

TK & PARTNERS

WEEKLY CLIENT ALERT

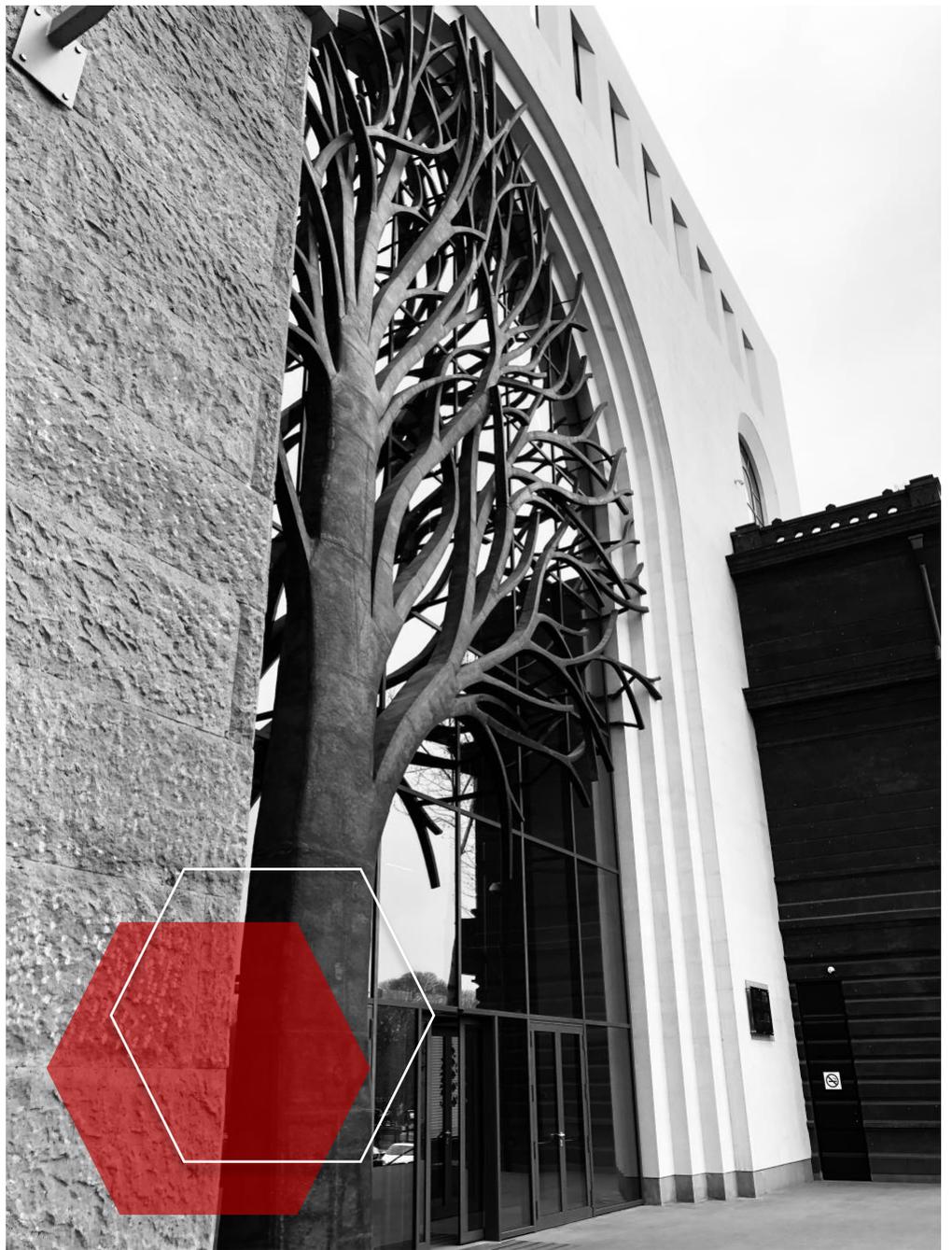


TABLE OF CONTENT

Bills in Parliament

Government Decrees

Judicial Practice

Changes in the Financial Sphere

Tax Legislation



BILLS IN PARLIAMENT

Banks and Credit Organizations May Pay the Same Amount to the Financial System Mediator (FSM)

Currently, organizations in the financial field make annual payments to the FSM. Banks pay 0.01 % of their activities while credit organizations pay 0.07%. It is proposed to define the same 0.01% for both of them.

