/indicator/SP.POP.TOTL?locations=AM https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=AM and https://hdr.undp.org/data-center/human-development-index#/indicies/HDI.

is not fixed: according to the Constitution there are a minimum of 101 deputies and a procedure prescribed by the Electoral Code must determine the number of deputies in the legislature, ensuring that seats are allocated to representatives of national minorities. The National Assembly also exercises supervision over the executive power, adopts the State Budget and performs other functions prescribed by the Constitution (art. 88).

21. In terms of the hierarchy of legal norms, laws must comply with constitutional laws[2] and regulations (secondary regulatory legal acts) must comply with constitutional laws and laws (art. 5 and 6). Bodies provided for by the Constitution may, based on the Constitution and laws and with the purpose of ensuring the implementation thereof, be authorised by law to adopt regulations.

22. In case of conflict between international treaties ratified by Armenia and laws, the international treaties prevail (art. 5). The Law on Legal Acts clarifies in this connection that if international treaties ratified by the National Assembly or approved by the President prescribe norms other than those provided for by laws, the norms of the ratified/approved treaties must be applied (art. 21).

23. The President of the Republic is the head of the State and is elected by the National Assembly for a term of seven years (art. 124 and 125 of the Constitution). The President of the Republic must, in the cases and under the procedure prescribed by law, conclude international treaties, upon recommendation of the Government (art. 132). The President of the Republic signs and promulgates laws adopted by the National Assembly within a period of 21 days, or otherwise applies within the same time period to the Constitutional Court with the purpose of determining the compliance of the law with the Constitution.

24. The Government is composed of the Prime Minister, the Deputy Prime Ministers and the Ministers (art. 147 of the Constitution). After the commencement of the term of a newly elected National Assembly, the President of the Republic appoints as Prime Minister the candidate nominated by the parliamentary majority formed. The National Assembly elects the Prime Minister by majority of votes of the total number of Deputies. The Prime Minister, within a period of 20 days following formation of the Government, submits to the National Assembly the Programme of the Government. The Government implements a single state policy on financial and economic, credit and tax matters (art. 154). The members of the Government can adopt regulations.

2. The Rules of Procedure of the National Assembly, the Electoral Code, the Judicial Code, the Law on the Constitutional Court, the Law on Referendum, the Law on Political Parties and the Law on the Human Rights Defender are constitutional laws adopted by at least three fifths of votes of the total number of Deputies (art. 103).

25. The Law on Normative Legal Acts regulates the adoption, amendment and termination of the regulations, the interpretation and application of the norms in legal acts in case of legal controversies (legal collisions) and legislative gaps, and the rules of legislative techniques. Legal acts may be of regulatory, individual (non-regulatory), or internal (local) nature (art. 2).

26. Regulations are adopted by state or local self-government bodies within the scope of their powers. Internal acts adopted by state bodies (e.g. the Chairperson of the Central Bank of Armenia) within the scope of their powers, in cases provided for by regulations, prescribe rules of conduct which extend only to the persons who are employed, in administrative or civil-law relations with the body adopting it, use the services or works of the body adopting it, or are the founders (participants, members, shareholders, etc.) of the legal persons adopting it.

27. The judicial power is exercised by courts in accordance with the Constitution and laws (art. 162 of the Constitution). The Constitutional Court, the Court of Cassation, the courts of appeal, the courts of first instance of general jurisdiction and the administrative court are foreseen by the Constitution (art. 162), which also provides that other specialised courts (e.g. anti-corruption court) may be established in the cases provided by law (art. 163). In accordance with the Judicial Code, the following courts are functioning in Armenia: Cassation Court, courts of appeal (Civil, Criminal and Administrative), First instance courts (courts of universal jurisdiction and specialised courts). Tax matters are dealt with by the administrative courts.

Tax system

28. The tax system in Armenia is regulated by the Tax Code of 2016, complemented by other legal acts. The Tax Code contains four parts:

- General Part, where general tax principles and relations are regulated (principles of the tax system, types of taxes and fees, tax privileges, rights and obligations of taxpayers, authorisations and obligations of tax authority)
- Special Part, where the provisions related to specific taxes are laid down (Corporate Income Tax, Personal Income Tax, Value Added Tax,[3] Excise Tax and others)

3. 20% on certain transactions/operations of taxpayers with overall turnover exceeding AMD 115 million (EUR 270 919) and a Turnover Tax (replacing Value Added Tax) for taxpayers whose sales turnover of overall economic activities during the previous tax year did not exceed this threshold.

- Tax Administration Part, where provisions specific to the tax administration and the relation between tax administration and taxpayers are provided (including the accounting requirements for taxpayers and their tax obligations, monitoring of their activities, liability in case of violations against the Tax Code requirements)
- Final and Transitional Part, concerning entry into force.

29. The Corporate Income Tax is applicable to resident companies; private entrepreneurs and notaries registered in Armenia; contractual investment funds registered in Armenia (except for pension funds and guarantee funds) and non-resident companies and non-resident natural persons who carry out economic activity in Armenia through permanent establishment and/or get income from sources in Armenia through permanent establishment. Companies are considered tax resident in Armenia if they have been registered in Armenia (art. 22 and 23 of the Tax Code). Foreign companies cannot be tax resident in Armenia but can register a local entity in the State Unified Register or conduct business in Armenia by registering a permanent establishment (art. 27 of the Tax Code).

30. The general corporate income tax rate is 18% for the resident taxpayers and for the non-resident corporate income taxpayers which conduct economic activity in Armenia through permanent establishment. The tax base is determined on the worldwide income for residents. Non-residents are liable for tax only on their Armenian-source income. As an exception, the corporate tax rate is 0.01% for investment funds (except pension funds and guarantee funds) registered in Armenia, and securitisation funds[4] established according to the Law on Securitisation of Assets and Asset-backed Securities.

31. For non-resident corporate income taxpayers that conduct economic activity in Armenia without a permanent establishment, income is taxed with variable tax rates and will be withheld by the tax agent at the source (art. 125 of the Tax Code).[5] In the case a non-resident conducts economic activity through a permanent establishment, it will be considered as a general taxpayer and the 18% tax rate will be applicable.

4. Non-commercial organisations created solely for the purpose of carrying out securitisation and issuance of asset backed securities. They are established and registered within the CBA and are regulated under their law and the Law on Securities Market.
5. Tax rates are defined as follows: 5% for insurance indemnities, reinsurance fees and incomes gained from transportation (freight), 5% for dividends, 10% for other passive incomes, 0% for the capital gains from the alienation of securities, 20% for other types of incomes from Armenian sources.

32. Some exemptions from the corporate income tax benefit to certain productions (handmade carpets), income gained from interest in Armenian bonds, as well as for taxpayers who are exploiters of free economic zone and get income from the free economic zone created in the territory of Armenia. Armenia clarified that there are no limitations to availability and access to ownership, accounting and banking information in the free economic zone.

33. Personal income tax is levied on resident and non-resident natural persons. Pursuant to the Tax Code (art. 25), natural persons are considered tax residents in Armenia if:

- their actual presence in the country extends for 183 or more days during the tax year
- their centre of vital interests is located in Armenia and/or
- they are engaged in state service in Armenia and temporarily working outside its territory.

34. The tax base for personal income tax is the taxable income which is determined in the Tax Code as the positive difference between the gross income and deductible income. Personal income tax is levied with a flat rate that has steadily reduced over the recent years from 23% in 2020 to 20% in 2023 for both residents and non-resident individuals. In the case of residents, the tax base is determined on the worldwide income. Non-residents are liable for tax only on their Armenian-source income.

35. The tax administration in Armenia is carried out by the State Revenue Committee (SRC) under the Government. SRC includes the customs administration.

36. Besides Exchange of Information on Request (EOIR), Armenia exchanges information in the form of spontaneous exchanges and has committed to commence automatic exchange of financial account information by 2025.

Financial services sector

37. Armenia is not an international or regional financial centre. The financial sector in Armenia is dominated by its 18 banks.[6]

38. Over the last five years, the assets held by the commercial banks amounted to 84.3% of the total assets held by financial institutions. Around 28% of the assets held by commercial banks were of foreign

6. Source: Banks (cba.am): https://www.cba.am/en/SitePages/fscfobanks.aspx (consulted on 2 January 2023).

ownership. Credit institutions hold 8.5% of the assets of which 9.6% were of foreign ownership, pension funds slowly increased their share to reach 5.7% in 2022 of which 27.7% were of foreign ownership and the other three groups hold less than 1% each (investment companies of which 11.3% were of foreign ownership, insurance companies of which 3% were of foreign ownership and "other" organisations).

39. As of 31 December 2022, the assets of the banking sector and the loans constituted 98.7% and 45.9% of Gross Domestic Product respectively.

40. In 2022, there were 42 credit organisations, 7 insurance companies, 4 insurance brokerage firms, 16 investment firms, 6 fund management companies, 13 payment and settlement organisations, 69 pawnshops and 220 foreign currency exchange bureaux – all licensed, regulated and supervised by the Central Bank,[7] according to the Law on the Central Bank of the Republic of Armenia and the Law on Establishment of a Unified Financial Regulation and Supervision Framework. Supervision is performed through off-site supervision and on-site inspections.

41. The Law on Banks and Banking Activity is the main legal act that regulates the banking sector. Banks can be incorporated as Joint Stock Companies, Limited Liability Companies or co-operative banks. Foreign banks must incorporate an Armenian subsidiary to operate in Armenia. There is only one foreign bank representation which is resident in Armenia for tax purposes. This representation refers to a distinct unit separate from the bank itself, lacking legal personality, and physically situated apart from the bank's premises. Its role involves representing the bank, conducting market research, entering contracts on the bank's behalf, and engaging in similar activities. The representation cannot implement banking and financial functions provided for by the Law on Banks and Banking Activity (Part 2 of Article 15).

42. The legal basis for the regulation of the insurance sector is established in the Law on Insurance and Insurance Activity. Only licensed legal persons in the form of a Joint Stock Company (JSC) and Limited Liability Company (LLC) may become an insurance company.

43. The Law on the Securities Market provides that the Central Bank of Armenia (CBA) regulates and supervises a number of financial market participants, such as investment services providers, companies making public offer of securities in the territory of Armenia, reporting issuers (listed issuers), operators of the regulated market, and the Central Depository. The Armenian stock exchange is small in size. In addition, the Law on Securitisation of

7. Source: https://www.cba.am/en/SitePages/fscintroduction.aspx, consulted on 2 January 2023.

Assets and Asset-backed Securities regulates relations arising with respect to securitisation of assets, issuance, circulation, and redemption of asset backed securities, establishment of Securitisation Funds.

44. The Law on Investment Funds is the main legal act regulating investment funds and their management companies. The investment funds can be established either as a legal person (either as a JSC or as a LLC) or as an asset pool created based on investment fund management agreements. The investment fund management agreements are contractual arrangements without separate legal personality that are regulated by the Civil Code and the Law on Investment Funds and do not require a specific legal form.

45. The Armenian dram (AMD) is the official currency of Armenia. As of 1 November 2023, one Euro (EUR) corresponded to circa AMD 424.48 (conversion rate used throughout this report).[8]

Anti-money laundering framework

46. The AML legal framework of Armenia is composed of the AML Law, the Criminal Code, and other legal acts regulating the activities of the responsible state authorities as well as AML-obliged persons. In addition, there are regulations (AML Regulations) and guidelines issued to promote more effective implementation of the AML requirements by the parties involved.

47. Armenia criminalised the money laundering offence in 2003. Armenia has applied an "all crimes" approach and it includes the evasion from taxes, duties or other mandatory payments as a predicate offence to money laundering.

48. The Financial Monitoring Centre, which is the Armenian Financial Intelligence Unit (FIU), is an independent and autonomous structural unit of the CBA. It acts as an intermediary between AML-obliged persons and law enforcement authorities. The main function of the FIU is to collect, analyse and exchange information for AML purposes.

49. The FIU also has the authority to supervise certain types of AML-obliged persons for AML compliance and apply sanctions for compliance breaches; assist other supervisory authorities in the monitoring of AML compliance by entities falling within their supervisory remit; develop by-laws and guidelines (including criteria and typologies of suspicious transactions),

8. Source: CBA webpage: https://www.cba.am/en/sitepages/exchangearchive.aspx?FilterDate=2023-11-01 (consulted on 9 November 2023).

conclude agreements of co-operation with international structures and foreign FIUs.

50. A bilateral Memorandum of Understanding has been signed between the FIU and the SRC, among other institutions, to provide co-operation, in particular at the operational level.

51. As seen above, the CBA is responsible for the authorisation, regulation and supervision of all financial institutions. Apart from the FIU, the CBA counts three departments which are directly involved in AML matters:

- The Licensing and Corporate Finance Department is responsible for the licensing of financial institutions.
- The Financial System Regulation Department regulates the activities of the financial system participants and develops regulations, tools and methodologies.
- The Financial Supervision Department is responsible for ensuring compliance with primary and secondary legislation by financial institutions. It conducts off-site and on-site supervision.

52. Five supervisory bodies are responsible for the AML supervision of AML-obliged persons:

- The Ministry of Justice is responsible for the supervision of notaries.
- The Chamber of Advocates conducts supervision of advocates. According to Article 17 of the Law on Advocacy, an advocate is a person who has obtained an authorisation to practise the profession, is a member of the Chamber of Advocates and has made an oath.
- The Council of Public Supervision supervises auditors.
- The SRC supervises casinos and organisers of games of chance.
- The CBA through its FIU is responsible for the supervision of real estate agents, accountants, dealers in precious metals and stones, lawyers and law firms[9] and trust and corporate service providers, in accordance with the provisions of Article 29 of the AML Law.

53. Armenia underwent its 5th round mutual evaluation of the AML system conducted by MONEYVAL in 2015 where it was rated Largely Complaint on Recommendations 10 (Customer Due Diligence), 24 (Transparency and Beneficial Ownership of Legal Persons) and 25 (Transparency and Beneficial

9. There is not a specific definition of the term “lawyer” in Armenian legislation. Lawyers are persons holding legal degree but are not registered before the Chamber of Advocates and cannot represent clients before the Courts (see paragraph 295).

Ownership of Legal Arrangements) with a Moderate level of effectiveness on Immediate Outcome 3 (Supervision) and a Substantial level of effectiveness on Immediate Outcome 5 (Legal Persons and arrangements). Additionally, Armenia's 1st Regular Follow-Up Report on the Mutual Evaluation Report was adopted in July 2018.[10]

Recent developments

54. Over the last years, Armenia updated the State Registration Law, the Subsoil Code, the Law on Procurement, the Criminal Code, and the Code on Administrative Offences to update the beneficial ownership framework.

55. In addition, Armenia made amendments to the Bank Secrecy Law, to the Code of Administrative Legal Proceedings, to the Law on Insurance and Insurance Activities, and to the Law on Securities Market to update the provisions on bank, securities, and insurance secrecy. Finally, Armenia introduced changes to the regulation of the use of cash in the jurisdiction through the Law on Non-Cash Transactions.

56. Armenia has recently reviewed its anti-corruption strategy (Government Decision N 1871–L of 26 October 2023) and developed an action plan for 2023-26. This includes measures to strengthen beneficial ownership transparency, particularly related to verification mechanisms, the harmonisation of the legal framework and the enforcement and oversight of obligations.

10. Documents – Financial Action Task Force (FATF) (fatf-gafi.org): https://www.fatf-gafi.org/en/countries/detail/Armenia.html.

Part A: Availability of information

57. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their Competent Authorities.

58. Relevant entities and arrangements that can be formed in Armenia include companies (Limited Liability Company, Closed Joint Stock Company and Open Joint Stock Company), partnerships (which are legal persons in Armenia and can be either general or limited partnerships) and co-operatives. None of these entities is allowed to issue bearer shares. Trusts are not recognised in Armenia, but the activity of trustee of foreign trusts is not prohibited, and other entities are less relevant for EOIR purposes (foundations and non-governmental organisations) due to the materiality and specific characteristics of these types of legal persons in Armenia.

59. Identity and legal ownership information on all relevant legal persons is mainly available in Armenia under the company law and the State Registration Law. The State Unified Register contains information on the founders of all companies and partnerships. After registration, up-to-date legal ownership information is available with the Register on Limited Liability Companies and on partnerships, and with a Central Depository for joint stock companies. Legal persons have no obligation to provide ownership information to the tax administration.

60. Regarding the beneficial ownership information of relevant entities and arrangements, the main requirements are found in the State Registration Law and in the AML framework, through AML-obliged persons. Through a combination of these laws, companies are required to file their beneficial ownership information with the State Unified Register.

Additionally, the AML Law requires AML-obliged persons, including the Central Depository, to maintain beneficial ownership information on customers. Legal persons are obliged to provide up-to-date information to the State Unified Register within 40 days of any changes on beneficial ownership. In addition, AML-obliged persons need to update beneficial ownership information after any changes come to their knowledge and at least once a year. Finally, the enforcement provisions that would allow competent authorities to supervise and penalise failings by legal persons related to beneficial ownership obligations are recent and should be tested.

61. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Legal ownership information on foreign companies with sufficient nexus in Armenia is not available in all circumstances. Foreign companies that attain permanent establishment status because of having a place of management in Armenia are required to register for tax purposes but they only provide their articles of association. Legal ownership information will be available in the articles of association only to the extent that the laws of the jurisdiction of incorporation so require. Subsequent changes in ownership would not be available.	Armenia is recommended to ensure that legal ownership information is available for foreign companies that have sufficient nexus to Armenia, in line with the standard.
The available method for identification of beneficial owners of partnerships contains certain deficiencies, such as a 20% ownership threshold for identifying partners as beneficial owners, which is not in line with the form and structure of partnerships in Armenia, as all general partners should be identified as beneficial owners (if individuals) or looked through (if legal persons).	Armenia is recommended to ensure that beneficial owners of partnerships are identified in line with the standard.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

A.1.1. Availability of legal and beneficial ownership information for companies

Types of companies

62. Three types of companies can be formed in Armenia:

- Limited Liability Company (LLC), governed by the Civil Code and the Law on Limited Liability Companies. They are founded by one or several persons holding charter capital, which is divided into participations (percentages) in amounts as determined by the company's charter (art. 95-Civil Code). The liability of the members is limited to their capital contributions.
- Closed Joint Stock Company (Closed JSC), governed by the Civil Code and the Law on Joint Stock Companies. Their shares of stock can be distributed only among their founders or other previously determined group of persons. Closed JSCs cannot conduct open subscription to shares of stock issued by them nor propose them for acquisition to an unlimited group of persons. The number of participants in a Closed JSC cannot exceed 49 (art. 8.3 of the Law on JSC); otherwise, the company is subject to transformation into an open joint-stock company within a year, or on the expiration of this time period, to liquidation by judicial procedure. The liability of the shareholders is limited to the value of their shares.
- Open Joint Stock Company (Open JSC), governed by the Civil Code and the Law on Joint Stock Companies. The participants may alienate their shares without the consent of the other shareholders. Open JSCs have the right to conduct open subscription to the shares issued and free sales thereof (subject to the conditions established by law and other legal acts). Open JSCs are required to publish their annual report and accounting balance sheet each year, for general information.

63. The Civil Code (art. 56) provides that "a legal person shall be subject to state registration, as prescribed by law. Data for state registration – including the trade name of commercial organisations – shall be recorded in the state register of legal persons, which shall be open for general information". A legal person is considered as established from the moment of state registration (art. 56(3) of the Civil Code as well as art. 8 of the Law on LLCs and art. 9 of the Law on JSCs).

64. The Law on the State Registration of Legal Persons (art. 11) authorises the Agency for State Register to carry out state registration and state record-registration and to maintain the State Unified Register of Legal

Entities (State Unified Register) through a Single Record-Book.[11] The State Unified Register is open for public access.

65. The number of companies registered with the State Unified Register over the recent years is the following:

	Number of registered companies, per year				Total			
Type of company	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**end 2022**
Limited liability company	3 510	4 443	6 137	6 877	5 700	5 546	11 723	82 236
Closed joint stock company	69	121	99	125	121	95	198	2 954
Open joint-stock company	6	5	1	2	11	1	6	717

66. From March 2021, with the launch of the "Business Entry One-stop Shop" within the Ministry of Justice, companies and individual entrepreneurs can obtain their business registration and Tax Identification Number (TIN) at the same time and at a single location (art. 288 of the Tax Code). An application is filed at the Agency for State Register (or to the CBA where applicable, see paragraph 84) and the information system provides the registered legal person with a registration number, the TIN issued by the tax authority and the personal account card number for social contribution liabilities.

67. Foreign companies carrying on business in Armenia can register a local entity or register a separate subdivision (branch or representative office) with the State Unified Register (art. 66 of the Civil Code and art. 54 of the State Register Law) and provide an excerpt of the commercial register or another equivalent document confirming legal status of the foreign legal person and its instruments of foundation (or the relevant excerpts thereof) – certified and translated into Armenian. Other forms of presence in Armenia do not need to be registered with the State Unified Register. Branches, representative offices and other forms of presence of foreign companies can amount to a permanent establishment for tax purposes. They register with the tax administration but there is no obligation for permanent establishments to maintain or provide legal ownership information (see below).

