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PROTECTING ECONOMIC COMPETITION

A New Type of Inspection:

Unexpected inspections will most likely soon be introduced into the Republic of Armenia. This will enable the competent authorities to carry out unexpected inspections without prior warning to business entities with certain prerequisites provided by the legislation. This inspection will be introduced to increase the effectiveness of detecting and preventing antitrust agreements. Such legislative reforms are initiated by the State Commission for the Protection of Economic Competition of the RA and are still in the process of preparation.

Find more [here](#).

Reform Initiative for Targeted Markets:

In 2020, Extensive surveys of at least 10 commodity markets will take place in order to identify owners and real beneficiaries, prevent possible abuses, reveal legal gaps and draft new regulations. The first step has already been taken. The State Commission for the Protection of Economic Competition of the Republic of Armenia has officially started studying the mining, media and online advertising, and medicine markets.

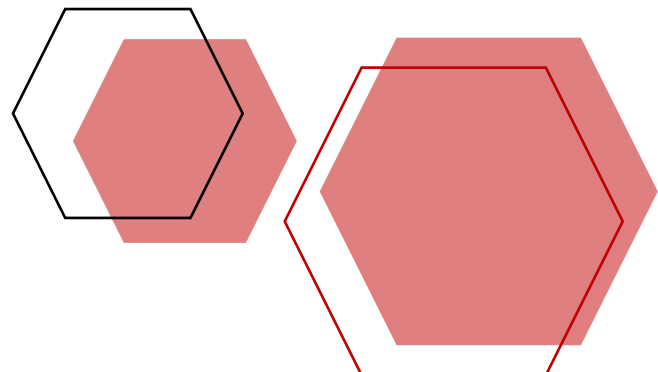
Find more [here](#) , [here](#) and [here](#) .

PUBLIC SERVICES REGULATORY COMMISSION

Identification of the Real Beneficiaries of Energy Companies:

As a result of the upcoming legal changes, license holders for the production of electricity and/or heat will be required to submit a statement containing information on stakeholders that own 10% or more of the charter capital. If the state discovers a failure to provide such information, the licensee has 10 days to provide that information, otherwise, their license may be suspended. Furthermore, if such infringement is repeated within a year, the existing license may be altogether terminated. The draft on making these amendments to the RA law “On Energy” is planned to be discussed at the Spring session of the National Assembly of the Republic of Armenia.

Find more [here](#) .





TAX LEGISLATION AMENDMENTS

Higher State Fees for Financial Organizations:

From now on, financial organizations will pay higher state fees when trying to obtain necessary licenses. The list of these organizations includes banks, insurance companies, credit organizations, money transfer organizations. Additionally, state fees for each branch or representative office are set separately. This regulation was entered into force on January 1, 2020.

Find more [here](#).

Tax Amendment in Favor of Non-resident Taxpayers:

Non-resident taxpayers operating in the Republic of Armenia without permanent establishment will be charged 5% of dividend calculation. In previous years, non-resident taxpayers had a 10% interest rate. This regulation was entered into force on January 1, 2020.

JUDICIAL PRACTICE

Importance of Following Proper Procedures:

The delivery of legal documents to legal entities will only be considered valid if:

1. Those documents are delivered to the head of the executive body of the legal entity or the person responsible for receiving the correspondence.
2. The postal check containing the notice of return contains the first name, surname and patronymic of the head of the executive body or the person responsible for receiving correspondence. Along with the date of the check, the number of pages received, as well as the signature of the receiver.

In case the two requirements mentioned above are not followed, the postal check will not be considered proper evidence of notification.

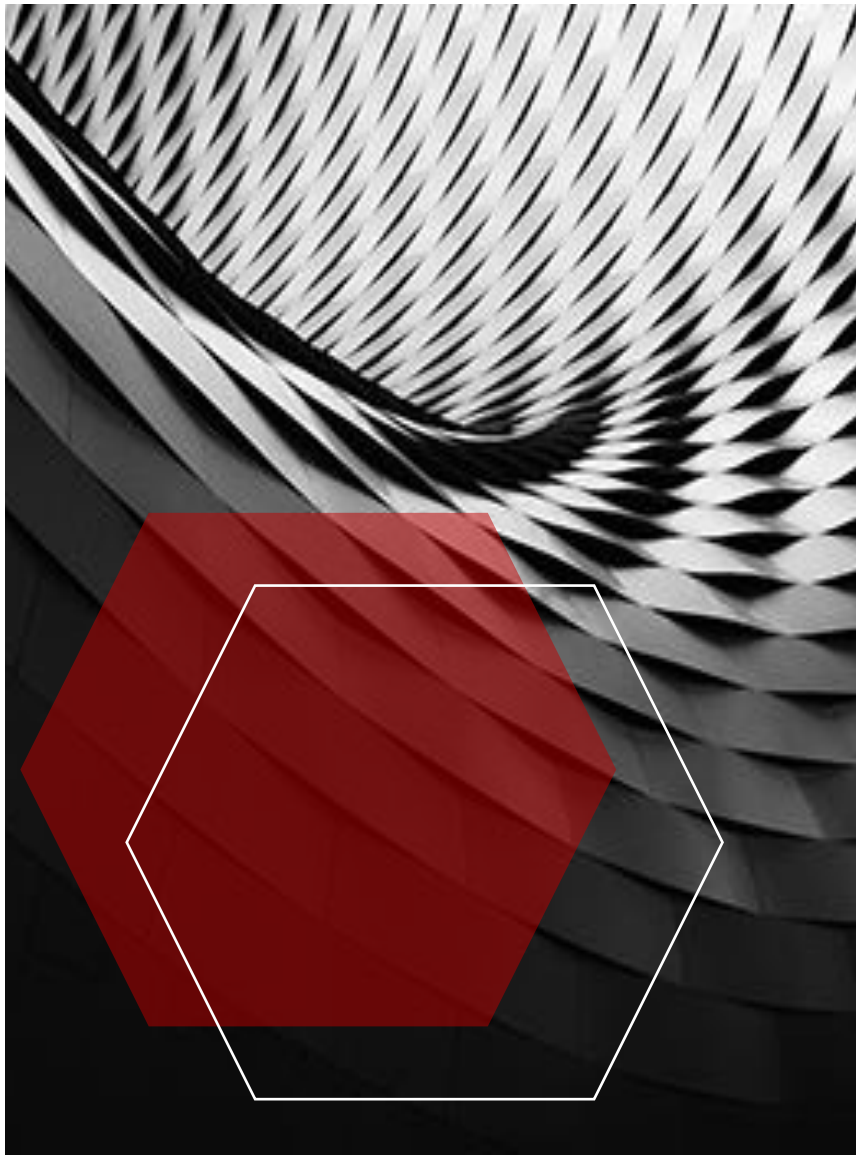
Find more [here](#).