11. Order N 38 of the Minister of Justice from 30 March 2011 "on Confirming the Order of Running the Single Record-Book of State Registration of Legal Entities" defines the order and conditions of running the Single Record-Book of State Registration of Legal Entities (hereinafter referred to as "The Single state record-book"). The state registration is recorded in the State Record Book by adding a note. The State record-book has the integrity of state registration cards, where all relevant information is recorded according to this order.

Legal ownership and identity information requirements

68. The availability of legal ownership and identity information of companies in Armenia is provided by a combination of the Law on LLCs and Law on JSCs (collectively referred to as the company law), State Registration Law, State Record-registration of Separated Subdivisions of Legal Entities, Institutions and individual entrepreneurs (State Registration Law) and the Law on Combating Money Laundering and Terrorism Financing (AML Law). Companies have no obligation to provide ownership information to the tax administration, but they are required to register with the tax administration upon incorporation and be assigned a TIN.

69. The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies:

Companies covered by legislation regulating legal ownership information[12]

Type	Company law and State Registration Law	AML Law	Tax law
Limited liability company	All	Some	None
Closed joint stock company	All	All	None
Open joint stock company	All	All	None
Foreign companies (tax resident)	None	Some	Some

Company law and State Registration Law requirements

70. The application procedure for registration is provided in the State Registration Law (art. 14). Article 34 lists the documents required for registration, which include an application form, records of the founders' meeting on establishing the legal person and the charter. This documentation includes information on the founders of the company. Legal persons having a foreign founder are also required to submit a certified[13] statement (along with an Armenian translation) from the Trade Register of the relevant foreign country, or an equivalent document, on the legal status of the foreign investor and its founding documents or relevant statements (art. 34(3)). In case of re-registration of a legal person registered by another body or in

12. The table shows each type of entity and whether the various rules applicable require availability of information for "all" such entities, "some" or "none". "All" means that the legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. "Some" means that an entity will be covered by these requirements if certain conditions are met.

13. "Certified" means that the document must be legalised with the Hague Convention compliant Apostille added by the consular authority of the relevant state in Armenia.

a foreign jurisdiction (see paragraph 83), the legal person is also required to submit the original copy of the state registration certificate (decision on state registration or other document confirming state registration) issued by the registering body and the original copies of the instruments of foundation (art. 34(5)).

71. Before proceeding with the registration, the Agency for State Register verifies compliance with the procedure for formation of the legal person, the completeness of submitted documents and their compliance with the legal requirements (art. 35 of State Registration Law). The Agency for State Register does not verify, however, the accuracy of the information contained in the documents.

72. When no grounds for rejection of registration are found, the following information prescribed by Article 26 of State Registration Law is recorded in the State Unified Register:

- name, date of foundation and date of registration
- state registration number and TIN
- registered office of the legal person (postal address), main type(s) of activity carried out and term of activity of the legal person, if it has been established for a definite term
- composition of founders and participators[14] and information thereon
    - in case of natural persons – first name, last name, passport data, social card number or an indication on declining the social card and the reference number of the relevant statement of information, address of the place of residence and registration, official contact data – telephone number, fax, e-mail address and other means of communication, if such have been submitted to the Agency
    - in case of legal persons – the name, state registration number, TIN, registered office
    - If the founder of the legal person is a foreign legal person, it must also submit an excerpt from the commercial register of the given country or other equivalent document confirming the legal status of the foreign legal person and its instruments of

14. "Founder" is a natural person or a legal person that, prior to the state registration of the legal person, participated in the founding meeting of the legal person and has taken part in the decision to create the legal person; "participator" is a person having the right of ownership to a share in the authorised capital of a legal person (art. 3 of the State Registration Law).

foundation (or the relevant excerpts) certified and translated into Armenian and if it is a foreign natural person a copy of the passport or another personal identification document certified and translated into Armenian

- for the participators – year, month, day of becoming a participator of the legal person, of the change in the scope of participation and of termination of participation
- amount of the authorised capital and each participator's share in the authorised capital
- information on the head of the executive body of the legal person or on the acting head of the executive body of the legal person (that should be individuals): first name, last name, passport data, social card number or an indication on declining the social card and the reference number of the relevant statement of information, address of the place of residence (registration), means of communication – telephone number, fax, e-mail address, if such have been submitted to the Agency.

73. There is no requirement for direct update for legal ownership of legal persons in the State Unified Register. Nonetheless, the State Unified Register contains past and current ownership information of LLCs because any amendments to the articles of association of a legal person acquire legal force vis-à-vis third persons from the moment of their state registration, and in the cases provided for by law, from the moment of informing about these amendments to the Agency for State Register (art. 55 of Civil Code and Article 10(4) of the Law on LLCs). According to Article 11(7) of the Law on LLCs, a person is considered to be a participant in an LLC from the moment of their registration as such with the body carrying out the state registration of the legal persons. Therefore, any person who contractually acquires participation in an LLC and does not register with the State Unified Register is not recognised by law to be a participant of an LLC.

74. Information about founders and participators of JSCs is also recorded in the State Unified Register, however, all subsequent changes are not registered therein as there is no obligation to amend the articles of association when the membership changes. The changes in ownership of shares in JSCs (both open and closed) are registered with the Central Depository of Armenia.

75. The Central Depository is a JSC wholly privately owned by a single shareholder,[15] a financial institution licensed and supervised by the CBA, and an AML-obliged person (see paragraph 90), which is obligated to

15. See: https://cda.am/en/pages/armenia_securities_exchange.

maintain legal ownership information of JSCs through a register of shareholders. Information on the JSCs must be retained permanently (Decree of the Government No. 397-N dated 4 April 2019).[16]

76. Article 51 of the Law on JSCs forbids companies themselves to maintain a register of shareholders, as such register is to be maintained by an unrelated professional organisation within the meaning of the Law on Securities Market, that is the Central Depository. The Central Depository functions as the centralised custodian, centralised registrar and operator of the securities settlement system and is the designated authority to maintain the registry of shareholders (art. 175 of the Law on Securities Market). Upon the allocation of shares, the company registers the shares in the personal accounts of shareholders in the Central Depository (art. 32 of the Law on JSCs).

77. The Central Depository maintains the registers of shareholders of all Armenian JSCs through individual accounts of shareholders. The Law on Securities Markets provides that the accounts are held by the shareholders, or by "a person, in whose name nominal (registered) securities owned by another person are registered without transfer of ownership rights" also called "nominee". Investment service providers performing safekeeping/custodian functions can act as nominees for their client's securities and are not entitled to use, dispose of, or otherwise manage the securities for themselves or on behalf of the owners. These have an obligation to maintain identity records of their clients for whom they act as nominees. In addition, the Central Depository has the information that these investment service providers are acting as nominees and can access information on the clients upon request.

78. When the account is held directly by the shareholder, the register maintained by the Central Depository includes at least the following information about each shareholder/legal owner: name (first name, last name, father's name), ID information, address of residence, account reference, account type, contacts, nationality, date of birth, residence, bank account. In case the shareholder/legal owner is a legal person: full trade name, state registration data, principal place of business (mailing address), personal name of the head or representative of the legal person and contact details.

79. Shareholders and "nominees" must provide timely notice to the Central Depository on changes in information maintained in the register (art. 51 of Law on JSCs). The records in a Company's register of shareholders

16. In case the registration or the licence of the Central Depository is revoked, the whole information available at the Central Depository, including the register, is transferred to another licensed Central Depository or to the CBA (art. 181 of Law on Securities Market).

are required to be made at the request of the shareholder or nominee within three days. However, the Central Depository does not have an obligation to verify this information outside of its AML obligations as an AML-obliged person. Where a shareholder or a nominee fails to submit the mentioned data, the Central Depository is not liable for the damage caused to the shareholder (art. 51(3) of Law on JSCs). The authorities indicate that such shareholders would not be able to receive dividends in case of distribution or will not be able to exercise voting rights within the governance rules of each corporate structure.

80. Companies publicly offering shares or seeking to admit shares to trading on a regulated market, are obliged to provide information on their major shareholders in the prospectus, to the extent known to them.[17] Major shareholders are considered persons who directly or indirectly own 5% or more of the voting shares. The requirement is provided in the CBA Board resolution 68N dated 11 March 2008 on adopting Regulation 4/04 on Prospectus and Reports of the Reporting Issuers. Shareholders of an Open JSC whose stocks are admitted to trading on the regulated market in Armenia are required to disclose no later than four working days to the company and to the CBA the acquisition or disposal of shareholding resulting in their voting shareholding in the authorised capital of the company (directly or indirectly, in person or through affiliated persons) amounting to 5%, 10%, 20%, 50% or 75% or more (art. 154 of the Law on Securities Market). The company has in turn to "arrange for disclosure" of this circumstance once it has been informed (art. 156 of the Law on Securities Market). The disclosure includes the shareholder's and affiliated person's name, the total number and percentage of shares owned by the shareholder and affiliated persons.[18]

81. In respect of companies (both LLCs and JSCs) in liquidation or undergoing reorganisation, the State Unified Register contains an indication of these circumstances. The company is considered liquidated or re-organised from the moment this status is registered in the State Unified Register. In the case of liquidation of a legal person, its existence is considered as terminated from the moment of state registration (art. 69 of Civil Code and art. 27(4) of Law on JSCs). A legal person is considered as reorganised

17. According to Article 154 of the Law on Securities Market, any person that acquires shares amounting to 5, 10, 20, 50 or 75% and more of the capital of the company has to notify the issuer and the Central Bank about it immediately. However, as the register is kept by the Central Depository, the company would have the information on the shareholders if they have complied with such obligation.

18. Board resolution 177N dated 23 July 2013 on adopting the Regulation 4/15 on Reporting and Disclosure of Acquisition, Increase or Decrease of Participation in the Share Capital of Reporting Issuers.

from the moment of state registration of the newly established legal persons (except in the case of amalgamation) or from the moment of state registration of the termination of the activities of the amalgamated legal person (art. 63 of Civil Code and art. 18(3) of Law on JSCs). The State Unified Register must also contain information on legal succession, i.e. name and registration number of legal successor and legal predecessor of the legal person. The State Unified Register would maintain the legal ownership information for LLCs and the Central Depository would maintain the legal ownership information for JSCs for at least five years after the liquidation or reorganisation.

82. Armenia allows the redomiciliation of legal persons in and outside Armenia. A record of these is maintained in the State Unified Register (art. 26 of State Registration Law).

83. In case of inbound redomiciliation, the foreign legal person is required to submit to the State Unified Register, along with a preliminary registration form (containing the current name, jurisdiction, type of activity, etc.), an excerpt from the commercial register of the country of origin or another equivalent document confirming the legal status of the foreign legal person and its instruments of foundation or the relevant excerpts therefrom, information on the head of the executive body of the legal person, i.e. passport data, as well as telephone number and an e-mail address (where available), details and identification documents of participators. In case a legal person seeking redomiciliation has a foreign legal person as a participator, an excerpt from the commercial register of the relevant country or another equivalent document confirming the legal status of the foreign legal person and its instruments of foundation are also required to be provided.

84. Financial Institutions (banks, credit organisations, investment firms, investment fund managers, insurance companies, stock exchange operator and the Central Depository) are registered and licensed by the CBA. After adopting the decision on registration of a financial institution, the CBA notifies the Agency for State Register to make relevant registration record in the State Unified Register. Financial institutions such as payment, settlement institutions and pawnshops are licensed by the CBA but are registered by the Agency for State Register for obtaining the status of a legal person following the general procedure.

85. As per Article 8 of the State Registration Law, where the data stored in other public databases maintained in Armenia are also subject to recording in the State Unified Register, any change recorded in the other database(s) is automatically updated in the State Unified Register without any supplementary request or application by the legal person. All other updates are required to be submitted by the legal persons themselves.

86. The Decree of the Government No. 397-N dated 4 April 2019 "on Setting the Sample List of Archival Documents with an Indication of Storage Term and on Repeal of the Decree of the Government of the Republic of Armenia No. 351-N dated 9 March 2006" requires that documents relating to the establishment of legal persons, lists of founders, shareholders and persons with dividends, unified State Registers of registration of legal persons are kept forever by the State Unified Register. As per Article 22 of the State Registration Law, the Agency for State Register is obligated to retain all documents of state registration and state record-registration. Thus, also after liquidation, the information on liquidated legal persons is subject to permanent retention, including ownership information of LLCs.

87. Armenia informed that it is foreseen, under the "Government programme for 2017-2022", to digitise archival documents of legal persons and create an electronic archive by the end of 2023. The process is ongoing, and several archival documents have been digitised and are accessible online.[19]

88. Finally, in relation to JSCs, as discussed above (paragraphs 76 and 77) up-to-date information is maintained by the Central Depository.

89. In conclusion, the availability of legal ownership and identity information of legal persons registered by the State Unified Register is secured by the self-regulating mechanism that entails that a legal person is considered as established from the moment of state registration. Any amendments to the statute or shareholding structure of/participation in a company acquire legal force from the moment of their state registration in the case of LLCs and from the moment of registration with the Central Depository for JSCs.

Anti-money laundering law requirements

90. Legal ownership and identity information is also collected by AML-obliged persons under the AML Law. Article 3(1)(4) provides that AML-obliged persons include financial institutions (banks, credit organisations, entities engaged in foreign currency transactions, entities engaged in money transfer services, entities providing investment services, the Central Depository, insurance companies, corporate investment funds and pawnshops) and non-financial service providers (including entities engaged in realtor activities, notaries, attorneys, accountants, auditors, entities providing trust management and company registration services and even to some extent, the State Unified Register).

91. There is no legal obligation for legal persons/companies to have an ongoing relationship with an AML-obliged person (except for JSCs with

19. See: https://www.e-register.am/en/.

the Central Depository that keeps their legal ownership information), which means the AML system does not provide for an additional source of information in this situation. First, there is no obligation to involve notaries, attorneys or trust management and company registration services in the creation of companies or in the change of articles of associations. In addition, there is no provision in law that mandates legal persons to open a bank account in Armenia. According to the Articles 2 and 4 point 5 of the Law on Non-Cash Transactions, all the transactions between legal persons concluded and/or paid in the territory of Armenia must be executed by non-cash means. This implies in practice that relevant legal persons should have a bank account. However, nothing prevents legal persons to use a foreign bank account and, therefore, not to have a business relationship with an Armenian AML-obliged person.

92. Article 16(1) of the AML Law stipulates that AML-obliged persons may establish a business relationship or conduct an occasional transaction with a customer only after obtaining and verifying identification information on the customer. The law allows that the identification information may be verified in the course of establishing the business relationship or thereafter within seven days, provided that the risk is effectively managed, and this is essential in order to not interrupt the normal conduct of business with the customer. AML-obliged persons should identify the customers and verify their identity using reliable and valid documents issued by competent state authorities, and other relevant data (art. 16). In establishing a customer relationship with a legal person, the AML-obliged persons should obtain complete information on the ownership and control structure of the legal person (art. 16(6)). For legal persons, the AML-obliged persons may rely on the state registration document or other official documents and record, at a minimum, the company name, domicile, individual identification number (state registration or individual record number) of the legal person, first name and last name of the chief executive officer and, if available, the taxpayer identification number, as well as other data defined by the law (art. 16). However, the state registration documents would contain the identity of the founders and the current owners of LLCs only (not of JSCs).

93. AML-obliged persons are required to determine whether the customer is acting on behalf and (or) for the benefit of another person, establish and verify the identity of any authorised person and any beneficial owner, and establish the business profile of the customer, as well as the purpose and intended nature of the business relationship.

Enforcement and oversight provisions

94. The Agency for State Register must consider the information provided by the person applying for state registration or state record-registration as trustworthy (art. 5 of the State Registration Law). As a result, the Agency for State Register does not perform any substantial verification of the information submitted to it; it only checks the completeness of the information required. The same applies to the Central Depository.

95. The State Registration Law (art. 67) fixes liability on the applicant for providing incorrect information, as well as for the damage caused by the misinformation provided. Penalties for failure to provide information to the State Unified Register are available under Article 18(9)(10) of the Code of Administrative Violations, which provides sanctions for all cases of failure to provide, failure to provide in defined timeframes, improper provision or distortion of information provided by law necessary for legal activities of state authorities (officials) envisaged by the law, as well as provision of false information shall entail the imposition of a fine in the amount of 100 times the minimum wage (approximately EUR 180).

96. The Agency for State Register does not have any legal power to impose sanctions or take remedial actions. There is no specific supervision or enforcement actions prescribed in the State Registration Law for legal persons or their founders in case of non-compliance with their obligations to report or for reporting incorrect identity and legal ownership information to the State Unified Register.

97. There is also no specific supervision or enforcement actions prescribed in the AML Law for legal persons or their representatives in case of default in respect of their obligation to report or providing incorrect identity and legal ownership information to the Central Depository.

98. The enforcement and supervision of the Central Depository and the other AML-obliged persons is discussed comprehensively under the section on availability of beneficial ownership information (see paragraph 152 below).

99. The State Unified Register is supervised by both the Inspectorate for Legitimacy Control and the Division of Internal Audit of the Ministry of Justice.[20] Furthermore, the Ministry of Justice examines administrative appeals brought against the Agency for State Register.

20. Pursuant to the State Registration Law, the Code of Administrative Legal Proceedings and Decision No. 704-L of 11 June 2018 on approving the Statute of the Ministry of Justice of Armenia.

100. The Central Depository is supervised by the CBA with regards to the maintenance of the share register of financial institutions which are created in the form of JSCs. CBA employs supervisory measures, including off-site supervision of Central Depository's reports submitted to CBA and inspections to check whether the requirement of the maintenance of register of shares by financial institutions is fully respected. The CBA has the right to request any other report, statement of information or explanation of the Central Depository. As reported by the Armenian authorities, there have been cases where the CBA has carried out on-site inspections in the Central Depository but none in recent years. There are no cases known to the CBA where necessary information (for which the Central Depository is responsible) was missing at the Central Depository. No violations of significant participation filing and reporting requirements have been identified for the years of 2018 to 2021.

101. The implementation and enforcement of the legal framework in practice will be examined during the Phase 2 review.

Tax Law requirements

102. As mentioned above (see paragraph 66), when registering with the State Unified Register, legal persons automatically register with the tax authority and receive their TIN. The tax authority (State Revenue Committee, SRC) does not receive any ownership information from taxpayers, either at the time of registration or together with the annual tax returns.

103. The standard sets that "where a company or body corporate has a sufficient nexus to another jurisdiction, including being resident there for tax purposes (for example by reason of having its place of effective management or administration there), or, where the concept of residence for tax purposes is not relevant in that other jurisdiction, one possible alternative nexus is that the company has its headquarters there, that other jurisdiction will also have the responsibility of ensuring that legal ownership information is available" (footnote 9 to the 2016 Terms of Reference). In Armenia, only the companies incorporated or registered under the Armenian law can be tax resident in Armenia. A permanent establishment of a foreign company is not considered as a tax resident for tax purposes.

104. As explained at paragraph 67, foreign companies carrying on business in Armenia are required to register a local (Armenian) entity or a subdivision. If they satisfy particular criteria,[21] they will create a permanent establishment and register it for tax purposes.

21. The criteria to attain permanent establishment status include: any place of production, processing, consolidation, re-packaging, packaging and/or supply of goods,

105. Most of the criteria listed in the Tax Code for a foreign company to attain permanent establishment status will not qualify as achieving sufficient nexus (as per the definition of footnote 9 of the 2016 Terms of Reference). However, one of the criteria is that a foreign company that has "any place of management" in Armenia will attain permanent establishment status. Armenian authorities explained that the determination of permanent establishment status mainly follows a self-declaration of circumstances by the foreign company, although some facts may be determined ex facto through tax audits. The criterion of "any place of management" will lead to a foreign company having sufficient nexus in Armenia.

106. Permanent establishments of foreign companies are required to register with the tax authority as taxpayers (art. 27 of the Tax Code). This registration involves obtaining a TIN and submitting a copy of the founding document that verifies the registration in Armenia or in the country of residence (art. 289 of the Tax Code). Legal ownership information contained in the articles of association will be available at the point of registration of a permanent establishment of a foreign company only to the extent that the laws of the jurisdiction of incorporation so require. Subsequent changes in ownership would not be available. Armenia does not include a definition for "place of effective management" in its domestic legal framework, although it is contained in some of its DTCs, and the authorities stated that it would not be a common occurrence for entities to attain permanent establishment status based on the criterion of "any place of management". Although the issue seems to be of limited materiality in practice, it remains the case that if a foreign company is conducting business through a permanent establishment and has a place of effective management in the country, Armenia will not have adequate and up-to-date legal ownership information of such a company. As of 30 December 2022, there were 2 035 taxpayers registered as permanent establishments but the number of such having their place of effective management in the country is not known.

107. Therefore, legal ownership information on foreign companies with sufficient nexus in Armenia is not available in all circumstances (i.e. the articles of association are not up to date). **Armenia is recommended to ensure that legal ownership information is available for all foreign companies that have sufficient nexus to Armenia, in line with the standard**.

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any place of management, any place of geological investigation of the subsurface, exploration, preparatory works for extraction of mineral resources, any place of conduct of the activity related to the installation, adaptation and exploitation of gaming machines, any place of performance of construction activities and/or construction and installation works, as well as of provision of supervision services over performance of these works.

Tax supervision

108. The tax authority, the SRC, does not receive any ownership information from taxpayers, either at the time of registration or together with the annual tax returns, and therefore it has no explicit audit functions connected to the legal ownership information. However, it is possible that during a tax inspection the tax authority may consider verifying legal ownership information (see section A.2).

Availability of beneficial ownership information

109. The standard requires that beneficial ownership information be available on companies. In Armenia, requirements relating to availability of beneficial ownership information are found under the State Registration Law and the AML Law. Through a combination of these laws, companies are required to file their beneficial ownership information with the State Unified Register. Additionally, the AML Law obliges AML-obliged persons, including the Central Depository, to maintain beneficial ownership information on customers. The two legislations are analysed in detail below.

Companies covered by legislation regulating beneficial ownership information

Type	State Registration Law	Tax Law	AML Law/ CDD obligations	AML Law/ company obligations
Limited liability company	All	None	Some	Some
Closed joint stock company	All	None	All	Some
Open joint stock company	All	None	All	Some
Foreign companies (tax resident)	None	None	All[22]	None

Definition of Beneficial Owner

110. In principle, the same definition applies to AML-obliged persons when they perform Customer Due Diligence (CDD) and to legal persons and arrangements when they identify their own beneficial owners.

111. Until 2021, Article 3(1)(14) of the AML Law provided the definition of beneficial owner, which is as follows:

> Beneficial owner shall be the natural person, on behalf or for the benefit of whom the customer in reality acts; and (or) who

22. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with an AML-obligated service provider that is relevant for the purposes of EOIR. (Terms of Reference, Element A.1.1, Footnote 9).

> in reality controls the customer or the person on behalf or for the benefit of whom the transaction or the business relationship is conducted; and (or) who owns the customer, which is a legal person; or the person on behalf or for the benefit of whom the transaction or the business relationship is conducted. With respect to legal persons, the beneficial owner shall also be the natural person who exercises actual (real) control over the legal person or the transaction or the business relationship, and (or) for the benefit of whom the transaction or the business relationship is conducted. The beneficial owner of a legal person may also be the natural person, who:
>
> a. holds, with voting power, 20 or more percent of the voting shares (stocks, equity interests, hereinafter: shares) of the legal person involved (except for the listed issuers (public companies) as defined by Armenia Law on the Securities Market), or has the capacity to predetermine its decisions by virtue of his shareholding or due to a contract concluded with the legal person; or
>
> b. is a member of the executive and (or) governance body of the legal person involved; or
>
> c. acts in concert with the legal person involved, on basis of common economic interests.

112. Armenia did not issue any guidance explaining the steps to be taken to identify the beneficial owners. Although the definition encapsulated the aspect of actual (real) control, it listed ownership of 20% or more of voting shares or being a member of the executive or the governance body of the legal person as fulfilling conditions, and it was uncertain whether the clause "who in reality controls" covered indirect ownership and all possibilities of control through other means than ownership. In addition, the definition did not incorporate other categories of shares besides voting shares.

113. The standard requires that, as a back-stop option, the relevant natural persons who hold the position of senior managing official may be identified as a beneficial owner where no natural person meets the definition of beneficial owner. It is unclear whether the identification of "a member of the executive body and (or) the governance body" functioned as an equivalent backstop option in terms of level of hierarchy and responsibilities or they may regularly be identified as beneficial owners; and whether one or all members of the executive body and the governance body had to be identified as beneficial owners. Finally, there was no clarity on how this option would be implemented in case such positions are occupied by legal persons, although the Armenian authorities confirmed that it was necessary to look through such legal persons.

114. A new definition was adopted on 30 June 2021 (art. 3(14) of the AML Law) as below:

> Beneficial owner shall be the natural person, on behalf or for the benefit of whom the customer in reality acts and (or) who exercises ultimate effective control over the customer or the person on behalf or for the benefit of whom the transaction or the business relationship is conducted. The beneficial owner of a legal person (except trust or other legal arrangement, without legal personality under the foreign law), shall be the natural person, who:
>
> a. holds, directly or indirectly 20 or more percent of the voting shares (stocks, equity interests) of the legal person involved or has a direct or indirect participation of 20 or more percent in the authorised capital of the legal person;
>
> b. ultimately (de facto) exercises an ultimate effective control over the legal person through other means;
>
> c. is an official carrying out the overall or routine management of the given legal person, in case no natural person complying with the requirements of Subpoints "a" and "b" of this Point is identified.

115. The amended definition of "beneficial owner" is generally in line with the standard. It captures the concept of ultimate effective control and control through other means. The ownership interest is determined according to a threshold of direct or indirect participation set at 20%. However, it is unclear if all individuals that meet the definition of (a) and (b) should be identified or if one single natural person would be enough.

116. The definition provides for the identification of an official carrying out the overall or routine management of the legal person if no natural person has been identified to be the beneficial owner. It is not clear whether a single member or all members of the executive and the governance body will be identified as beneficial owners, but the authorities consider that one or a small number of officials should be identified, as it is unlikely that all of them would carry out the routine management of the company.

117. No guidance has been issued either by the Agency for State Register or the CBA on how beneficial owners should be identified. The CBA has developed a webpage with frequently asked questions[23] that provides some direction on how to identify the beneficial owners in a cascading manner. In addition, the wording of the declaration form as prescribed through

23. See online: https://www.cba.am/en/sitepages/fmchelporganizations.aspx#a31.

Decree 416-N of the Minister of Justice dated 30 August 2021 also directs to such approach[24]. However, the Armenian authorities have indicated that a simultaneous approach should be followed instead but have not provided evidence to sustain this statement. In addition, the country organised sensibilisation sessions for AML-obliged persons. However, although the CBA frequently asked questions webpage and the training may provide further elements to AML-obliged entities, it is not sufficiently detailed to cover potentially complex scenarios of ownership and/or control through other means and it is unclear if the interpretation is considered as binding guidance due to the lack of formality. Consequently, the beneficial owners may not always be identified in accordance with the standard. In addition, these awareness-raising activities target primarily AML-obliged persons and not all companies. While the Armenian authorities express confidence that companies would not hesitate to contact the authorities in case of doubt, the level of awareness and understanding of companies will need to be tested in practice.

118. The practical implementation of the definition of beneficial owners and its alignment with the standard will be reviewed in Phase 2 review (See Annex 1).

Anti-money laundering law requirements on AML-obliged persons

119. The AML Law requires AML-obliged persons to collect beneficial ownership information of clients which are legal persons.

120. Article 3 of the AML Law defines CDD as a process whereby the AML-obliged person applies a risk-based approach to obtain and analyse information concerning the identity and business profile of the customer. CDD includes identifying and verifying the identity of the customer (including that of the authorised person and the beneficial owner), understanding the purpose and intended nature of the transaction or business relationship and performing ongoing due diligence of the business relationship. The AML Law requires AML-obliged persons to identify, assess the level of existing and potential risk and determine the appropriate level of mitigation to be applied (art. 4) and implement a risk-based approach to CDD (art. 18). AML-obliged persons are required to review their potential and overall risk at least once a year. AML-obliged persons must identify their customers using reliable and valid documents issued by competent state authorities, and other relevant data (art. 16(4); see paragraph 92).

24. "Item (b) in this subsection shall be checked if the person, for the purposes of item (a), is not a beneficial owner of the Company, however he/she controls the Company by virtue of legal instruments (including the transactions performed), based on personal influence of a different nature or via other means.".

121. CDD must be carried out, pursuant to Article 16(2) of the AML Law, whenever:

- establishing a business relationship
- carrying out an occasional transaction (linked occasional transactions), including domestic or international wire transfers, at an amount equal or above EUR 720 (the 400-fold of the minimal wage), unless stricter provisions are established by the legislation
- doubts arise regarding the veracity or adequacy of previously obtained customer identification data (including documents)
- suspicions arise regarding money laundering or terrorism financing.

122. AML-obliged persons are also required to conduct ongoing CDD throughout the whole course of the business relationship and update data collected at a self-determined periodicity on a risk basis, which should be at least once a year, to ensure that it is up to date and relevant (art. 17). In case the CDD cannot be implemented before or during the establishment of the business relationship, or on the directions of the CBA,[25] the AML-obliged person should refuse the relationship and consider recognising it as suspicious or could decide to suspend or refuse a transaction in case the relationship has already been established. AML-obliged persons must keep the information (including documents) obtained in the course of CDD for at least five years following the termination of the business relationship (art. 22(2)).

123. Enhanced CDD is required to be conducted in the presence of high-risk or when criteria of high-risk are detected or come forth in the course of business relationship (art. 18(2)). This may entail that beneficial ownership information of those clients would be updated more frequently.

124. Conversely, the application of simplified CDD is allowed in the presence of low-risk criteria, where only the name and identification number of the customer is gathered in the course of identification and verification of identity (art. 3(24) and 18(5)) and not the beneficial ownership information. While the law does not specifically indicate customers which may be covered under simplified due diligence, the definition of "low-risk criterion" (art. 3(23)) includes (but does not seem exhaustive): effectively supervised financial institutions, government bodies, state-owned non-commercial

25. The Authorised Body is authorised to suspend transactions or business relationships for a period of 15 days based on filed reports, requests from a foreign financial intelligence bodies, analysis of information provided by supervisory and authorities involved in operational intelligence activities, as well as by public participants in proceedings, or of other information (art. 26(2)).

organisations, public administration institutions, except for organisations domiciled in non-compliant countries or territories. It further specifies that the existence of a low-risk criterion in business relationship may be determined by a combination of these criteria. These exceptions conform to the standard; however, the fact that AML-obliged persons are not required to gather information on the identity of beneficial owners of legal persons and arrangements that are determined to present a low level of risk would not be in line with the standard. The Armenian authorities consider that the provision should be interpreted as obliging AML-obliged persons to verify the identity of the beneficial owners and directed to the requirements set for regular CDD as per Article 16(5)(2) that requires AML-obliged persons to identify whether the customer acts on behalf and/or for the benefit of another person. In those cases, the AML-obliged person should identify the beneficial owners and verify their identity. Consequently, following Armenia's perspective, even when implementing simplified CDD the AML Law requirements should be interpreted in a way that would oblige for the identification of beneficial owners in all cases, even if this is not expressly stated in the law or secondary regulations. The lack of clear direction in the law or further guidance creates uncertainty on this interpretation. There could be a case where, based on the determination of a low risk for a client or group of clients, the AML-obliged person would interpret the provision related to simplified CDD as an exceptional mechanism that allows for a less intensive compliance effort and directly applies the literal interpretation of the wording of Article 3(24) of the AML Law. Therefore, the practical interpretation and implementation of the provision on simplified due diligence and the verification of the identity of beneficial owners will be reviewed during the Phase 2 review (see Annex 1).

125. AML-obliged persons are permitted to rely on information obtained through CDD undertaken by another financial institution or non-financial institution or entity (third-party) but the ultimate responsibility for CDD remains with the reporting entity. As such, the reporting entity is required to immediately obtain the requisite information from the third-party and take adequate steps to satisfy itself that the third-party is authorised and has the capacity to provide information obtained through CDD immediately upon request, including the copies of documents, is subject to proper regulation and supervision, has effective procedures to conduct CDD and to maintain relevant information, and is not domiciled or residing in, or is not from a non-compliant country or territory (art. 16(8)).

126. The Central Depository, being a reporting entity under the AML Law, is required to conduct CDD and acquire beneficial ownership information of its customers. The Central Depository maintains the registers of shareholders of all Armenian JSCs through individual accounts of shareholders, i.e. its customers are not the JSCs but their shareholders. Thus, the understanding

conveyed by the Armenian authorities is that instead of identifying the beneficial owner of the JSCs, the Central Depository is likely to identify the beneficial owner of the shares, i.e. of each account. In addition, the Armenian authorities indicated that if the share is registered in a nominee's name (see paragraph 79), then information about beneficial owners will be available with the nominees that are required to maintain beneficial owner information as AML-obliged entities. The Central Depository has the right to request the nominee to provide the information about the beneficial owner, if any details related to the mentioned aggregated data are required.

127. Shareholders and "nominees" must provide timely notice to the Central Depository on changes in information maintained in the register (art. 51 of Law on JSCs).

128. In conclusion, the Central Depository cannot be considered as a source of complete beneficial ownership information on JSCs, as it does not identify the beneficial owners through means other than ownership and in case of ownership it does not directly have the information when a nominee is interposed.

Anti-money laundering law requirements on all companies

129. Until June 2021, in addition to the obligation on AML-obliged persons, the AML Law (art. 9(1)) required the founders of companies (participants, members, shareholders, stockholders, etc.) to file a declaration on beneficial owners in paper form, at the time of registering the legal person.[26]

130. The template for the Declaration form[27] provided instructions on who should be identified as a beneficial owner. These instructions were aligned with the definition of beneficial owner as it appeared in Article 3(1)(14) of the AML Law (i.e. before the June 2021 amendment). As noted above (see paragraph 113) the old definition, while capturing the aspect of actual (real) control, did not incorporate other categories of shares besides voting shares and does not specify "control through other means". Additionally, it does not appear to envisage indirect ownership beyond the specified threshold of 20%.

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26. A new registration is mandatory if, changes occur in the statutory (equity and the like) capital or in the composition of the founders, participants, members, shareholders or stockholders of the legal person, or after a change in the statutory capital or composition.

27. Template Form for Legal Entities to File with the State Register of Legal Entities a Declaration on Beneficial Owners issued within the Decision 20-N of the CBA Board dated 27 January 2009 and subsequently issued through CBA Decision no. 144-N of 13 September 2016.

131. In case of two or more beneficial owners, separate, successively enumerated declarations containing relevant data on each beneficial owner had to be filed. It is not clear whether the legal person or the beneficial owner were required to file the declaration as the instructions stated that the person authorised to represent the legal person shall fill out the bases qualifying him/her as the beneficial owner of the legal person. Article 9(2) of the AML Law placed the responsibility for failure to submit the data on beneficial owners and for submitting incorrect (including false or unreliable) or incomplete data in the declaration form on the legal persons (see paragraphs 145 to 147).

132. The Armenian authorities indicated that since declarations and the notification of changes to the State Unified Register were undertaken simultaneously, in principle, the number of declarations made should correspond to the number of such registrations in the State Unified Register of Legal Persons. However, no separate statistics were collected about the number of beneficial ownership declarations submitted.

State Registration Law requirements

133. The State Registration Law requirements relating to beneficial ownership have gone through three phases.

134. First, prior to the legislative amendments made in 2021, Article 66(3) of the State Registration Law prescribed that in cases of registration, or amendments in statutory capital, all legal persons were obliged to file declarations on the beneficial owners with the State Unified Register in the manner established by the AML Law but with a deficient definition of beneficial ownership (see above) and if a threshold of AMD 20 million (EUR 47 116) on the value of shares was attained. A copy should also be provided to the CBA on request.[28]

135. Second, as a result of Armenia's participation in the "Extractive Industries Transparency Initiative", on 23 April 2019, an amendment to the State Registration Law was adopted by the Parliament, introducing registration requirements for "actual owners" of legal persons as defined therein.

28. The State Unified Register stores the information received in paper format and under the general retention regulation of the State Registration Law. The information contained in the Single Record-Book must be retained without time limit while other information submitted to the Agency for State Register is to be retained for ten years after dissolution of a legal person. The Armenian authorities have informed that in practice the Agency for State Register has retained all documents even beyond the ten-year time limit. The approach is not to destroy any paper document until they are preserved in electronic format. The creation of electronic archives is undergoing by the Government (see paragraph 86).

This pilot system was introduced independent from AML legislation and was applicable only to metal mining companies. Based on this system, the information was collected in machine-readable format with sanctions applicable to legal persons for violation of law. The filing companies were required to keep all the documents that prove the accuracy of their declaration for three years after registration of the beneficial owners.

136. Extractive sector companies' obligations are the disclosure obligation in Article 60 of the State Registration Law, the new definition of beneficial owner as it appears in Article 3(1)(14) of the AML Law and Article 3(1)(53) of the Subsoil Code for metal mining companies and the declaration form as prescribed through Decree 416-N of the Minister of Justice dated 30 August 2021. They must retain the documents collected during the due diligence performed in search of their beneficial owners at least for five years after the performance of due diligence, and no less than for five years after the person whom those documents concern ceases to be a beneficial owner of the legal person.

137. Third, based on the results of the pilot system for the mining sector, an amendment to the State Registration Law was adopted by the Parliament on 3 June 2021, which introduced a timeline for establishment of a sector-wide Beneficial Ownership declaration requirement (including an annual update); unified the definition of beneficial ownership (the independent definition of "actual owner" was removed from the legislation and the registration is performed based on the new definition of "beneficial owner" contained in the AML Law); introduced a requirement for annual due diligence and record-keeping by companies; increased verification mechanisms, introduced dissuasive sanctions in criminal and administrative law and introduced the possibility of forced liquidation of non-compliant legal persons.

138. The timeline for entry into force of the new legislation for all legal persons registered in Armenia has been decided based on the risk factors that certain types of legal persons present (art. 9 of the 3 June 2021 law amending the State Registration Law):[29]

- 1 September 2021 to 1 November 2021: public services and audio-visual media companies
- 1 January 2022 to 1 March 2022: other commercial entities, including companies, commercial co-operatives and partnerships (except LLCs with only natural person owners)

29. The amendment maintained the previous declaration system (based on Article 9 of AML Law and Article 66 of State Registration Law) until the new requirements gradually entered into force for all entities.

- 1 January 2023 to 1 March 2023: LLCs with only natural person owners and non-commercial entities (NGOs, non-commercial co-operatives and foundations).

139. In conclusion, the combination of state registration, commercial and anti-money laundering law obligations on the availability of beneficial ownership information should ensure that adequate, accurate and up-to-date information is available. However, as the provisions have been recently put in place, the implementation in practice will be checked at the Phase 2 stage and Armenia is recommended to monitor it. Consequently, the practical implementation of how adequate, accurate and up-to-date beneficial ownership information is available in line with the standard for all relevant entities and arrangements will be examined during the Phase 2 review (see Annex 1).

Nominees

140. The notion of nominee shareholders and nominee directors are not defined in the Armenian legislation, except to the extent that the term is used in the Law on Securities Markets (and only in this law) for the recording of ownership info with the Central Depository. Investment service providers performing safekeeping/custodian functions for their client's securities have an obligation to maintain records of their clients for whom they act as nominees. In addition, the Central Depository has the information that these investment services providers are acting as nominees, in an aggregated form and can request the nominees to provide information on their clients, if needed.

141. AML-obliged persons do not offer nominee shareholder or director services. Therefore, the Armenian authorities consider that nominees (either on a professional or non-professional basis) are not a feature in Armenia.

142. Moreover, the CDD requirements, stipulated under the AML Law and the AML Regulations issued by Decision No 269 of the Board of the Central Bank, include verification of the identity of the customer and of the person acting on their behalf when they undertake business with a reporting entity.

Beneficial ownership Register – Enforcement measures and oversight

143. Until 2023, the enforcement and oversight mechanism available under the State Registration Law for availability of beneficial ownership information of companies was the same as that discussed under the section on the availability of legal ownership information: the information submitted is considered trustworthy and only the formal submission of all prescribed

documents is checked. The amendments to the State Registration Law passed in 2019 and 2021 increased sanctions and verification mechanisms.

144. The applicant is liable for providing false information in the manner prescribed by the legislation of Armenia (art. 169.29 of the Code of Administrative Violations), as well as for the damage caused by any misinformation provided. This principle is also enshrined in the declaration form on beneficial ownership, which states that the person who submits the information is informed that non submission or the submission of false or incomplete information brings liability envisaged by Armenian legislation.

145. Armenian authorities have informed that with the 2019 amendments, the new sanctioning powers have been vested in the Ministry of Territorial Administration and Infrastructure of Armenia with regard to declarations on actual owners of the mining sector companies. Since the declarations themselves are publicly available, the Ministry can initiate an administrative procedure for verification based on any reasonable application from private or public entities or ex officio. The amended Article 30 of the Subsoil Code as of 3 June 2021 allows the application of sanctions up to the termination of the licence.

146. With amendments made effective on 3 June 2021, Article 169.29 has been introduced in the Code of Administrative Offences which regulates responsibility for violation of rules of disclosure of beneficial owners, with the possibility of application of warnings and fines. Article 216.1 was introduced in the Criminal Code (art. 294 of the New Criminal Code) for submission of false information and concealment of information about beneficial owners, with the possibility of application of fines, short term detention or prohibition to perform certain activities for up to three years.

147. Article 60.5(6) in the State Registration Law as amended on 3 June 2021 allows to apply to court for forced liquidation of legal persons who fail to provide their declarations three years in a row or otherwise periodically or grossly violate beneficial ownership disclosure requirements.

148. Finally, Article 60.5 also provide that the Agency will perform routine supervision for ensuring the reliability of information concerning the actual beneficiaries of legal persons. In case state bodies have doubts on the reliability of the information registered, they have to immediately inform the Agency, which can institute proceedings to check compliance with the law and apply the administrative sanctions mentioned above.

149. Some cross checking is performed when the registered beneficial owner is Armenian. The Armenian authorities informed that the State Unified Register of Legal Persons has access to the State database of identification details run by the Police and verifies the existence of natural persons and their personal information such as ID information and address.

On the other hand, the personal details of foreigners are accepted in a form of certified and translated documents. Armenian authorities indicated that it is expected that this system will be integrated with the registration process of beneficial owners.