BILLS IN PARLIAMENT

Breaches May No Longer Be Concealed:

The Central Bank of Armenia publishes the names of debtors with large liabilities to banks once every quarter through the media. Currently, the Government proposes to abolish the said provision and the respective draft is in Parliament.

Find more [here](#).



Description of Secured Rights:

Currently, the description of the secured right in contracts may be general or specific. Up until now, general descriptions were not defined. However, due to possible upcoming changes, the generic description of secured rights must contain the name of the property and the overall price (unless otherwise mentioned by the agreement). However, the generic descriptions of secured rights shall not be applicable in cases when both parties are consumers and not entrepreneurs.

Find more [here](#).

GOVERNMENT DECREES

Exchange of Confidential Financial Information Between Competent Authorities of the EAEU Member States:

In the near future, it may be possible for competent authorities that control the financial market of the EAEU member States to exchange financial information (including confidential information). For this reason, the government of the Republic of Armenia approved the agreement on ratification of the respective protocol and sent it to the constitutional court in order to determine the constitutionality of the agreement.

Find more [here](#).

A New Procedure Regarding Cash Registers:

The tax legislation has set out a new procedure where entities will be required to take certain follow-up actions in the event of cash register malfunctions. In these cases, the first step of the business entity should be to contact the service center within the first three hours. The government of the Republic of Armenia approved the legislative initiative to make changes to the tax legislation on this procedure. The legislative initiative was sent to the National Assembly of RA to be processed into a law.

Find more [here](#).

New Crime Alert: “Propensity or Compulsion to Give Up Parental Rights:”

This will criminalize inducing or forcing a person to give up parental rights by means of persuasion, deception, abuse of trust or use of vulnerability of the position, use of violence that is not dangerous to life or health, or through the threat of violence or other means. This legislative initiative was approved by the Government of the Republic of Armenia. The draft was sent to the National Assembly of the RA to be processed into a law.

Find more [here](#).



A New Limit When Applying Bans for Unpaid Taxes:

From now on, a new threshold of unpaid tax obligations amount may apply in the event of alleged concealment, damage or exhaustion of the relevant property based on which the tax authority will have the right to seize the taxpayer's property. The minimum limit will be lowered to 500 thousand drams. The government of the Republic of Armenia has approved this draft and sent it to the National Assembly of RA to be processed into a law.

Find more [here](#).

CHANGES IN THE FINANCIAL SPHERE

The End of Cash Transactions:

It is possible that there will soon be limitations on cash regarding activities of individuals, legal entities, sole entrepreneurs and notaries in the Republic of Armenia. In particular, it is intended that the maximum amount allowed to be paid in cash will be AMD 2,000,000 in 2020, AMD 1,000,000 beginning January 1, 2021 and AMD 300,000 beginning January 1, 2022. The Draft Law on Non-Cash Transactions has been initiated by the Central Bank.

Find more [here](#).

Licensing May No Longer Necessary for Foreign Exchange Dealers and Brokers:

Foreign exchange dealers and brokers may no longer be required to own separate licenses. Instead, trade of foreign exchange will be performed by other financial institutions – banks, credit organizations, payment organizations, etc. The purpose of this is to ensure easier accessibility of the service to consumers. On 23rd of January the package passed first reading at Parliament.

Find more [here](#).

The Enforceability of the GMRA:

On January 23rd, a draft law, pursuant to which a whole paragraph on repos is to be added to the Civil Code, passed first reading at the Parliament. This is done to ensure that a legal opinion on enforceability of the GMRA in Armenia is published on the website of the ICMA. This will attract foreign investors to the Armenian repo market.

Find more [here](#). Find a Client Note written by us [here](#).

The Police May Have Access to Bank Accounts:

A recent strategy of police reforms suggests considering the possibility of including the Financial Monitoring Center of the Central Bank into the RA Ministry of Internal Affairs. In other words - transferring anti money laundering and terrorism financing functions to the police.

Find more [here](#).

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