150. The implementation and enforcement of the legal framework in practice will be examined during the Phase 2 review.

Beneficial ownership information – AML enforcement measures and oversight

151. Under the AML framework, the FIU supervises several types of AML-obliged persons and assists the supervision activities of other supervisory authorities (see paragraph 52). The FIU can direct the AML-obliged persons to ensure proper implementation of their AML obligations, including to recognise as suspicious, to suspend, refuse or terminate a transaction or business relationship based on identification data, criteria, or typologies of suspicious transactions or business relationships.

152. The Ministry of Justice is responsible for the supervision of notaries. The Chamber of Advocates supervises advocates. The CBA applies supervisory and responsibility measures with regard to banks and other financial institutions, real estate agents, accountants, lawyers and law firms and trust and corporate service providers (s. 29, AML Law).

153. Any non-compliance or inadequate compliance with the requirements of the AML Law or the governing laws (Laws on Banks and Banking Activity, Securities Market, Investment Funds, Insurance and Insurance Activity and Credit Organisations) on the part of financial institutions results in measures established thereunder and may include a warning and an assignment to eliminate infringements; a fine; revocation of qualification certificates of executive officers of the bank; or a revocation of the licence.

154. Other financial institutions not regulated by the legislation mentioned above would be subject to the same measures as laid down for non-financial institutions under Article 30(4) of the AML Law, which include:

- a warning and an assignment to eliminate the violation, or a fine equal to 600-fold amount of the minimum wage (EUR 1 080) for non-compliance or inadequate compliance with the requirements for CDD or with the requirements relating to maintenance of information
- a warning and an assignment to eliminate the violation, or a fine equal to 200-fold amount of the minimum wage (EUR 360) for non-compliance or inadequate compliance with the requirements for ongoing CDD, risk-based CDD, for the refusal to terminate transaction or business relationship

- a warning or fine equal to 200-fold amount of the minimum wage (EUR 360) for non-compliance or inadequate compliance with the requirements of the risk-based approach.

155. The Central Depository is an entity under the supervision of the CBA. In this regard, the CBA carries out supervisory functions solely with regards to the maintenance of the share register of financial institutions which are created in the form of JSCs.

156. The Armenian authorities indicated that in practice, the CBA conducts detailed checks on the beneficial owners and managers, including checks on their criminal records and the origin of funds, including but not limited to access to certain databases, filing inquiries with other state authorities, Interpol, FIU, conducting interviews, etc. The Armenian authorities believe that the relevant information is kept up to date, which is ensured in practice by a requirement to submit periodic notifications, regular checks during on-site inspections and inspections of annual reports submitted by the financial institutions. No violations of significant participation filing and reporting requirements have been identified for the years of 2018 to 2022.

157. The FIU also functions as a supervisory authority for several types of non-financial AML-obliged persons and the supervisions are to be conducted based on a Concept Note on risk-based supervision of their compliance with the AML requirements. The Armenian authorities reported that since there were no cases of "need" or "requirement" to conduct supervision as prescribed under the Concept Note, there were no cases of inspections.

158. The implementation and enforcement of the legal framework in practice will be examined during the Phase 2 review.

Availability of legal and beneficial ownership information in EOIR practice

159. The implementation of the legal framework and the availability of legal and beneficial ownership information on companies in practice will be examined during the Phase 2 review.

A.1.2. Bearer shares

160. In Armenia, pursuant to Article 15 of the AML Law, it is prohibited to open, issue, provide, and service bearer securities. The same prohibition is echoed in Article 7 of the Law on Securities Market, which prohibits issuing, selling or making an offer of sales or an invitation to purchase a bearer security subject to public offering or admission to trade on the regulated market. Therefore, the prohibition is applicable to all companies, and to all forms of bearer shares.

A.1.3. Partnerships

Types of partnerships

161. The Armenian law (Civil Code) allows the formation of two types of partnerships:

- General Partnership (*liakatar enkeraktsutyun*), governed by Articles 77 to 89 of the Civil Code. In a General Partnership, the participants (General Partners), are engaged in and jointly manage entrepreneurial activities in the name of the partnership and bear joint and several liability for its obligations with the property belonging to them. The name of the General Partnership must indicate its status as such. The statute of the partnership contains information on the size and composition of the capital and each participant's share in it, and must be amended in case of change of a general partner (art. 55(2) of the Civil Code). The profits and losses of the partnership are distributed to the participants in proportion to their share in the capital. By law, a person is allowed to be a participant in a single General Partnership and remains liable for the obligations of the partnership arising before the moment of his/her/it withdrawing for two years from the day of approval of the report on the activities of the partnership for the year in which the participant withdrew from the partnership.
- Commandite or Limited Partnerships (*vstahutyan vra himnvats enkeraktsutyun*), governed by Articles 90 to 94 of the Civil Code. A Limited Partnership has, along with participants conducting entrepreneurial activity in the name of the partnership and being liable for the obligations of the partnership with their property (General Partners), one or more participant-contributors (Limited Partners), who bear the risk of the partnership's losses within the limits of the amounts of contributions made by them and do not take part in the conduct of entrepreneurial activity. Also in this case, the name of the partnership must indicate its status and the statute mentions the size and composition of the capital. The statute of the partnership should be amended in case of change of both general and limited partners (art. 55(2) of the Civil Code). The limited partners participate in the distribution of profits and have a preferential right for purchase of equity.

162. As per law, a person may be a general partner only in one Limited Partnership; a participant in a General Partnership cannot be a general partner in a Limited Partnership and a general partner of a Limited Partnership cannot be a participant in a General Partnership.

163. As per the Single Record-Book of State Registration of Legal Entities, there are 569 General Partnerships and no Limited Partnerships registered in Armenia as of 30 December 2022.

164. The Armenian authorities indicated that it is not possible to create partnerships without legal personality and that partnerships are considered as regular taxpayers and, therefore, would not be considered a tax transparent entity.

Identity information

165. In line with Article 51 of the Civil Code, partnerships are commercial organisations with legal personality and are subject to the same general registration rules as applicable to companies. The statute of the partnership, containing the participation percentage of each participant of the partnership, must be submitted at the time of registration with the State Unified Register. As in the case of companies, a partnership is considered established from the moment of its state registration.

166. Ownership information of partnerships must be recorded in their statute, amendments to which must be reported to the State Register. The composition of the participation of each participant has legal force for third parties from the moment of their initial state registration, and from the moment of notifying changes of ownership.

Beneficial ownership

167. The framework for availability of beneficial ownership information in relation to partnerships is the same as with regard to companies, described under A.1.1.

168. Partnerships are commercial organisations with legal personality and subject to the same general rules applicable to all legal persons, including those related to beneficial ownership information. As the Armenian partnerships are legal persons, the amendments to the State Registration Law in relation to beneficial ownership are applicable (see paragraphs 111 and 139).

169. However, Armenia has not issued any specific guidance on identification of beneficial owners of partnerships. Although there is no specific look-through provision if a partner is a legal person, AML-obliged persons and partnerships, in applying the beneficial ownership definition set on the AML law, would have to identify a natural person when conducting CDD which would imply in practice the application of that requirement.

170. The available method for identification of beneficial owners of partnerships contains certain deficiencies, such as a 20% ownership threshold

for identifying partners as beneficial owners, which is not in line with the form and structure of partnerships in Armenia, as all general partners should be identified as beneficial ownership (if individuals) or looked through (if legal persons). Partners that do not meet the 20% ownership threshold cannot be considered as *de facto* controlling the partnership as they do it *de lege* (see paragraph 118). General partners would be captured by the last point on "officials" managing the partnership, but only if no person meets the ownership threshold. **Armenia is recommended to ensure that beneficial owners of partnerships are identified in line with the standard**.

Oversight and enforcement

171. As the partnerships are considered as companies, the analysis of the framework for oversight and enforcement presented in paragraphs 94 to 101 and 144 to 159 is applicable.

Availability of partnership information in EOIR practice

172. The implementation of the legal framework and the availability of beneficial ownership information in practice will be examined in detail during the Phase 2 review.

A.1.4. Trusts

173. Armenia is not a signatory to the Hague Convention on Laws Applicable to Trusts and Their Recognition. Armenia does not have legislation governing the establishment or operation of legal arrangements; as such, there is no statutory basis for the establishment of legal arrangements. Consequently, Armenian authorities indicated that trusts cannot be established in Armenia. However, there is also no provision in Armenian law that prohibits a person in Armenia to act as a trustee of a foreign trust and trust income would be taxed in the hands of its representative, but this has not been experienced in practice as the Armenian authorities have never come across a trust (neither the tax administration nor the FIU).

174. The AML Law (Part 6.1, Article 16) sets out that for customers that are trusts or other legal arrangements, the reporting entity, for the purpose of identifying and taking reasonable measures to verify the identity of beneficial owners, should have full information about the identity of the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control or the identity of persons in equivalent or similar positions. This definition meets the standard. The fact that the legislation requires for a natural person to be

identified implies that AML-obliged persons would look through any participants that are legal persons or arrangements.

175. Trustees are obliged to disclose their status to an AML-obliged person when forming a business relationship (art. 16(7.1) of the AML Law). There is however no requirement for an Armenian person acting as a trustee of a foreign trust to engage an Armenian AML-obliged person. Considering the limitation to cash use, engaging an Armenian AML-obliged person is a common practice. However, the trustees could still utilise a foreign bank account and not establish a business relationship with an AML-obliged person in Armenia.

176. Further, AML-obliged persons include "providers of trust management and company registration services" (art. 3(1)(4)(t) of the AML law). The Armenian authorities considered that this legal provision would also cover natural persons and further explained that the wording in Armenian could also be translated into "persons", covering both entities and individuals but did not provide any evidence to support this interpretation such as official statement or judicial precedent and so far, no Trust and Companies Service Providers (TCSPs) have registered as an AML-obliged person in Armenia. On the other hand, the AML Law when defining other AML obliged persons clearly refers to both individuals and entities such as "attorneys as well as sole practitioner lawyers and legal firms, sole practitioners' accountants and accounting firms, auditing firms and auditors" (art. 3(4)(l), (m), (n)). This could direct to the interpretation that the law clarified those that are obliged both being natural and legal persons for their activity, but the Armenian authorities stress that the difference of wording is intended to match with the formulation used for these professions in other laws. The interpretation and application of this provision will be further discussed in the Phase 2 of the review. Finally, even if professional trustees could be covered by the definition of TCSPs in the AML Law, there would still exist a gap related to non-professional trustees that could be present in the country as they do not provide "services".

177. Therefore, Armenia should ensure that beneficial ownership information is available for all trusts administered in Armenia or in respect of which a trustee is resident in Armenia (see Annex 1).

A.1.5. Foundations

178. In Armenia, foundations are legal persons governed by the Law on Foundations. Pursuant to Article 3 (echoing Articles 123 and 124 of the Civil Code), a foundation or fund [*himnadram*] is a non-commercial organisation which may be set up by citizens and/or legal persons, without a membership, on the basis of voluntary property contributions, pursuing social, charitable, cultural, educational and other socially useful purposes.

Foundations cannot be established for private purposes and transfers of assets to the foundations are irrevocable. The foundation does not make any distribution to its founders and upon liquidation, all its assets are allocated for the accomplishment of statutory goals of the foundation, and if this is impossible, transferred to the state budget. As such, they are not relevant to the exchange of information for tax purposes and only a brief overview of their legal structure and ownership and identity information requirements is discussed below.

179. Foundations are subject to the same registration requirements as discussed in respect of companies and partnerships and are similarly considered established from the moment of state registration. The written agreement establishing the fund and the fund's charter include information about founders (for natural persons: name, passport information, place of residence, phone number and other means of communication; for legal persons: full name of the firm, data on state registration, location (postal address), name of the director or the representative of the legal person, phone number and other means of communication), goals of the foundation and possible categories of potential beneficiaries (art. 11 of the Law on Foundations). Additions and changes to the charter, as well as newly adopted editions of the charter are also subject to state registration (art. 16 of the Law on Foundations). As on 30 December 2022, 132 foundations were registered with the State Unified Register.

180. Foundations may have potential and actual beneficiaries. Potential beneficiaries are those natural and legal persons, for whose benefit certain payments may be made, services may be provided or some part of the foundation's property may be transferred in accordance with the charter of the foundation. Actual beneficiaries are those natural and legal persons, for whose benefit certain payments have been made, certain services have been provided or some part of the foundation's property has been transferred (art. 4 of the Law on Foundations). As such, information on the founders may be available in the State Register of Legal Persons, however, information on the actual beneficiaries is unlikely to be available with anybody except the foundation itself.

181. Within six months following the end of each fiscal year, the foundation has to publish:

- a report on its activities in mass media, which has to include information about the programmes accomplished; sources of funding; the total amount of financial means used in the fiscal year and the amount of administrative and managerial expenses; the usage of property; the first and last names of the members of the board of trustees, the manager and persons engaged in the foundation's staff, if they have used the foundation's means and services within the accounting year

- its annual financial report
- the auditor's report if the value of the foundation's actives exceeds AMD 10 million (EUR 23 558) (art. 39).

182. Foundations are primarily supervised by the Ministry of Justice. In case any violations of law by a foundation are detected, the supervising body or the authorised state body may send a written warning with suggestions on the manner and terms of eliminating the violations, which are to be fixed within a period of 15 days, extendable to one month. If the foundation fails, the Ministry of Justice may appeal to the court with a demand on liquidating the foundation.

Other relevant entities and arrangements

183. Armenia allows the formation of other types of entities and arrangements, namely co-operatives and non-governmental organisations (NGOs).

Co-operatives

184. Co-operatives are defined as voluntary associations based on the membership of citizens and legal persons and established for the purpose of satisfying material and other needs of participants through combining of property contributions of its members (art. 117 of Civil Code). Co-operatives are subject to state registration. The statute of the co-operative contains terms on the size of contributions of the members, procedure for making contributions and on the liability of the members of the co-operative for violating the obligations to make contributions, the composition and competence of the management bodies of the co-operative and the procedure for taking their decisions, and on the procedure for compensation by the members of co-operatives for the damage. As a result, the statute must be amended each time a member of the co-operative or of its management body changes art. 117(2) of the Civil Code).

185. The statute is to be submitted to the State Unified Register at the time of registration together with a list of its founders (see paragraph 72). Subsequent changes of the statute must be registered with the State Unified Register (art. 40(1) of the State Registration Law and art. 55 of the Civil Code).

186. The members of the co-operative bear joint and several subsidiary liability for its obligations within the limits of the unpaid part of the additional allocation of each of the members and are obliged to cover the losses through additional allocations within two months after the approval of the annual balance. In case of failure to comply with this obligation, the co-operative may be liquidated through judicial procedure, upon the request of creditors. Property remaining after the liquidation of a co-operative is distributed among its members, in accordance with the statute of the co-operative.

187. The largest proportion of co-operatives is formed by Production Co-operatives, which are 2 876 in number (as on 31 December 2022). Armenia also allows the formation of agricultural co-operatives formed by members from the agri-food system and governed by the Law on Agricultural Co-operatives; and Consumer Co-operatives formed for satisfaction of needs with goods and services, representations and protection of interests and governed by the Law on Consumer Co-operatives. As of 31 December 2022, there were 140 Agricultural Co-operatives and 480 Consumer Co-operatives in Armenia.

188. Finally, the Law on Banks and Banking Activity also regulates the co-operative banks which are specific in terms of the ownership rights (each participator has one vote regardless of the number of shares they possess) and composition (should have at least three participators). However, as these are financial institutions, they have a different regulatory framework. As of 31 December 2022, there were no Co-operative Banks in Armenia.

189. In Armenia, co-operatives are a type of legal person (art. 51(3) of the Civil Code) which fall under the general rules applicable to all legal persons in terms of availability of legal and beneficial ownership information. Therefore, co-operatives must register with the State Unified Register following the general procedures and provisions of the State Registration Law, including the obligation to provide legal and beneficial ownership information (see paragraphs 72, and 138 to 140).

190. The practical implementation of the definition of the beneficial owners in line with the standard will be reviewed during the Phase 2 of the review (see Annex 1).

Non-governmental organisations

191. Considering the non-commercial nature of NGOs in Armenia, they bring limited risks for transparency purposes and as such are not considered to be materially relevant for EOI purposes. Some key features of these entities are described below.

192. NGOs are voluntary associations formed on the basis of common interests for satisfying spiritual and other non-material needs; for protecting their and other persons' rights and interests; for providing material and non-material assistance to certain groups and for carrying out other activities for public benefit. Such organisations are not allowed to pursue the purpose of gaining profit and redistributing this profit among their members. The members may include Armenian citizens, foreign citizens, natural persons without a citizenship and legal persons created for non-commercial purposes (art. 2 of the Law on Public Organisations).

193. An NGO is considered established from the moment of state registration (art. 3(4) of the Law on Public Organisations). The NGO is required to register its establishment, changes and amendments to its charter, or new charter and dissolution (suspension of activities). However, no information on the members of the NGO is submitted or expected to be available with the State Unified Register. As of 31 December 2022, there were 6 079 NGOs registered in the State Unified Register.

194. The property transferred to the NGOs by its members becomes its own and is to be used for purposes defined by its charter. It cannot be distributed among its members. In case of liquidation of an NGO, its property is directed to the purposes provided for in its statute. In case this is not possible, the funds are transferred to the state budget (art. 32 of the Law on Public Organisations). Therefore, the transfer of funds is irrevocable.

A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

195. In Armenia, the main provisions for the availability of accounting records are found in the Law on Accounting, the Tax Code and the AML framework. The sanctions for not complying with obligations are set in the Code of Administrative Violations. Companies and partnerships are required to keep accounting records and supporting documents for at least five years.

196. However, it is unclear how these requirements are applicable to foreign legal persons with sufficient nexus to the jurisdiction or to foreign trusts that have a trustee that is resident in Armenia. In addition, there is no provision under Armenian laws that require keeping accounting records and supporting documents within the territory once the legal person is liquidated or ceases to exist. There are also no clear obligations to legal persons that redomicile out of Armenia without dissolution. Finally, although accounting records must be recorded electronically, the legal framework does not ensure that a person in Armenia should be in possession of, or has control of, or has the ability to obtain such information.

197. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/ Underlying factor	Recommendations
There are no requirements to maintain accounting records on foreign legal persons with sufficient nexus to Armenia or on foreign trusts that have a trustee that is resident in Armenia.	Armenia is recommended to ensure that reliable accounting records of foreign legal persons with sufficient nexus to Armenia and foreign trusts with a trustee resident in Armenia are maintained (including underlying documentation) for a minimum of five years.
There is no provision under Armenian laws that require keeping of accounting records and supporting documents after the legal person is liquidated or ceases to exist.	Armenia is recommended to ensure that accounting information is available for a minimum of five years after a legal person ceases to exist.
There is no provision in Armenia's legal framework requiring that the accounting documents should be physically maintained in Armenia. Although this would not necessarily be a gap, there is no system in place that permits the authorities to gain access to records in a timely manner. This may imply that the relevant documentation is not available and accessible for tax authorities.	Armenia is recommended to ensure that the legal and regulatory framework puts in place a system that permits availability of accounting information in a timely fashion when a legal person keeps accounting records and underlying documentation at a place(s) outside of Armenia.
Legal persons that redomicile out of Armenia without dissolution have no specific obligation under Armenian laws to maintain full accounting records and underlying documentation for a minimum of five years after their departure. Only the information provided to the State Unified Register and to the tax authority will be available with these public authorities.	Armenia is recommended to ensure that accounting information is available for a minimum period of five years in relation to legal persons that redomicile out of Armenia.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

A.2.1. General requirements

198. In Armenia, accounting requirements for all domestic legal persons, as well as for branches and representations of foreign entities, are provided by the Law on Accounting of 1 January 2020.

Accounting records

199. The standard requires that accounting records (i) correctly explain all transactions, (ii) enable the financial position of the Entity or Arrangement to be determined with reasonable accuracy at any time and (iii) allow financial statements to be prepared.

200. The Law on Accounting provides the uniform basics for organising the process of accounting and account keeping, preparing, and submitting financial statements, and other accounting matters (art. 1). It applies to legal persons registered in Armenia, branches, representative offices of foreign organisations and financial groups (art. 2).

201. According to Article 7 (on Account keeping) of the Law on Accounting, all entities – companies, co-operatives and partnerships – (including those undergoing a process of insolvency or liquidation) are obliged to keep accounting records, i.e. "a system for collection, recording and aggregation of monetary information on the assets, shared capital, liabilities and business operations, as well as on income and expenditures of an entity through a comprehensive and documented record of operations, other occurrences and events" (art. 2).[30] Account keeping must be done through the double-entry accounting and continuously (art. 11).

202. Armenia has adopted, as part of the Law on Accounting, the International Financial Reporting Standards (IFRS), as well as the principles issued by the International Accounting Standards Board for preparation and presentation of financial statements, the guidelines for application of standards and other mandatory application documents. The reporting year is the calendar year. Annual financial statements must be prepared for the reporting year and submitted to participants (shareholders, equity holders), state and local self-government bodies, and on a voluntary basis to creditors, lenders and other parties to economic activities with the participation of the entity (art. 25).

30. Companies must keep accounting records by computer software when their total annual turnover exceeded AMD 500 million (EUR 1.2 million) the previous year (art. 7).

203. Financial statements of entities of public interest,[31] large entities,[32] medium sized entities[33] and large and medium-sized groups are subject to a mandatory external audit (art. 26). All entities and groups, except for "small-sized entities and groups" and "micro-entities",[34] are also required to publish annual financial statements on their official websites, in the official state gazette (www.azdarar.am) and other means of official mass media. The financial statements should be kept in the mentioned sources for 5 years (art. 27).

204. The Law on Accounting applies to branches and representations of foreign entities. However, it is not specific about the obligations of foreign legal persons with sufficient nexus with Armenia (see above paragraph 104 et seq.) when these are not a subsidiary, parent entities or part of a larger

31. Entity of public interest – an entity which: a. is a person making a public offer of securities or is a reporting issuer in the territory of the Republic of Armenia, except for the International Monetary Fund, the European Central Bank, the European Investment Bank and other international organisations to which the Republic of Armenia is a member, being a person making a public offer of securities or a reporting issuer; b. is a bank, a credit organisation, a payment and settlement organisation, an investment company, an operator of a regulated market, the Central Depository, an insurance company, a reinsurance company, an insurance brokerage company or an investment fund manager.

32. A large entity is an entity which has exceeded at least two of the following three indicators as of the end of the reporting year (for which financial statements shall be drawn up):

    a. total sum of the report on the financial position (balance sheet): AMD 10 billion (EUR 23.6 million)

    b. proceeds from activities: AMD 20 billion (EUR 47.1 million)

    c. the average annual number of employees calculated as prescribed by the Statistical Committee: 250.

33. A medium-sized entity is an entity which is not a small-sized entity or a micro-entity and has not exceeded at least two of the three indicators mentioned in the previous footnote as of the end of the reporting year (for which financial statements shall be drawn up).

34. A small-sized entity and a micro-entity are defined according to the following three indicators, when they do not exceed at least two of them as of the end of the reporting year for which financial statements are prepared:

    a. total sum of the report on the financial position (balance sheet): AMD 2 billion (EUR 4.7 million) for a small size entity, AMD 175 million (EUR 412 269) for a micro-entity

    b. proceeds from activities: AMD 4 billion (EUR 9.4 million) for a small size entity, AMD 350 million (EUR 824 538) for a micro-entity

    c. the average annual number of employees: 100 for a small size entity, and 10 for a micro-entity.

group. In addition, the legislation does not include provisions on foreign trusts when the trustee is a resident in Armenia. Therefore, as a matter of scope, **Armenia is recommended to ensure that reliable accounting records of foreign legal persons with sufficient nexus to Armenia and foreign trusts with a trustee resident in Armenia are maintained (including underlying documentation) for a minimum of five years**.

Retention period

205. According to Article 16 (on Storage of accounting documents) of the Law on Accounting, all entities must retain accounting documents, as well as the information in accounting computer software and on electronic carriers, i.e. the initial (underlying) accounting documents, registers, financial statements, documents related to the accounting policy as and within the time limits prescribed by legislation, but in any case for not less than five years.[35]

206. The law indicates in its Article 8 that "the management" of a company is responsible for organising accounting and submitting financial statements, and the notion includes an insolvency administrator and an individual liquidator. However, this article refers only to "organising accounting" and does not refer to keeping records, and Article 16 expressly refers to "the entity". Finally, Article 7 on records keeping targets entities "including those undergoing a process of insolvency o liquidation" but does not refer to the keeping of the records after those processes are over. Thus, it is unclear on which person lies the responsibility to keep the records once the entity ceased to exist (since the entity itself no longer exists).

207. The Armenian authorities are confident that before ceasing to exist, the companies would transfer their records to the municipal archives pursuant to the Law on Archives Business, but no clear provision could be provided to support this statement. In particular, the law defines archival documents are "information of historical, cultural and documentary significance for the State and public", which does not appear to capture accounting records of companies (art. 7 of Law on Archives Business and Government Decree 884-N dated 13 July 2017).

208. Certain accounting records remain available when these were already in the possession of the tax authority, but these records would not capture all relevant accounting information.

35. The term of preservation of archival documents begins on 1 January of the year following its creation (Government Decree 397 N dated 4 April 2019).

209. **Armenia is recommended to ensure that accounting information is available for a minimum of five years after a legal person ceases to exist**.

Availability of the accounts in Armenia

210. There is no provision in Armenia's legal framework requiring that the accounting documents should be physically maintained in Armenia. Although this would not necessarily be a gap, there is no system in place that permits the authorities to gain access to records in a timely manner. This may imply that the relevant documentation is not available and accessible for tax authorities. **Therefore, Armenia is recommended to ensure that the legal and regulatory framework puts in place a system that permits availability of accounting information in a timely fashion when a legal person keeps accounting records and underlying documentation at a place(s) outside of Armenia**.

211. In case of outbound redomiciliation, the legal person must submit certain documents, including statements from creditors and tax authorities on full discharge of liabilities (art. 36.2 of State Registration Law). In addition, according to the part 59.3 of Article 59 of the Civil Code, at the time of redomiciliation of a legal person, a record on redomiciliation of the legal person should be made in the State Unified Register and the information prescribed by law preserved.

212. However, legal persons that redomicile out of Armenia without dissolution have no obligation under Armenian laws to maintain full accounting records and underlying documentation for a minimum of five years after their departure. Only the information provided to the State Unified Register and to the tax authority will be available. However, if the accounting information was not previously provided to the tax authority there is no clear obligation on any other person or entity to maintain the information. **Consequently, Armenia is recommended to ensure that accounting information is available for a minimum period of five years in relation to legal persons that redomicile out of Armenia**.

Tax obligations

213. Pursuant to Article 33 of the Tax Code, taxpayers should keep records prescribed by the Code itself and the laws of Armenia on fees, and in cases prescribed by legislation, also maintain accounting records. The taxpayer should ensure retention of documents necessary for the calculation of tax base and submission of tax calculation reports, documents substantiating the amount of income received or expenses incurred, paid

(withheld) taxes, for a period of not less than five years starting from the reporting period which these documents refer to.

214. Chapter 66 of the Tax Code establishes record-keeping obligations. Article 319 requires that tax liabilities and debit amounts arising from the tax calculation be subject to record-keeping by the tax authority as of the date of submission of the tax calculation report. Some documents must be provided to the tax administration. Since 2016, taxpayers are obliged to submit electronically to the tax administration their tax filings and supporting documentation such as invoices (Art. 15.1 of Law on Taxes).

215. The requirements do not compensate the gaps described above, for location of the accounting records, redomiciled entities and entities that cease to exist.

A.2.2. Underlying documentation

216. Accounting records must be made based on "initial accounting documents" which attest to the performance of operations, other occurrences, and events (art. 12 on "Initial accounting documents" of the Law on Accounting). Initial accounting documents must contain necessary requisites for identifying operations, other occurrences and events and must be drawn up at the time of performing the operation and, if not feasible, then immediately after completion of the operation. In addition, the information contained on the initial accounting documents must be collected and systematised in accounting registers, in chronological order.

217. Armenian authorities indicated that all underlying documentation such as invoices, contracts and other documentation supporting transactions performed by the legal person fall within the definition of "initial accounting document". Therefore, all underlying documentation should be available for a period of not less than five years starting from the reporting period which these documents refer to.

218. The deficiencies related to the keeping of accounting records identified in section A.2.1 equally apply to the keeping of related underlying documents (see paragraphs 205, 210,212 and 213).

Oversight and enforcement of requirements to maintain accounting records

219. Article 4 of Law on Accounting provides that the Ministry of Finance is the body implementing policy in the field of accounting, whereas the CBA jointly with the Ministry of Finance performs regulatory functions in the field of accounting for banks, credit organisations, the Central Depository and other financial institutions.

220. Correspondence of accounting maintenance with IFRS requirements is verified during audit, if an entity is liable to statutory audit.

221. The SRC is responsible for monitoring compliance with accounting obligations. Armenian authorities have indicated in this connection that there are no special or separate types of tax audit for monitoring the compliance with the obligation to keep accounting records. This would usually occur within the scope of general tax audits.

222. If a violation is detected, sanctions are applied in accordance with Articles 169 and 2442 of the Code of Administrative Violations (art. 28 of the Law on Accounting). The available sanctions are as follows:

- Not maintaining accounting can lead to a fine of AMD 50 000 (EUR 117) and to a higher amount if the violation takes place again (art. 1699).
- Not defining an accounting policy can lead to a fine of AMD 20 000 (EUR 47) (art. 16910).
- Not keeping accounting documents (accounting records, financial statements and other related information) and other information can lead to a fine of AMD 50 000 (EUR 117) (art. 16911).
- Not submitting financial statements to state bodies in accordance with the timelines prescribed by law, or not publishing them, when required, can lead to a fine of AMD 50 000 (EUR 117) and to a higher amount if the violation takes place again (art. 16912).

223. There is a mandatory requirement for legal persons to file tax returns every year (art. 53 of the Tax Code) and there is no income threshold under which this obligation would not be mandatory.

Period	Number of companies registered	Tax returns presented	Tax return not presented	Compliance rate (%)
2016	28 215	19 743	8 472	70%
2017	30 114	21 928	8 186	72.8%
2018	32 521	23 930	8 591	73.6%
2019	35 584	25 847	9 737	72.6%
2020	38 387	28 214	10 173	73.5%
2021	42 216	31 726	10 490	75.2%
2022	49 305	38 718	10 574	78.6%

224. There is a discrepancy in the total number of registered companies reflected in this table and in the one presented after paragraph 65. The Armenian authorities were not able to provide an explanation on this discrepancy as the information comes from different databases (State Unified Register and the SRC). It is likely that the methodology to gather and maintain statistical data on registered companies differ (i.e. the State Unified Register might include liquidated companies in its count). Therefore, the discrepancy between the registered companies in the databases of the State Unified Register and the SRC will be further examined during the Phase 2 review (see Annex 1).

225. Among non-filers, companies are considered to be tax "inactive" if they do not perform any economic activity and do not file their tax returns. The inactivity of the legal persons is automatically checked against the electronic invoicing system (see para. 215). Legal entities can become active again at any time, when regularising this situation with the tax authority.[36] In the SRC, 4 985 companies were considered as "inactive" as of 1 January 2023. This represents almost 6% of companies registered with the State Unified Register.

226. The implementation of the legal framework and enforcement in practice will be examined during the Phase 2 review. The measures taken to mitigate the risk of inactive companies to continue performing commercial activity without complying with their filing obligations will be examined during the Phase 2 review (see Annex 1).

Availability of accounting ownership information in EOIR practice

227. The availability of accounting information in practice will be examined during the Phase 2 review.

A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

228. In Armenia, the availability of banking information is governed both by the AML regulations and by secondary regulation on record keeping issued by the CBA. Banking information is generally available, but the legislation is not clear for the situation when a bank ceases its activities in Armenia.

36. Although the SRC may consider a company as inactive, the State Unified Register would not change the status of the company unless it applies for liquidation or termination.

229. The AML regulations also include requirements on beneficial ownership information of bank accounts. However, the definition of beneficial ownership on partnerships presents legal deficiencies that could imply that banks may not obtain and record accurate beneficial ownership information. In addition, the gaps identified in the legal framework on the identification of beneficial owners related to the lack of clarity on the interpretation of the definition and the lack of binding guidance may affect the implementation in practice of the requirements on the availability of banking information.

230. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/ Underlying factor	Recommendations
It is unclear who would be responsible to maintain the information when a bank terminates or merges and whether its records must continue to be available in Armenia. Equally, no information was provided related to the situation when the branch of a foreign bank ceases to operate in Armenia and who would be responsible to maintain the relevant banking information.	Armenia is recommended to ensure the availability of banking information for at least five years when a bank ceases to exist or merges or a branch of a foreign bank ceases to operate.
The definition of beneficial ownership does not take into account the form and structure of partnerships in Armenia, as all general partners should be identified as beneficial owners (if individuals) or looked through (if legal persons).	Armenia is recommended to ensure that beneficial ownership information in line with the standard is available for partnerships.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

A.3.1. Record-keeping requirements

Availability of banking information

231. Banks are required, pursuant to Articles 3 and 22 of the AML Law, to maintain all records pertaining to accounts for a period of at least five years,[37] including information obtained for CDD and financial and transactional information, regardless of the fact whether the transaction or business relationship is an ongoing one or has been terminated. This information includes customer identification data (identity, account number, turnover, business correspondence), transactional and business relationship data to permit full reconstruction of individual transactions and business relationships, and information, assessment and analyses of transactions or business relationships considered suspicious or exhibiting potential and existing money laundering and terrorism financing risks. It is prohibited to open, issue, provide, and service anonymous accounts or accounts in fictitious names and accounts with only numeric, alphabetic, or other conventional symbolic expression (art. 15 of the AML Law).

232. Banks are also required to refuse any cross-border wire transfers equal to or above the 400-fold amount of the minimum wage (i.e. EUR 720) which lacks identification and account details of the originator and the beneficiary.

233. Information (including documents) maintained should be sufficient to enable submission of comprehensive and complete data on customers, transactions, or business relationships whenever requested by the Central Bank or by criminal prosecution authorities.

234. According to Article 74 of the Law on Banks and Banking, a liquidation committee is responsible of the management of the bank during the liquidation process, which, according to Armenia, would include the obligation to maintain banking information of the bank under liquidation. However, it is unclear who would be responsible to maintain the information when the bank is liquidated and whether its records must be maintained in Armenia. In the case of a merger, the Armenian authorities explained that the banking information would be transferred to the successor. However, the legal

37. Banking data is stored in accordance with the requirements outlined in CBA Board Resolution No. 173-N adopted on 9 July 2013, which prescribes the security and technical requirements with respect to the storing, backup and archiving of the banking data. In addition, the Law on Bank Secrecy and the Law on Protection of Personal Data also provide general guidance on how data should be stored. Finally, the Decree of the Government No. 397-N dated 4 April 2019 provides the list of information on banking, securities market and insurance sector data and the timeframe of the retention (storage) for each type of the data.

framework related to banking information does not explicitly prescribe such requirement though in practice the successor bank could maintain the information for business continuation. Although, there is a general requirement under the Law on Archives Business (art. 13.3) to transfer documentation when a legal person is transferred, it is unclear if this applies to all banking information and who would be responsible to maintaining the information, for what period, and if such information should be maintained in Armenia. Equally, no information was provided related to the situation when the branch of a foreign bank ceases to operate in Armenia and who would be responsible to maintain the relevant banking information. **Therefore, Armenia is recommended to ensure the availability of banking information for at least five years when a bank ceases to exist or merges or a branch of a foreign bank ceases to operate**.

235. Armenia created the Centralised Bank Account Register through an amendment to the CBA Law on 30 June 2021 and its implementation started on 1 November 2021. This Register is populated by the information provided by banks on bank accounts and safe deposit boxes.

236. Banks must submit reports to the CBA containing information on: 1) the opening and closing of a bank account, within three working days following the day of account opening or closing, respectively, 2) the provision and termination of use of the safe deposit box, within three working days following the day of the provision or termination of use of the safe deposit box, respectively, 3) the change of the data included in the reports, within three working days from the moment it becomes known to the bank, 4) the bank accounts and safe deposit boxes provided as of the date of 1 November 2021 5) the bank accounts closed and safe deposit boxes whose use was stopped since1 November 2016, 6) the change of the status of an actual open bank account, if at the time of the current review of the account status, no transaction was carried out with the bank account during the previous six months and at the time of the current review of the account status, the account has a balance of less than AMD 1 000 (EUR 2.36), 7) the change of the status of an actual closed bank account, if a transaction was carried out on the bank account during the week preceding the current revision of the account status (Decision of the Board of the CBA 143-N of 28 September 2021, Annex 1(8)).

237. The Decision lists the information subject to reporting and timelines for submission of information (reports). This includes: 1) bank name, legal form, licence number, 2) identification information about the client and, if available, the authorised person, 3) account number, 4) account status (actually open or actually closed), 5) year, month, date of account status change, 6) year, month, date of account opening and/or closing, 7) bank safe deposit box number, and 8) the year, month, date of providing and (or) termination of use of the safe deposit box.

Beneficial ownership information on bank account

238. The standard requires that beneficial ownership information be available in respect of all bank accounts.

239. Article 16 of the AML Law requires that whenever banks perform CDD, they must determine whether the customer is acting on behalf and/or for the benefit of another person; identify and verify the identity of the authorised person and their authority to act on behalf of the customer; and identify the beneficial owner(s) and verify their identity. The CBA has a frequently asked questions section on its website with general information but has not issued specific guidance for banks on CDD, identification of beneficial owners and/or maintenance of banking information.

240. CDD is required to be carried out while establishing a business relationship, in case of doubts regarding the veracity or adequacy of previously obtained information and in case of suspicions relating to money laundering or terror financing. Ongoing CDD is required to be conducted throughout the course of the business relationship and the data must be updated at least once a year to ensure that it is up to date and relevant. The AML-obliged person should determine a different periodicity to update information in presence of higher or lower risks on the basis of a risk-based approach (Arts. 17 and 18 of the AML law). In case the CDD requirements cannot be implemented before or during the conduct of a transaction or the business relationship, or upon the directions of the CBA, the bank should refuse the transaction or the banking relationship and consider recognising it as suspicious.

241. Banks may adopt a risk-based approach for identifying and verifying the identity of the customer and its beneficial owners, understanding the purpose and intended nature of the transaction or business relationship and performing ongoing due diligence of the business relationship. Conducting enhanced CDD is required in all high-risk cases, whereas simplified CDD may be applied in low-risk cases.

242. Banks may rely on third-party CDD, but the bank must immediately obtain the requisite information from the third-party and take adequate steps to confirm that the third-party has the capacity to provide information obtained through CDD immediately upon request, including the copies of documents, that is subject to proper regulation and supervision, that it has effective procedures to conduct CDD and to maintain relevant information, and that is not domiciled or residing in, or is not from a non-compliant country or territory. The ultimate responsibility for CDD conducted by a third-party remains with the bank.

243. However, as discussed in section A.1 (paragraphs 111 et seq.), while the definition of beneficial owner in the AML legislation is generally

in line with the standard for companies, the method for identification of the beneficial owner presents certain uncertainties that could limit the scope of the definition. Further, the beneficial ownership definition does not take into account the form and structure of partnerships in Armenia (paragraph 171). Therefore, **Armenia is recommended to ensure that beneficial ownership information in line with the standard is available for partnerships**.

244. As discussed above (paragraphs 174 et seq.), Armenian authorities indicated that trusts cannot be established in Armenia. However, there is no provision in Armenian law that prohibits a trustee of a foreign trust to hold a bank account in the jurisdiction, and the AML Law requires the identification of participants and beneficial owners in trusts.

245. Therefore, the practical implementation of the availability of adequate, accurate and up-to-date information on the beneficial owners of all bank accounts, in accordance with the standard, will be examined during the Phase 2 review (see Annex 1).

Oversight and enforcement

246. The CBA licenses, regulates and controls the activities of banks in Armenia. Pursuant to Section 51 of the CBA Law, the CBA carries out inspections at banks (including at branches and subsidiaries operating abroad) and branches of foreign banks. The CBA may impose sanctions against banks in case of non-compliance or inadequate compliance with the applicable laws, including where rules for keeping records, as well as the procedure and conditions for submitting and publishing financial statements or other statements and reports have been violated and/or false or unreliable data have been presented in those documents; or the bank has not fulfilled an assignment given by the CBA (art. 60, Law on Banks and Banking Activity).

247. Any non-compliance or inadequate compliance with the requirements of the AML Law by a bank can result in a warning and an assignment to eliminate infringements; a fine; revocation of qualification certificates of executive officers of the bank; or a revocation of the licence, as established by the regulations of the banking sector (art. 30 of the AML law).

248. The CBA can establish the amount of the fine to be collected for each infringement, up to 5% of the amount of the "minimal statutory fund"[38]

38. According to the CBA Board Resolution No. 39-N adopted on 9 February 2007 on Approval of Regulation 2 on "Regulation of banking, prudential standards for banking" the minimum statutory capital of a functioning bank is set to be AMD 1 billion (EUR 2.3 million) and is made up of the nominal value of shares acquired by shareholders.

(i.e. EUR 115 000) in case of infringement of any of the prudential standards or delay in submission of statements and up to 1% of the amount of the minimal statutory fund (i.e. EUR 23 000) in other cases. However, the amount of the fine should not result in the adverse financial condition for the bank.

249. The CBA may also impose fines on the management of the bank for delay in the submission of statements, or statements with inaccurate information, hindering the onsite examinations by the CBA, or not-fulfillment of directives issued by the CBA or for infringement of other laws or regulations, up to a thousand-fold of the established minimum wage (AMD 1 000 000, EUR 2 355). The CBA may also deprive the managers of the qualification certificate or nullify the license of the bank.

250. The implementation of the legal framework and enforcement in practice will be examined during the Phase 2 review.

Availability of banking information in EOIR practice

251. The availability of banking information in practice will be examined during the Phase 2 review.

Part B: Access to information

252. Sections B.1 and B.2 evaluate whether Competent Authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

B.1. Competent Authority's ability to obtain and provide information

Competent Authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

253. The Armenian competent authority has direct access or sufficient powers to obtain information, including to process EOI requests, regardless of the absence of a domestic tax interest. There are legal obligations and processes in place that allow the competent authority to directly access or to require information from different sources, such as the State Unified Register, the CBA, the Central Depository of Armenia and third parties (AML-obliged persons and legal persons themselves) that must respond in a timely manner.

254. Although Armenia used to have bank secrecy provisions, these have been amended in May 2022 and now the competent authority can access this information. There is no limitation to access information relating to periods before the entry into force of the new provision.

255. However, there are gaps in terms of the professional secrecy, as the attorneys (advocates) have broad protection of client-attorney privilege that goes beyond what is prescribed by the standard.

256. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
The scope of professional secret for advocates could go beyond the scope allowed under the standard as it covers all information obtained by advocates acting in their professional capacity and is not limited to confidential communications produced in the context of obtaining legal advice or for legal proceedings. In addition, legal privilege in the context of legal proceedings extends to communications with third parties.	Armenia is recommended to ensure that the scope of professional secret is in line with the standard.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

B.1.1. Ownership, identity and banking information and B.1.2. Accounting records

Competent authority

257. The Competent Authority of Armenia for the application of the Multilateral Convention on Mutual Administrative Assistance on Tax Matters (the Multilateral Convention) and a regional EOI instrument (Agreement between the Member States of the Commonwealth of Independent States on Cooperation and Mutual Assistance on Issues of Compliance with the Tax Legislation and Combating Violations in this Area) is the SRC, i.e. the Armenian tax administration, or its authorised representative. The same generally applies to double taxation conventions concluded by Armenia, whereas less frequently the Competent Authority is the Minister of Finance or his/her authorised representative. For these cases, delegation is established to the SRC by the statutes of the SRC (art. 9(5) of the Law on the Tax Service).

Information directly available to the competent authority

258. Some information concerned with EOI requests is directly available within the SRC. In particular, the SRC has access to information provided by taxpayers at the time of their registration and to the tax returns ("tax calculation reports") filed by taxpayers, including entities which performed taxable transactions giving rise to tax liabilities.

259. In addition, the SRC has a direct online access to the centralised database maintained by the State Unified Register, including on legal and beneficial ownership.[39] Similarly, some information is routinely provided to the SRC by third parties:

- on state registration (record-registration) of organisations and individual entrepreneurs submitted by bodies carrying out state registration (record-registration) of organisations and individual entrepreneurs as prescribed by law
- on the issued passports and identification cards submitted by the authorised body maintaining the State Register of population
- on the issued permits and/or licenses and record-registered notifications, submitted by the authorised body issuing permits or licenses for or record-registering notifications on carrying out a certain type of activity as prescribed by law
- on the results of those inspections conducted among taxpayers by the bodies authorised to conduct inspections which relate to the financial or economic activities of the taxpayer
- on the bank accounts opened by clients, submitted by the CBA and commercial banks (see below)
- on property, its owners, registered rights to property, limitations and changes thereto, submitted by the relevant authorised bodies carrying out registration (record-registration) of property and/or registration (record-registration) of the rights and limitations to property
- submitted by notaries in cases and in the manner prescribed by the Law on notaries
- on securities accounts opened by clients and on stockholders of JSCs, held by Central Depository and other persons entitled to keep a register of security owners (nominees) on the securities accounts, which are provided in the manner prescribed in the Law on Securities Market[40]
- on imports to Armenia, including information on the customs fees made.

39. Decree no. 1255-N dated 5 October 2017 "On determining the procedure for submitting additional information provided by third parties in connection with the written request of the tax authority".

40. The Law on Securities Market (art. (98)(2)(6)), correspondingly specifies in this connection the information that can be exchanged includes: information on the opened security accounts of a client and the holders of stocks of a JSC to the tax authorities in the manner and content prescribed jointly by the CBA and the tax authorities based on the [Tax Code] by the Central Depository and the persons entitled to keep a register of the security holders (nominal holders).

260. When information is not held by the SRC or directly available to it, the SRC can use its access powers granted by the Tax Code.

Access powers for exchange of information purposes

261. Pursuant to the Tax Code (adopted on 4 October 2017 and entered into force on 1 January 2018), the SRC has power to access information in the framework of a "tax control", which is defined as "the set of actions of the tax authority prescribed by the Code within the scope of powers vested in the tax authority" (art. 328).

262. The main mechanism used to access information related to a EOI request is tax examinations (art. 343 and art. 349), which can be desk-based or field examinations. Field examinations can only have specific purposes, specified by the law, including to respond to an incoming EOI request.[41]

263. The Tax Code explicitly refers to access to information for exchange of information purposes. First, Article 343 provides that tax examinations can be performed "in response to the inquiries of the authorised body of a foreign state[42] in accordance with the provisions of the international treaties of the Republic of Armenia". Second, Article 349 contains the specific provisions that regulate examinations carried out for responding to inquiries of the authorised body of a foreign state in accordance with provisions of international treaties in force in Armenia.

264. Tax examinations require a "letter of instruction" issued by the head of the tax authority or, by delegation, by the head of the tax inspectorate (art. 343), that must be submitted to the taxpayer at least one working day before the start of the examination (art. 347). The letter of instruction contains mandatory elements, including the type, purpose of and legal grounds for the examination (art. 343(6)(4)) and the term for each examination with the taxpayer, that cannot exceed 15 consecutive working days (art. 349). The Armenian authorities indicate that the letter of instruction shows that there is an international request for information but does not disclose which jurisdiction the request is from, nor any other detail. This also applies to third party requests. In addition, there are specific anti-tipping off provisions

41. The other specific purposes for tax examinations are test purchases, measurements, reimbursing the income tax applied to non-residents, etc. Other types of tax controls include tax inspections (art. 335), which can be complex (verifying the general compliance with tax requirements) or thematic (verifying the compliance with specific requirements, e.g. inspection of accuracy of baseline data and coefficients prescribed by the Tax Code). These are not relevant for EOI purposes.

42. According to Armenia this would also include a foreign jurisdiction. In addition, if there is a legal basis to exchange information through a treaty, this provision prevails under the constitutional framework.

for banks (art. 13(1) of the Law on Bank Secrecy), insurance companies (art. 115 of Law on Insurance and Insurance Activities) and the security market participants (art. 198(4)(2) of Law on Securities Market), owning confidential information (see paragraphs 307 and 310).

265. According to Article 36(13) of the Tax Code, when performing a tax examination, the SRC has the right to:

- require documents, data, explanations, statements, calculations and other information which are directly related to the objectives and issues of the tax control exercised within the scope of their competence
- receive documents (including originals, copies or photocopies), items (including computer equipment for the breakdown of computer programmes) or samples which are directly related to the objectives and issues of tax control
- have unfettered access to the taxpayer's office, commercial, production, storage, archive premises and other facilities used for the taxpayer's business in the presence of a representative of the taxpayer undergoing tax control; seal these premises and constructions when conducting inventory taking, taking measurements, and in other cases prescribed by the Tax Code, seal cash registers, cars, tanks, inspect the premises and constructions mentioned in this point, as well as of vehicles, documents and items.

266. Besides accessing information directly from the taxpayer involved through a tax examination, the SRC has also powers to request information from third-party information holders for exchange of information purposes. Pursuant to Article 350 of the Tax Code (on "Information used during tax control") and Decree N 1255 of 5 October 2017 "on determining the procedure for submitting information to the tax authority by third parties through an inquiry about the transaction or operation or activity of another taxpayer", the SRC can use the information submitted by third parties, meaning "a state administration or local self-government body, and taxpayer who shall submit to the tax authority information on a transaction or operation or activities of another taxpayer" (see above).

267. Finally, Decree N 1255 of 5 October 2017 established the general provisions and the procedure for third parties to provide information related to an inquiry about a transaction or operation or activity of another taxpayer (as established in art. 350(2) of the Tax Code).

268. Among the reasonable reasons for which a third party could refuse (or partially refuse) a request are the lack of one of the formalities (type, purpose, legal grounds), the existence of a state, bank, insurance statistic, commercial or other secret that is protected by law (see B.1.5 below) or the third party does not possess, and cannot access the information requested.

269. If the SRC needs to obtain additional information in relation to the information already received, it may send a "letter of inquiry" to those who have submitted the information.

270. The implementation of the SRC access powers in the practice of EOIR will be assessed during the Phase 2 of the review.

Accessing beneficial ownership information

271. Beneficial ownership information is accessible to the tax authorities through a variety of sources. First, the SRC has direct access to the State Unified Register, and this should allow for accessing adequate, accurate and up-to-date beneficial ownership information when this is available (art. 350 Tax Code). In addition, other third parties, such as AML-obliged persons or the legal persons which hold beneficial ownership information, may have to provide information on beneficial owners to the tax authorities as part of a tax examination (art. 350 Tax Code and Decree N 1255 of 5 October 2017). This request would be in line with the obligation to make available information (including documentation) obtained in the course of CDD to relevant supervisory and criminal prosecution authorities, as well as to auditors (art. 22 of AML Law). The Decree indicates that the AML-obliged person would have to refuse if the request concerns a bank, insurance, or commercial secret (art. 7 of Decree N 1255 of 5 October 2017) or could incur in a violation of the prohibition to inform about the filing of suspicious transaction report related to the taxpayer (art. 6(5) of AML Law). However, the lifting of banking and insurance secrecy is governed by a law and is above this provision, which should thus not be an impediment to access to information. Commercial secret is protected by the standard. Finally, the limitation related to suspicious transaction reports would not in itself impede the access to information considering that these reports would not usually be a source to access beneficial ownership information.

Accessing banking information

272. The situation of access to banking information has greatly evolved recently. Before May 2022, the SRC had access to a limited list of banking information, that it collected periodically from all banks in Armenia. Apart from this list of items, the SRC could access banking information only in the framework of civil or criminal proceedings. This prevented accessing information for EOIR purposes.

Banking information routinely available

273. Information on the opening (and closure) of bank accounts, as foreseen in Article 350 of the Tax Code (see paragraph 267), is subject to direct reporting to the SRC. Based on such requirements, the SRC has direct availability of information about the owners of bank accounts in any Armenian bank since 2014.[43]

274. The information provided to the SRC includes:

- name of the bank (head office or branch) and bank identification number (5-digit code)
- date of opening (or closing) of bank account
- number of the bank account opened or closed
- currency of bank account
- name of the customer
- customer tax identification number
- code of tax service/agency where customer is registered as a taxpayer.

275. Banks generate an electronic message with these mandatory fields and send it to the SRC (one message for each account opening or closing) no later than the next working day of opening/closing of the bank account. The SRC, upon receipt of a message, verifies the completeness and reliability (e.g. correct TIN associated to the taxpayer) of the information provided and, by the next working day, sends an acceptance message to the bank or an error message in case errors are detected (the bank is then expected to send the corrected information to the SRC within one working day). Banks can only perform transactions through opened accounts after receiving acceptance message from the SRC.

Impediments to access further information until 2022

276. Besides information about account owners, transactional information is subject to bank secrecy (see also dedicated section below, paragraph 290 et seq.), and the SRC has to apply to court for the issuance of a decision to obtain information from the bank.

43. Pursuant to the Decision of the Board of the BCA N142-n dated 24 June 2014 and to the Ministry of Finance Order N664-n dated 3 October 2014, banks are obliged to provide electronically to the SRC, with the consent of the taxpayers, information about opening and closure of bank accounts.

277. Until 2022, the application could be done only pursuant to the Civil or to the Criminal procedure, with the potential limitations to access when there was not a sufficient basis to open and succeed on a civil or criminal case and the potential delays of this type of process could entail.

Full access to banking information for EOIR purposes since 2022

278. A new administrative procedure has been introduced effective from 14 May 2022. Section 31.7 of the Code of Administrative Legal Proceedings is dedicated to the Administrative Legal Proceedings on the exchange of confidential information by tax authorities. The SRC can apply to the Administrative Court, requesting the confidential information for tax purposes based on an international tax agreement ratified by Armenia.

279. The administrative procedure is launched upon the request of the SRC through an application with a brief description of the EOI request, the fact on which it is based, the evidence gathered, the identification of the person (or persons included in a group) related to the request, and a statement that the request is based on a requirement to exchange information for tax purposes provided by an international agreement ratified by Armenia and that the requested information meets the requirements set thereof (art 222.21). The Administrative Court has to consider the case within three days after receiving the application; it is considered by a single judge through written procedure, and where no formal issues are encountered,[44] the court order should be issued within 15 days after the receipt of the application (art. 222.22). The Administrative Court would decide to authorise the access of information by the tax authority or refuse to it on the basis that the request: a) is not in line with the requirements set by the international tax agreement, b) would disclose trade information of economic value that can cause harm to the taxpayer, c) would disclose information protected by professional secret based on an attorney legal privilege, or d) could disclose state and official information protected by the Law on State and Official Secrecy and have serious consequences for the Republic of Armenia (art. 222.23).

280. The Administrative Court then would forward the decision to the SRC and notify the person or group of persons concerning whom the court decision is issued. There is a possible exception to this notification (art. 222.23(4); see section B.2 below).

281. The decision by the Administrative Court may be appealed within 10 days to the Administrative Court of Appeal that would also hear the case

44. In case any formal issues are encountered, the Administrative Court would request within three days to resolve them and the SRC would then have two days to send the request again.

by a single judge through written procedure and its order would be final (art. 222.23(6)).

282. In addition, further amendments to the Tax Code adopted in January 2023 established in Article 350.1 that the SRC can access information protected by bank secrecy directly from the CBA when the taxpayers agree with the request in written form. The tax authority would require the taxpayer to provide in electronic or paper format information about the bank account statement together with the agreement to receive the statement of the bank account through the CBA. It is unclear what information is disclosed to the taxpayer as it is not stipulated in the law, so this will be considered as part of the Phase 2 review. In case the taxpayer does not give its consent, the competent authority can go through the court process explained above. The implementation in practice of the new procedure to access banking information will be assessed in the Phase 2 of the review (see Annex 1).

B.1.2. Accounting records

283. Information on accounting records is generally gathered from the taxpayer involved, in the framework of a tax examination (see paragraph 262 et seq.).

284. The Law on Accounting provides that information contained in initial accounting documents, registers, and statements prepared for internal use constitute commercial secret, whereas information reflected in financial statements does not constitute commercial secret (art. 15 on the Confidentiality of accounting information). However, this does not affect or prevent the access to this information by tax authorities as Article 36 of the Tax Code gives sufficient powers to tax officials when performing their duties (see paragraph 266).

B.1.3. Use of information gathering measures absent domestic tax interest

285. The concept of "domestic tax interest" describes a situation where a contracting party can only provide information to another contracting party if it has an interest in the requested information for its own tax purposes.

286. In Armenia, Article 343 of the Tax Code provides that tax examinations can be performed "in response to the inquiries of the authorised body of a foreign state in accordance with the provisions of the international treaties of the Republic of Armenia". This explicit reference to exchange of information as a cause for tax examination excludes the need of a domestic tax interest to use this access power.

B.1.4. Effective enforcement provisions to compel the production of information

287. In the framework of a tax control, including a tax examination, SRC officials, with the participation of the representative of the taxpayer, can have unfettered access to the premises or buildings used as places of business by the taxpayer, and examine these premises or buildings (art. 352 of the Tax Code), provided that this is specified in the letter of instruction. SRC officials may also carry out a scrutiny of the taxpayer's premises, buildings, vehicles, documents, and items. In case the taxpayer refuses the access to the premises, then the SRC official can issue a protocol stating the refusal (art. 352(2) of the Tax Code) and penalties may apply (see paragraph 289). Where necessary, photo and video materials may be produced, and copies of documents may be made during the scrutiny (art. 354 of the Tax Code). Officials may also seize copies of the necessary documents and "items" (copy of the documents in a tangible media containing information which has relevance to the given tax inspection) related to the tax control, samples and, in case copies are not sufficient, even original documents (art. 353 of the Tax Code).

288. If the taxpayer does not comply with the request to provide information, penalties pursuant to the Code of Administrative Violations can be issued by the SRC. In particular, according to Article 182, for not providing documents, data and other information directly related to the inspection objectives, or for hindering inspections which are conducted as prescribed by law, a fine can be imposed to individuals, amounting to AMD 100 000 (EUR 235), and amounting to AMD 250 000 (EUR 588) to administrators of the legal persons.

B.1.5. Secrecy provisions

Bank secrecy

289. Armenia has legislation on bank secrecy, foreseen in the Law on Bank Secrecy of 7 October 1996. Bank secrecy applies to all information that becomes known to the bank in the course of its official activity with its customer, such as information on customer's accounts, transactions, as well as customer trade secret, facts relating to any other projects or plans of its activity, invention, sample products and any other information which the customer has intended to keep in secret and that the bank becomes aware or may have become aware of such intention (art. 4(1) of the Law on Bank Secrecy). The provisions on bank secrecy apply to the banks operating in the Armenian territory and to the CBA, as it is foreseen that banks are considered as customers of the CBA (art. 1 of the Law on Bank Secrecy).

290. Pursuant to Article 13 of the Law on Bank Secrecy, banks are required to submit confidential banking information on their customers to the SRC only on the ground of a court decision taken under either:

- the Code of Civil Procedure or the Code of Criminal Procedure
- Section 31.4 of the Code of Administrative Legal Proceedings
- a lawful final court judgment effected for impounding customer bank accounts.

291. The procedure in the second bullet point was added with a reform introduced in 2022, effective from 14 May 2022.

292. Amendments made to the Code of Administrative Legal Proceedings, the Law on Bank Secrecy, the Law on Securities Market and the Law on Insurance and Insurance Activities effective from 14 May 2022 enable the SRC to apply to the Administrative Court to access information constituting secrecy in banks and other financial institutions (i.e. insurance secret according to the Law on Insurance and Insurance Activities and work-related information according to the Law on Securities Market).

293. In addition, further amendments to the Tax Code adopted in January 2023 established in Article 350.1 that the SRC can access information protected by bank secrecy directly from the CBA when the taxpayers agree with the request in written form. To avoid any delay or prevention of effective exchange of information, a mechanism of subsequent notification is prescribed by Amendments. This process and the exception to such notification is also discussed below (see paragraph 309).

Professional secrecy

294. The Law on Advocacy (art. 17) defines the advocate as a person who has obtained an authorisation (pursuant to the same law) to practise the profession of advocate, is a member of the Chamber of Advocates, and has made an oath. An advocate is an independent adviser on legal issues.

295. According to Article 25 of the Law on Advocacy, advocate-client privilege covers the information that clients provide to advocates, as well as the information and evidence not known to the public and obtained by advocates independently during the practice of their profession. Interrogation of advocates on circumstances which became known to them in connection with a request to provide legal assistance or in connection with providing such assistance are prohibited. The duty to observe advocate-client privilege has no time limit. The only cases when advocates must disclose information covered by advocate-client privilege are when:

- The client consents to such disclosure.

- It is necessary in supporting claims made in a court dispute between the advocate and the client, or for the advocate's defence.
- There exists information on a grave or particularly grave criminal offence provided for by the Criminal Code, which is certain to occur.

296. Therefore, the scope of professional secrecy for advocates could go beyond the scope allowed under the standard as it covers all information obtained by advocates acting in their professional capacity and any information and evidence that they obtained independently during the practice of their profession. Consequently, the legal privilege is not limited to confidential communications produced in the context of obtaining legal advice or for legal proceedings and it could extend to situations where the client gave some documents to the advocate which are not related to specific legal advice or legal proceedings, information of a client that they have received or gathered through a third party or where the advocate acts as a trustee, for instance. In addition, legal privilege in the context of legal proceedings extends to communications with third parties. **Armenia should ensure that the scope of professional secrecy is in line with the standard**.

B.2. Notification requirements, rights and safeguards

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

297. The rights and safeguards applicable to individuals in Armenia are compatible with effective exchange of information. The Armenian legal framework establishes that taxpayers should not be informed about an EOI request, except when it is necessary to conduct an examination to gather the requested information. In this case, the tax authority would only disclose that it is based on an international request.

298. In addition, although there are appeal rights against tax examinations, these are not directed to the EOI request itself.

299. The conclusions are as follows:

Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in Armenia are compatible with effective exchange of information.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

B.2.1. Rights and safeguards should not unduly prevent or delay effective exchange of information

No general right to notification

300. The tax legislation does not require to notify the taxpayer (prior or ex-post) about an EOI request when the information requested is available in the SRC or can be obtained from other state bodies.

301. The Order of the SRC Chairperson no. 506/2020 on EOI (SRC EOI Order) provides, in Chapter 20(1), that the SRC shall not notify the taxpayer that it "has received an EOI request, except for the cases when for gathering the requested information it is necessary to conduct a tax examination" (art. 349 Tax Code) or "other operational intelligence activities at the given taxpayer provided for by the Law on Operational Intelligence Activity, where the procedure requires that the taxpayer involved be mandatorily notified of the reasons for the activities".

302. Armenia's tax authority has the power to conduct operative intelligence activities stipulated by Armenia's Law on Operative Intelligence Activity, such as the operational enquiry, collection of samples, test purchase, controlled supply and purchase, operative infiltration, operative experiment, external surveillance, etc., and the information obtained as a result of such operative intelligence measures can be used for the tax control purposes. Most of the listed activities are generally not required for the fulfilment of the EOI requests. Usually, the Armenian tax authority applies the operative intelligence activity to conduct questioning or external surveillance when the requested information is in possession of a natural person other than an individual entrepreneur or where there is a need to make an onsite visit to a location other than the domicile of a registered taxpayer.

303. The SRC EOI Order also provides that when the requesting jurisdiction indicates that the taxpayer must not be informed of the EOI request, the SRC will not undertake such measures for obtaining the information from the taxpayer.

Information of the taxpayer

304. Where the taxpayer or third party holding the information is to be communicated about the EOI request, the SRC EOI Order provides that they will be provided with only the minimum amount of information on the EOI request necessary to properly respond to the questions covered in it and that, in any case, the letter of the request for exchange of information itself must not be provided to the taxpayer. In addition, no other information is disclosed but the basis of the examination being an international request; neither the jurisdiction nor other specifics would be disclosed.

305. The person subject to a tax examination is entitled to appeal the decision to open the examination and benefit from the rights entitled by Article 36 of the Tax Code. However, these rights do not appear to limit the capacity of the Tax Authority to access to information in accordance with the standard as although it could delay the response, the timings for the process of appeal to be conducted should still allow for effective exchange of information (see below).

306. Article 13 of the Law on Bank Secrecy, introduced with the amendments made in 2022 (see paragraph 293), specifically provides that the bank is prohibited to notify its customers on the fact it is providing information covered by bank secrecy to the SRC pursuant to the Code of Administrative Legal Proceedings. The security market participants, mainly the Central Depository, are also prohibited to notify their customers on the fact of providing information to the SRC pursuant to the Code of Administrative Legal Proceedings.

Notification in case of banking information

307. When the SRC applies to the Administrative Court for the authorisation to access banking information, the Administrative Court notifies the concerned person or group of persons of its decision immediately.

308. There is an exception to this notification when the SRC indicated the need to not notify the person or group of persons concerned, on the grounds that it may impede the effective implementation of powers of the foreign Tax Authority. It also has to guarantee that it will present a notice from the foreign Tax Authority requesting not to notify the person or group of persons concerned. In case the exception is granted, the notification is issued once such grounds ceased or after two years of the date of the decision (art. 222.23(4) of the Tax Code). The partner jurisdiction would be previously consulted in such cases.

309. In the meantime, banks (art. 13(1) of the Law on Bank Secrecy), insurance companies (art. 115 of Law on Insurance and Insurance Activities) and the security market participants (art. 198(4)(2) of Law on Securities Market), owning confidential information, are prevented from notifying their customers on the fact of providing confidential information to avert the undermining the chance of success of the investigation conducted by the requesting jurisdiction.

310. The implementation in practice of the notification rights and related exception will be assessed in the Phase 2 review (see Annex 1).

Appeal rights

311. According to Chapter 80 (art. 440 et seq.) of the Tax Code, a taxpayer has the right to appeal against the actions of the SRC and its tax officer/inspector against the Appeal Commission of the SRC or the court. The procedure for considering the appeal by the Appeal Commission of the SRC established that the individual legal acts adopted by the tax authority may be appealed within two months from the day it entered into force and the actions or omission of the tax officer may be appealed against within one month from the day they were carried out or occurred. The Appeal Commission should adopt a decision in written form within 30 days of receiving the complaints and this can be extended for 15 days.

312. Decisions made by the Appeals Commission of the Tax Authority are signed by the Chair of the commission with an electronic signature. Decisions come into force the day following notification. The commission informs the applicant about the adoption of the decision within three working days after the adoption of the decision by posting the decision on the personal page of the taxpayer's electronic management system for submitting reports to the tax authority. The placement of the decision is certified by the electronic system. The Commission informs natural persons not registered as taxpayers about the adoption of the decision in accordance with Article 59 of the Law of the Republic of Armenia "On Basics of Administration and Administrative Procedure". Decisions of the Appeals Commission of the Tax Authority may be appealed to the Administrative Court within two months after the adoption of individual legal acts by SRC and one month after the action of omission of the tax officer. The decision by the Administrative Court concerning access to banking information may be appealed within 10 days to the Administrative Court of Appeal that would also hear the case by a single judge through written procedure and decide within 10 days. Its order would be final (art. 222.23(6)).

313. Although this right to appeal the decision of tax officials to open a tax examination could delay the access to relevant information, it does not extend to the decision to respond to an EOI request. The appeal would only be directed to the tax examination that would be needed to respond to the EOI request. However, the timing for deciding on the appeal should not obstruct or hinder the capacity of the tax authority to request the information to be able to respond to the request within a reasonable timeframe. Armenia has informed that such appeal has never occurred in practice. In addition, if the information is already available with the SRC or another public authority, the taxpayer would not be informed of the EOI request and would not have any appeal rights.

314. The implementation in practice of the appeal procedures will be assessed in the Phase 2 review.

Part C: Exchange of information

315. Sections C.1 to C.5 evaluate the effectiveness of Armenia's network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all Armenia's relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether Armenia's network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Armenia can provide the information requested in an effective manner.

C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

316. Jurisdictions generally cannot exchange information for tax purposes unless they have a legal basis or mechanism for doing so.

317. Armenia has an extensive EOI network covering 153 jurisdictions through the multilateral Convention on Mutual Administrative Assistance on Tax Matters (the Multilateral Convention), 51 Double Taxation Conventions (DTCs),[45] 6 Tax Information Exchange Agreements (TIEAs) and a Regional EOI Instrument: the Agreement between the Member States of the Commonwealth of Independent States (CIS) on Cooperation and Mutual Assistance on Issues of Compliance with the Tax Legislation and Combating Violations in this Area (CIS Agreement) with a Protocol on the Exchange of Information in Electronic Form in Tax Matters (see Annex 2).[46]

45. A DTC was signed between Armenia and Egypt on 6 December 2005. However, it is not considered for the purposes of this review as both parties have stated that they would negotiate a new agreement and would not continue the administrative process to put into force the previous one.

46. Armenia is also a Party to the the Protocol on Joining of the Ministry of Finance of the Republic of Armenia to the Protocol between the Tax Authorities of the Member States of the EurAsian Economic Union (EAEU) on the Exchange of Electronic

318. The Multilateral Convention was signed by Armenia on 24 January 2018 and entered into force in Armenia on 1 June 2020. The CIS Agreement and its protocol also entered into force in 2000.

319. When the Multilateral Convention applies to the relationship between Armenia and partners, the relationship conforms to the standard, and the present report does not assess the conformity of any other applicable instrument(s), as it is the responsibility of the requesting authority to refer to the Multilateral Convention when the other instrument(s) do not meet the standard. Therefore, the present report focuses on the eight relationships that are based exclusively on bilateral or regional instruments.[47] Six of them do not fully meet the standard, but Armenia has started negotiations for a protocol with some partners.

320. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms of Armenia.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.1.1. Standard of foreseeable relevance

321. The standard for exchange of information envisages information exchange to the widest possible extent, but does not allow speculative requests for information that have no apparent nexus to an open inquiry or investigation (i.e. "fishing expeditions"). Exchange of information mechanisms should allow for EOIR where it is foreseeably relevant to the administration and enforcement of the domestic tax laws of the requesting jurisdiction.

322. The Multilateral Convention and the DTCs with Iran, Syria and Turkmenistan provide for exchange of information that is either "foreseeably relevant" or "necessary" to the administration and enforcement of the domestic laws of the contracting parties concerning taxes covered in the DTCs. The OECD Model Tax Convention recognises in its commentary to

Information about the Paid Amounts of Indirect Taxes. This agreement is outside of the scope of the present review as it does not relate to direct taxation.

47. With the Islamic Republic of Iran (Iran), the Syrian Arab Republic (Syria) and Turkmenistan through DTCs, and with Belarus, Kyrgyzstan, Tajikistan and Uzbekistan through the CIS regional agreement and/or DTCs.

Article 26 that the terms "necessary" and "relevant" allow the same scope of exchange of information as does the term "foreseeably relevant". Armenia confirms adhering to this interpretation.

323. The CIS Agreement refers more broadly to "the co-operation and mutual assistance of the Competent Authorities of the Parties on issues of compliance with the tax legislation and combating violations in this area", including in the form of "exchange of information on taxpayers' compliance with tax legislation". The agreement does not require that the "information" to be exchanged be "foreseeably relevant", but it should nonetheless relate to compliance matters. The CIS Agreement requires that an EOI request mentions the "requisites" of the concerned taxpayers, i.e. the taxpayer should be identifiable as well as the information that is being requested. A request containing no name of entities should consequently be rejected (e.g. typically in a group request). However, this limitation does not affect the exchange of information when another EOI instrument is available with the respective jurisdiction, provided the requesting authority refers to this other instrument and that it meets the standard. Thus, this provision could limit the scope of EOI only with Uzbekistan (once this partner will have ratified the CIS Agreement).

324. In any case, the SRC EOI Order, which serves as a basis for the EOIR practice of Armenia, stipulates that any incoming EOI request must be verified for the foreseeable relevance of the information requested in order to enable the exchange of information. The SRC EOI Order prescribes the EOI Unit to check the incoming request for validity (e.g. time period and tax covered by the EOI agreement, Competent Authority signature), integrity (meaning completeness), clarity, specificity and "foreseeable relevance" of requested information with the taxpayer's case and the requirements of the tax treaty. If the incoming request is considered invalid, the EOI Unit will reject it, indicating the reasons. If the incoming request is considered incomplete, or if information therein is not sufficient to make such a determination, the EOI Unit must request additional information or clarification.

325. Armenia has not set a list of all elements that should be contained in an EOI request, nor indicated having rejected an EOI request because of a lack of foreseeable relevance of the requested information or lack of sufficient identification of the concerned taxpayer over the last few years. The EOIR practice will be assessed in the Phase 2 of the review.

Group requests

326. Armenia's EOI agreements and domestic law do not contain language that is incompatible with group requests, except for the CIS agreement that conditions EOI to the request mentioning the name of the concerned person(s) as mentioned above. No special procedure for incoming group

requests is established in the SRC EOI Order or elsewhere[48] for processing a group request. In practice, Armenian authorities indicated that no group request has been received over recent years, and that if received it would be handed over by the EOI Unit to the relevant subdivision(s) of the SRC to identify the persons involved and provide the requested information on them based on the potential source of information that would be required to be accessed.

327. Armenia should monitor that the SRC EOI Order ensures the processing of Group Requests in line with the standard (see Annex 1).

C.1.2. Provide for exchange of information in respect of all persons

328. For exchange of information to be effective, it is necessary that a jurisdiction's obligation to provide information is not restricted by the residence or nationality of the person to whom the information relates or by the residence or nationality of the person in possession or control of the information requested. For this reason, the standard envisages that exchange of information mechanisms will provide for exchange of information in respect of all persons.

329. All the EOI relationships of Armenia allow for exchange of information in respect of all persons.

C.1.3. Obligation to exchange all types of information

330. Jurisdictions cannot engage in effective exchange of information if they cannot exchange information held by financial institutions, nominees or persons acting in an agency or a fiduciary capacity (see Article 26(5) of the Model Tax Convention).

331. The Multilateral Convention explicitly allows for the exchange of all types of information.

332. The DTCs with Iran, Syria, Tajikistan and Turkmenistan do not contain language similar to Article 26(5) of the OECD Model Tax Convention, explicitly providing for the obligations of the contracting parties to exchange information held by financial institutions, nominees, agents and ownership and identity information. Armenia has informed that Protocols related to some of these DTCs are under negotiation with its partners. The absence of

48. The SRC EOI Order, on the other hand, provides in the checklist for outgoing requests that where the Armenian competent authority may not provide full names and addresses of the entities and/or individuals involved, a group request may be submitted, by including other type of information sufficient to identify entities and/or individuals. The group request shall not be made if it is an abusive request (fishing expedition).

this language from the DTCs with Iran, Syria, Tajikistan and Turkmenistan which are non-Global Forum members and/or have not yet undergone peer reviews, may be a concern as these may have legal restrictions to access bank information for EOI purposes under their domestic laws. Therefore, these treaties cannot be considered as meeting the standard.

333. The CIS Agreement refers to the exchange of information on "the existence of taxpayers' accounts in state-owned and commercial banks in accordance with the requirements of the legislation of the Parties". The reference to the legislation of the Parties may limit the exchange of this type of information, should a Party not be able to lift bank secrecy for tax purposes and exchange be subject to reciprocity. As not all Parties are Global Forum members, it is not known whether the application of this provision would meet the standard in all cases.

334. Armenia should continue to work with Iran, the Syrian Arab Republic, Tajikistan, Turkmenistan and Uzbekistan to ensure that the exchange of information with these partners is in line with the standard (see Annex 1).

C.1.4. Absence of domestic tax interest

335. The concept of "domestic tax interest" describes a situation where a contracting party can only provide information to another contracting party if it has an interest in the requested information for its own tax purposes. An inability to provide information based on a domestic tax interest requirement is not consistent with the standard. Contracting parties must use their information gathering measures even though invoked solely to obtain and provide information to the other contracting party, as set in Article 26(4) of the Model Tax Convention.

336. The Multilateral Convention explicitly provides for exchange of information even in the absence of a domestic tax interest in the concerned information in the requested jurisdiction.

337. The DTCs with Iran, Syria, Tajikistan, and Turkmenistan and the CIS Agreement do not contain an equivalent provision. The omission of this wording does not automatically create restrictions on EOI. Armenia has no domestic restrictions in accessing information (see section B.1.4 above) and does not apply a reciprocity condition to its partners. Armenia should continue to work with Iran, the Syrian Arab Republic, Tajikistan, Turkmenistan and Uzbekistan to ensure that the exchange of information with these partners is in line with the standard (see Annex 1).

338. The requests received by Armenia are not subjected to evaluation based on the presence of a domestic tax interest in obtaining the information. The SRC EOI Order does not require EOI officials to check whether

the incoming requests refer to information for which Armenia has a domestic tax interest.

C.1.5 and C.1.6. Civil and criminal tax matters

339. Information exchange may be requested both for tax administration purposes and for tax prosecution purposes. The principle of dual criminality provides that assistance can only be provided if the conduct being investigated (and giving rise to an information request) would constitute a crime under the laws of the requested jurisdiction if it had occurred in the requested jurisdiction. To be effective, exchange of information should not be constrained by the application of the dual criminality principle.

340. All of Armenia's EOI instruments provide for exchange of information in both civil and criminal tax matters. In addition, there are no such provisions in any of Armenia's EOI instruments that would indicate that a dual criminality principle would restrict the EOI for tax purposes.

341. The SRC EOI Order clearly refers to exchange of information in both civil and criminal tax matters.

C.1.7. Provide information in specific form requested

342. In some cases, a contracting party may need to receive information in a particular form to satisfy its evidentiary or other legal requirements.

343. There are no restrictions in Armenia's EOI agreements or domestic laws that would prevent it from providing information in a specific form. Armenia reported that if the SRC is asked to send the response to an information request in a specific form, it would respect it, if applicable under the underlying international treaty and domestic law. However, there is no provision in domestic laws that allows for the deposition of witnesses as part of an EOI request, which means that this would not be allowed.

C.1.8 and C.1.9. Signed agreements should be in force and be given effect through domestic law

344. Exchange of information cannot take place unless a jurisdiction has EOI arrangements in force. Where EOI arrangements have been signed, the standard requires that jurisdictions take all steps necessary to bring them into force expeditiously.

345. The Law on International Agreements of 23 March 2018 establishes the procedure to give effect to the international agreements concluded by Armenia (art. 10-14). Once the signing procedure is completed, an international agreement becomes binding through ratification by the National Assembly or

approval from the President of the Republic (for those international agreements that do not require ratification by the National Assembly). DTCs fall within the international instruments that need to be ratified by the National Assembly. Upon completion of the procedures for ratification, the ratified international agreement enters into force and become effective in the manner and from the date provided for by that agreement. There is no additional step required in Armenia to give effect to EOI instruments.

346. The time between the signing and the ratification of a bilateral agreement is normally around one year and does not exceed three years.

347. The three DTCs signed recently (Kyrgyzstan, Malta and Singapore) entered into force after more than two years from the date of signing. Armenia reported that the COVID-19 pandemic, the elections in 2019 and 2021 and the conflict with Azerbaijan are the reason of the delay. However, this delay was compensated by the existence of other applicable EOI instruments.

348. The table below summarises outcomes of the analysis under Element C.1 in respect of Armenia's bilateral EOI mechanisms.

EOI mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	**153**
In force	144
In line with the standard	140
Not in line with the standard	4 [a]
Signed but not in force	9
In line with the standard	8 [b]
Not in line with the standard	1 [c]
Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms	**3**
In force	3
In line with the standard	0
Not in line with the standard	3 [d]
Signed but not in force	0

Notes: a. Iran, Syria, Tajikistan and Turkmenistan.

b. Multilateral Convention signed but not in force in: Gabon, Honduras, Madagascar, Philippines, Papua New Guinea, Togo, United States, Viet Nam.

c. Regional instrument signed but not in force in Uzbekistan.

d. Iran, Syria and Turkmenistan.

C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

349. Armenia has an extensive EOI network covering 153 jurisdictions through 51 DTCs, 6 TIEAs, 1 Regional Instrument and the Multilateral Convention. Armenia's EOI network covers a wide range of counterparties, including all OECD members and all G20 countries. Armenian authorities identified its main commercial partners in terms of imports and exports being Russia, China, Switzerland, Germany and Iran. Armenia's EOI network covers all these jurisdictions.

350. Armenia has in place an ongoing programme for negotiation of EOI agreements and is currently negotiating protocols to existing DTCs and new DTCs.

351. The Multilateral Convention is not applicable in Armenia for exchanging information with Azerbaijan and Türkiye, due to declarations that the parties have made.[49] The regional CIS Agreement is also not applicable between Armenia and Azerbaijan as both parties made unilateral reservations excluding their application with respect to each other. As the standard ultimately requires that jurisdictions establish an EOI relationship that meets the standard with all partners who are interested in entering such relationship, and as the parties have declared no bilateral interest in entering into an EOI relationship with each other, Azerbaijan and Türkiye are not considered as relevant partners for that purpose.

352. No Global Forum members indicated, in the preparation of this report, that Armenia refused to negotiate or sign an EOI instrument with it. Armenia should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

49. Azerbaijan (with declaration dated 23 May 2014) and Türkiye (with declaration dated 19 October 2011) declared that they would apply the provisions of the Convention and the Protocol only in respect of the States Parties with which they have diplomatic relations. Armenia declared in the instrument of ratification of the Multilateral Convention its objection to these two declarations, and that until their withdrawal, it will be unable to ensure the application of the Convention and Protocol in respect of Azerbaijan and Türkiye.

353. The conclusions are as follows:

Legal and Regulatory Framework: in place

The network of information exchange mechanisms of Armenia covers all relevant partners.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

354. Armenia's EOI instruments contain the necessary confidentiality provisions for safeguarding all information regarding exchange of information. Such information is to be shared only with authorities and persons covered by the DTCs, the CIS Agreement and the Multilateral Convention. Such confidentiality also extends to other information exchanged between the Competent Authorities of the jurisdictions which are parties of the exchange. Armenia's legal framework ensures that information received under an EOI mechanism is treated as confidential and is disclosed only to the extent allowed by the agreements.

355. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms and legislation of Armenia concerning confidentiality.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.3.1. Information received: disclosure, use and safeguards

356. Governments would not engage in information exchange without the assurance that the information provided would only be used for the purposes permitted under the EOI instrument and that its confidentiality would be preserved. Information exchange instruments must therefore contain

confidentiality provisions that spell out specifically to whom the information can be disclosed and the purposes for which the information can be used. In addition to the protections afforded by the confidentiality provisions of EOI instruments, jurisdictions with tax systems generally impose strict confidentiality requirements on information collected for tax purposes.

357. The Multilateral Convention and the DTCs with Iran, Syria and Turkmenistan contain confidentiality provisions that meet the standard. The CIS Agreement contains similar clauses, even though not worded in the same manner as the one in the Model DTC or Model TIEA: "parties undertake to respect the confidentiality of information relating to certain taxpayers and to ensure a regime of protection, in accordance with the national legislation of the Parties and the requirements of the requested Competent Authority". This clause differs in the details of the possible and unpermitted disclosure of the information to the domestic legislation, in that it does not list the persons with whom the information can be shared. However, another clause limits the use of the information, since "the obtained information can be used by the Competent Authorities of the Parties only for the purposes of this Agreement, including for administrative or judicial purposes". Thus, information exchanged cannot be used for non-tax purposes and thus information should not be shared with persons other than those involved in tax matters.

358. Under the Tax Code, Article 4(1)(63) "tax secret" applies to "any information received by the tax authority or a tax officer regarding the taxpayer and his or her activity". Information constituting a tax secret can only be disclosed by a tax authority or by a tax officer if that is stipulated by a primary law (including by a ratified international treaty), and in compliance with the procedures specified by the Government. Otherwise, such disclosure will be considered as a breach of responsibilities by the tax authority (tax officer) under Article 35(1)(9) of Armenia's Tax Code and Article 39, Clause 1, Par 5 of the Armenia's Law on the Tax Service. This extends to former officers, after the termination of their employment contract.

359. Consequently, the tax authority (officer) shall not disclose nor publish such information within the framework of taxpayer information (art. 307(4)(2) or the freedom of information (art. 8(1)(1) of the Law on the Freedom of Information).

360. The SRC EOI Order, in Section 6, Chapter 13 on Confidentiality of exchanged information, provides that the provisions on tax secret in the Tax Code (art. 4(1)(63)) apply to exchanged information on the taxpayer and their activities and to information that is not taxpayer-specific such as the information related to communications with foreign counterparts.

361. All information related to the exchange of information is confidential and must be correspondingly labelled by applying a stamp with the inscription "Information with limited accessibility" (Chapter 13 of the SRC EOI Order on "Confidentiality of exchanged information"). According to the EOI Procedure, documents related to the exchange of information shall be sealed with a trilingual (Armenian, Russian, English) stamp "Protected under the international agreement" or marked with the inscription "This information is provided pursuant to the provisions of [name of the relevant international agreement] and the use and disclosure thereof is regulated by the provisions of the mentioned agreement". On electronic documents an analogous mark has to be applied in the form of a heading and/or a watermark.

362. Article 41 of the Law on Tax Service also states that in cases where the violation committed, including the breach of confidentiality, does not entail a liability under the Criminal Code or the Code of Administrative Violations, it is subject to disciplinary liability prescribed by the legislation on Civil Service. Article 21 of the Law on Civil Service specifies the forms of disciplinary penalties that can be imposed on officials, that include admonition; severe reprimand; salary reduction (up to 20%), and removal from the position occupied (with the agreement of the Civil Service Council). A reduction in rank is also possible (art. 25 of Law on the Tax Service). In terms of the relevant Criminal Code provisions in relation to a breach of confidentiality:

- Article 278 sanctions with fine, public works and restriction of liberty or imprisonment up to two years for illegal use of tax confidential information by an employee or administrator.
- Article 279 sanctions with fines, public works and restriction of liberty or imprisonment of up to two years for illegally publicising tax confidential information. Wherever such publicising was committed out of mercenary motives or wherever it caused a large-scale property damage penalties are more severe, including imprisonment for a term of one to four years.
- Article 280 sanctions with fines, public works and restriction of liberty or imprisonment of up to one year the illegal appropriation of tax confidential information by a person, with no authorised access to that secret. Wherever such appropriation was committed out of mercenary motives or wherever it caused a large-scale property damage penalties are more severe, including imprisonment for a term of maximum two years.
- Finally, Clause 7 of Article 189.17 of the Code of Administrative Violations prescribes a sanction of fine for failure to maintain the

confidentiality of personal data by a personal data processor or other person provided for by the Law on Protection of Personal Data.

363. The Terms of Reference, as amended in 2016, clarified that although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI agreement provides that the information may be used for such other purposes under the laws of both contracting parties and the Competent Authority supplying the information authorises the use of information for purposes other than tax purposes. The Multilateral Convention provides for this possibility.

364. The security and confidentiality policy is reviewed and endorsed at the top level within the SRC. The SRC maintains an information security management system compliant with the international standard ISO/IEC-27001:2013 and certified (by international certification company of Bureau Veritas). The SRC EOI Order, Section 6, Chapter 14 establishes the main provisions of the security policy and is complemented by Orders of the Chairperson of the Committee No. 208-A of 25 February 2022 and Nos. 221-A, 222-A and 223-A of 13 July 2017 on the information security that are detailed documents that provide comprehensive instructions on how to manage information and protect its confidentiality.

365. The SRC EOI Order, requires that all EOI requests must be kept by the EOI Unit in fireproof cabinets and taken exclusively by the Head of EOI Unit or by a designated employee. All the passwords and keys used in the process of exchanging the information as well as the access to the EOI database by using individual logins and passwords are available only for the EOI Unit officers. The SRC EOI Order prohibits any entry to the premises of EOI Unit, including the archive room, without permission from the head of EOI Unit, for any person other than the employees of EOI Unit.

366. The practical implementation of confidentiality provisions will be assessed in the Phase 2 review.

C.3.2. Confidentiality of other information

367. The SRC EOI Order, in Section 6, Chapter 13 on Confidentiality of exchanged information, provides that the provisions on confidentiality prescribed by the EOI agreement apply to EOI requests and replies thereto, as well as other correspondence with foreign authorities in relation thereto, including to the information included in the letters accompanying the requests. This is sufficiently broad and in line with the standard.

C.4. Rights and safeguards of taxpayers and third parties

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

368. The standard provides that requested jurisdictions should not be obliged to provide information which would disclose any trade, business, industrial, commercial or professional secret or information which is the subject of attorney-client privilege or information the disclosure of which would be contrary to public policy, as stipulated in Article 26(3) of the OECD Model Tax Convention.

369. Armenia's EOI instruments contain a provision equivalent to this exception.

370. The scope of the term "professional secret" under Armenia's domestic laws which is applicable to its EOI agreements is broader than what is permitted by the standard. This is not in line with the standard because the scope of the professional secret regarding advocates in domestic law is broader than the standard (see Element B.1.5).

371. **Armenia is recommended to ensure that the scope of professional secret is in line with the standard**.

372. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/ Underlying factor	Recommendations
The scope of the term "professional secret" under Armenia's domestic laws which is applicable to its EOI agreements is broader than what is permitted by the standard.	Armenia should ensure that the scope of professional secret is in line with the standard.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

373. As requesting and providing information in an effective manner is a matter of practice, it will be considered in the course of the Phase 2 review.

374. The conclusions are as follows:

Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

Practical Implementation of the standard: The assessment team is not in a position to issue a rating on this element, as it involves issues of practice that are dealt with in the Phase 2 review.

C.5.1. Timeliness of responses to requests for information

375. In order for exchange of information to be effective, responses must be provided in a timeframe that allows tax authorities to apply the information to the relevant cases. If a response is provided but only after a significant lapse of time, the information may no longer be of use to the requesting jurisdiction.

376. The domestic and international legal framework of Armenia does not contain provisions that would prevent the Armenian Competent Authority to answer incoming EOI requests in a timely manner.

377. Article 20(1) of the Multilateral Convention requires the requested jurisdiction to inform the requesting jurisdiction of the action taken and the outcome of the assistance “as soon as possible”. None of the bilateral agreements refer to a timeframe for exchange, except for the TIEA with Argentina, which refers to “prompt” responses.

378. The SRC EOI Order (Section 1, Chapter 5 titled “Incoming request”) sets out the procedures, including a timeframe, for the exchange of the information requested by a foreign Authority. Armenia is expected to send the response to inbound requests within 90 days, or to update the requesting jurisdiction within the same time-limit.

379. The evaluation of the timeliness of responses for requests for information involves issues of practice that will be dealt with in the Phase 2 review.

Status updates and communication with partners

380. The EOI Agreements of Armenia generally do not refer to communication matters.

381. As an exception, the TIEA with Argentina requests that the Competent Authorities should confirm receipt of EOI requests and notify the partner of any deficiencies therein within 60 days. In addition if the Competent Authority of the requested party has been unable to obtain and provide the information within 90 days from the date of receipt of the request, including if it encounters obstacles in furnishing the information or it refuses to furnish the information, it must immediately inform the Requesting Party, explaining the reason for its inability, the nature of the obstacles or the reasons for its refusal. The CIS Agreement also indicates a timeframe to reject an EOI request, i.e. one month.

382. According to the SRC EOI Order on EOI, the Armenian Competent Authority is required to send a notice acknowledging receipt to the requesting jurisdiction no later than seven days from the request. In addition, as mentioned above, Armenia is expected to update the requesting jurisdiction within 90 days, when it cannot send the response to inbound requests within the same time-limit. The information on the progress of fulfilment of the incoming request must be provided to the foreign authority every 90 days until a final reply is provided. The SRC EOI Order also prescribes that on the header of the letter sent to the foreign authority it is indicated whether it is a final reply, partial reply, or a status update.

383. The co-ordinates of the Competent Authority are available to Armenia's EOI partners through the secure Global Forum site for Competent Authorities.

C.5.2. Organisational processes and resources

384. It is important that a jurisdiction has appropriate organisational processes and resources in place to ensure a timely response.

385. The Competent Authority of Armenia for the application of the Multilateral Convention and the CIS Agreement is the SRC, i.e. the tax administration, or its authorised representative. The bilateral instruments of Armenia provide for the same, name the SRC together with the Minister of Finance, or more rarely only the Ministry of Finance (or its authorised representative).

386. The operational authority in charge of exchanging information for tax purposes is the Transfer Pricing and Tax Co-operation Unit within the International Co-operation Department.

387. An analysis of the organisational process and resources implemented by Armenia in practice will be carried out during the Phase 2 review.

C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI

388. Exchange of information assistance should not be subject to unreasonable, disproportionate, or unduly restrictive conditions. There are no legal or regulatory requirements in Armenia that impose unreasonable, disproportionate or unduly restrictive conditions. Whether any unreasonable, disproportionate, or unduly restrictive conditions exist in practice will be reviewed under the Phase 2 review.

Annex 1. List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change, and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Element A.1.4**: Armenia should ensure that beneficial ownership information is available for all trusts administered in Armenia or in respect of which a trustee is resident in Armenia (paragraph 178).
- **Element C.1.1**: Armenia should monitor that the SRC EOI Order ensures the processing of Group Requests in line with the standard (paragraph 328).
- **Elements C.1.3 and C.1.4**: Armenia should continue to work with Iran, the Syrian Arab Republic, Tajikistan, Turkmenistan and Uzbekistan to ensure that the exchange of information with these partners is in line with the standard (paragraphs 335 and 338).
- **Element C.2**: Armenia should continue to conclude EOI agreements with any new relevant partner who would so require (paragraph 353).

In addition, the Global Forum may identify certain aspects of the legal and regulatory framework that require follow-up in Phase 2. A non-exhaustive list of these aspects is reproduced below for reference.

- **Element A.1.1**: the implementation of the definition of beneficial owners and its alignment with the standard (paragraph 119).
- **Element A.1.1**: the interpretation and implementation of the provision on simplified due diligence and the verification of the identity of beneficial owners (paragraph 125).

- **Element A.1.1**: the implementation of the new regulations on the registration of beneficial ownership information with the State Unified Register (paragraph 140).
- **Element A.1.5**: the implementation of the definition of beneficial owners to co-operatives (paragraph 191).
- **Element A.2**: the discrepancy between the numbers of companies registered in the databases of the State Unified Register and the SRC (paragraph 225).
- **Element A.2**: how inactive companies are monitored, and risks of their misuse are mitigated (paragraph 227).
- **Element A.3.1:** if adequate, accurate and up-to-date information on the beneficial owners of all bank accounts is available, in accordance with the standard (see paragraph 246).
- **Element B.1**: the implementation of the new procedure to access banking information (paragraph 283).
- **Element B.2**: the implementation of the notification rights and related exception (paragraph 311).

Annex 2. List of Armenia's EOI mechanisms

Bilateral international agreements for the exchange of information

	EOI partner	Type of agreement	Signature	Entry into force
1	Argentina	TIEA	7.07.2014	28.04.2017
2	Austria	DTC	27.02.2002	1.03.2004
3	Belarus	DTC	19.07.2000	19.11.2001
		Protocol to DTC	19.05.2016	26.12.2016
		TIEA	19.07.2000	27.02.2001
4	Belgium	DTC	07.06.2001	01.10.2004
5	Bulgaria	DTC	10.04.1995	01.12.1995
		Protocol to DTC	10.12.2008	16.11.2010
6	Canada	DTC	26.06.2004	29.12.2005
7	China (People's Republic of)	DTC	05.05.1996	30.11.1996
8	Croatia	DTC	22.05.2009	18.02.2010
9	Cyprus[50]	DTC	17.01.2011	19.09.2011
10	Czech Republic	DTC	06.07.2008	15.07.2009
11	Denmark	DTC	14.03.2018	22.10.2019

50. Note by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

	EOI partner	Type of agreement	Signature	Entry into force
12	Estonia	DTC	13.04.2001	23.01.2003
13	Finland	DTC	16.10.2006	30.12.2007
14	France	DTC	09.12.1997	01.05.2001
		Protocol to DTC	03.02.2004	01.12.2006
15	Georgia	DTC	18.11.1997	03.07.2000
		TIEA	14.01.1997	05.07.2001
16	Germany	DTC	29.06.2016	23.11.2017
17	Greece	DTC	12.05.1999	19.06.2002
18	Hungary	DTC	09.11.2009	26.10.2010
19	India	DTC	31.10.2003	09.09.2004
		Protocol to DTC	27.01.2016	14.06.2017
20	Indonesia	DTC	12.10.2005	12.04.2016
21	Iran	DTC	14.07.2011	19.12.2012
22	Ireland	DTC	06.05.1995	10.07.1997
23	Israel	DTC	25.07.2017	14.06.2018
24	Italy	DTC	14.06.2002	05.05.2008
25	Kazakhstan	DTC	06.11.2006	19.01.2011
26	Kuwait	DTC	03.11.2009	12.04.2013
27	Kyrgyzstan	DTC	09.08.2019	09.02.2022
		TIEA	04.04.2002	19.11.2002
28	Latvia	DTC	15.03.2000	26.02.2001
29	Lebanon	DTC	16.09.1998	13.12.2000
30	Lithuania	DTC	13.03.2000	26.02.2001
31	Luxembourg	DTC	23.06.2009	09.04.2010
32	Malta	DTC	24.09.2019	25.11.2021
33	Moldova	DTC	06.10.2002	20.06.2005
34	Netherlands	DTC	31.10.2001	22.11.2002
35	Poland	DTC	14.07.1999	28.07.2005
36	Qatar	DTC	22.04.2002	06.11.2007
37	Romania	DTC	25.03.1996	25.08.1997
38	Russia	DTC	28.12.1996	17.03.1998
		Protocol to DTC	24.10.2011	15.04.2013
		TIEA	11.03.1994	11.03.1994

	EOI partner	Type of agreement	Signature	Entry into force
39	Serbia	DTC	10.03.2014	03.11.2016
40	Singapore	DTC	08.07.2019	23.12.2021
41	Slovak Republic	DTC	15.05.2015	01.02.2017
42	Slovenia	DTC	11.10.2010	23.04.2013
43	Spain	DTC	16.12.2010	21.03.2012
44	Sweden	DTC	09.02.2016	29.01.2017
45	Switzerland	DTC	12.06.2006	07.11.2007
		Protocol to DTC	12.11.2021	02.05.2023
46	Syrian Arab Republic	DTC	29.06.2005	11.12.2006
47	Tajikistan	DTC	30.06.2005	02.07.2016
48	Thailand	DTC	07.11.2001	12.11.2002
49	Turkmenistan	DTC	05.06.1997	01.01.2000
50	Ukraine	DTC	14.05.1996	25.11.1996
		TIEA	22.07.1997	26.02.1999
51	United Arab Emirates	DTC	20.04.2002	19.12.2004
52	United Kingdom	DTC	20.04.2002	19.12.2004

Convention on Mutual Administrative Assistance in Tax Matters (as amended)

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).[51] The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax co-operation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the standard on EOIR and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

51. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.

The Multilateral Convention was signed by Armenia on 24 January 2018 and entered into force on 1 June 2020 in Armenia. Armenia can exchange information with all other Parties to the Multilateral Convention with the exception of Azerbaijan and Türkiye.

The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Benin, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Burkina Faso, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Eswatini, Faroe Islands (extension by Denmark), Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Jordan, Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), North Macedonia, Malaysia, Maldives, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Türkiye, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay, Vanuatu and Viet Nam.

389. In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Gabon, Honduras, Madagascar, Papua New Guinea (entry into force on 1 December 2023), Philippines, Togo, United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010) and Viet Nam (entry into force on 1 December 2023).

Commonwealth of Independent States Agreement

Armenia is a Party to the Agreement between the Member States of the Commonwealth of Independent States on Co-operation and Mutual Assistance on Issues of Compliance with the Tax Legislation and Combating Violations in this Area, dated 4 June 1999 (CIS Agreement) entered into force in Armenia on 24 October 2000. The member states of the CIS Agreement are Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia and Tajikistan (Georgia and Uzbekistan have not finalised the ratification procedure). The agreement provides for different forms of co-operation such as mutual collaboration of actions aimed at the prevention, detection and prosecution of tax legislation violation and exchange of information on taxpayer's compliance with tax legislation. A Protocol was also signed on the Exchange of Information in Electronic Form in Tax Matters.

Armenia and Azerbaijan made unilateral reservations excluding their application with respect to each other.

Annex 3. Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and amended in 2020 and 2021, and the Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective as of 24 November 2023, Armenia's responses to the EOIR questionnaire, inputs from partner jurisdictions, as well as information provided by Armenia's authorities.

Summary of reviews

Review	Assessment team	Period under review	Legal framework as of	Date of adoption by Global Forum
Round 2 Phase 1	Mr Naveen Kumar from India, Ms Battuul Purevjav from Mongolia and Mr Ignacio Hagelstrom from the Global Forum Secretariat	not applicable	23 November 2023	27 March 2024

List of laws, regulations and other materials received

AML Guidelines

AML Regulations issued by the Decision No 269 of the Board of the CBA

CBA Board Decision 143-N of 28 September 2021

CBA Board Decision 269

CBA Board Decision no. 144-N of 13 September 2016

CBA Board Decision 20-N of the CBA Board dated 27 January 2009 and subsequently issued through CBA Decision no. 144-N of 13 September 2016

CBA Board Resolution N 143-N of 28 September 2021

CBA Board Resolution No. 173-N

CBA Board Resolution No. 39-N adopted on 9 February 2007 on Approval of Regulation 2 on "Regulation of banking, prudential standards for banking".

CBA Board resolution 177N dated 23 July 2013 on adopting the Regulation 4/15 on Reporting and Disclosure of Acquisition, Increase or Decrease of Participation in the Share Capital of Reporting Issuers

CBA Board resolution 68N dated 11 March 2008 on adopting the Regulation 4/04 on Prospectus and Reports of Tthe Reporting Issuers

Civil Code

Code of Administrative Legal Proceedings

Code of Administrative Violations/Code of Administrative Offences

Constitution of Armenia

Decision No. 704-L on approving the Statute of the Ministry of Justice of Armenia from 11 June 2018

Decree N 1255 of 5 October 2017 "On determining the procedure for submitting additional information provided by third parties in connection with the written request of the tax authorityOn determining the procedure for submitting information to the tax authority by third parties through an inquiry about the transaction or operation or activity of another taxpayer".

Decree of the Government No. 397-N dated 4 April 2019 on Setting the Sample List of Archival Documents with an Indication of Storage Term and on Repeal of the Decree of the Government of the Republic of Armenia No. 351-N dated 9 March 2006

Judicial Code, adopted on 7 February 2018

Law on Accounting

Law on Advocacy

Law on Agricultural Co-operatives

Law on Archives Business

Law on Bank Secrecy

Law on Banks and Banking Activity

Law on Basics of Administration and Administrative Procedure

Law on Civil Services

Law on Combating Money Laundering and Terrorism Financing (AML Law)

Law on Consumer Co-operatives

Law on Establishment of a Unified Financial Regulation and Supervision Framework

Law on Foundations

Law on Insurance and Insurance Activity

Law on Investment Funds

Law on Joint Stock Company

Law on Legal Acts

Law on Limited Liability Companies

Law on Non-Cash Transactions

Law on Normative Legal Acts

Law on Operational Intelligence Activity

Law on Procurement

Law on Public Organisations

Law on Securities Market

Law on Securitisation of Assets and Asset-backed Securities

Law on Taxes

Law on the Central Bank of the Republic of Armenia (CBA Law)

Law on the Freedom of Information

Law on the State Registration of Legal Entities, State Record-registration of Separated Subdivisions of Legal Entities, Institutions and individual entrepreneurs (State Registration Law)

Law on the Tax Service

New Criminal Code

Order N 38 of the Minister of Justice from 30 March 2011 “on Confirming the Order of Running the Single Record-Book of State Registration of Legal Entities”

Order of the Chairperson of the Committee No. 208-A of 25 February 2022

Orders of the Chairperson of the Committee Nos. 221-A, 222-A and 223-A of 13 July 2017

Subsoil Code

Tax Code of 4 October 2016

Annex 4. Armenia's response to the review report[52]

Armenia would like to express its gratitude to the assessment team for the outstanding support during the Phase 1 Peer Review process and thank the Peer Review Group members for their valuable contributions to the Phase 1 review.

Armenia is fully committed to implement the global standard for the exchange of information for tax purposes and has efficient exchange of information network with all partner jurisdictions during the review. Armenia will consider all recommendations reflected in the Phase 1 report which are mostly related to the improvement of regulations in order to be perfectly in line with the standard.

Armenia looks forward to the Phase 2 review in the upcoming months, which will assess the effectiveness of Armenia's practical capabilities for the application of the standard on the Exchange of Information on request (EOIR).

In the meantime, the recommendations of this Phase 1 report will be examined thoroughly to ensure that Armenia's legal framework is fully in compliance with the standard.

52. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

Peer Review Report on the Exchange of Information on Request ARMENIA 2024 (Second Round, Phase 1)

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 160 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This peer review report analyses the implementation of the standard of transparency and exchange of information on request in Armenia, as part of the second round of reviews conducted by the Global Forum on Transparency and Exchange of Information for Tax Purposes since 2016. Due to Armenia's limited practical experience of exchange of information on request, and in accordance with the methodology for peer reviews and non-member reviews, the report only assesses the jurisdiction's legal and regulatory framework. The assessment of the practical implementation of this framework will be subject to a future Phase 2 review.

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