Find more [here](#).

Legal Entities and Sole Entrepreneurs May Also Apply to the FSM

Currently, only individuals are eligible to apply to the FSM. However, it has been proposed that legal entities and sole entrepreneurs be included in the list of the FSM's customers.

For more [here](#).

New Powers of the Committee of Prevention of Corruption

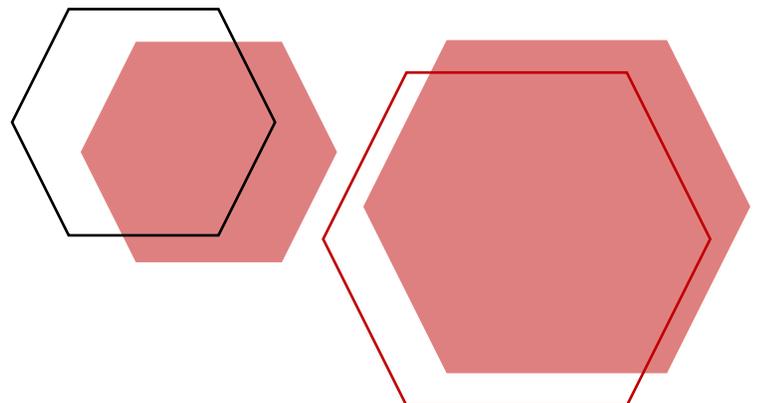
If you are an official obligated to file a declaration, it is possible that hereinafter your confidential information will become available to the Committee of Prevention of Corruption. That confidential information comprises, in particular, bank and insurance secrets, service-based information on execution of transactions with securities by the Central Depository, credit information and credit history. On March 5, the package of legislative amendments passed first reading at the National Assembly.

Find more [here](#).

Time Limitation on Conclusion of Credit Agreement

Another draft suggests prohibiting the conclusion of consumer credit agreements between 22:00 and 7:00. On March 5 the draft law on amendment to the Law on Consumer Credits entered the National Assembly.

Find more [here](#).





GOVERNMENT DECREES

A Maximum Threshold for Annual Actual Interest Rate Size of Consumer Credits

In the sphere of consumer credits, there may be a new maximum threshold of the actual annual interest rate. It is proposed for the actual annual interest of the consumer credit to not exceed double the bank interest rate set by the Central Bank of Armenia at the date of conclusion of the contract for the credits provided by banks. Further, it cannot exceed the six-fold of the credits provided by credit organizations and pawnshops. With this regulation, it will be possible to control the interest rates on consumer loans lent by financial companies. The draft of legislative amendment on the RA Law on "Consumer Lending" has been approved by the RA Government and will be discussed in the RA National Assemblée.

Find more [here](#).



JUDICIAL PRACTICE

Interpretation of Intangible Damages

The law of the RA stipulates that the maximum compensation for intangible damage caused as a result of the violation of fundamental rights and wrongful conviction may be exceeded in **exceptional** cases. In order to meet the criteria, these cases must have had grave **consequences** which emerged as a result of the damage caused.

The Constitutional Court (CC) noted that any case confirmed where the violation of fundamental rights and wrongful conviction is exceptional, justification is not necessary due to its "extraordinary nature." The wording of the phrase "exceptional cases" has been declared as unconstitutional by the CC.

According to the CC, the concept of "grave consequences," in each case, should be assessed by the court based on a combined analysis of all the facts of a particular case.

Find more [here](#).

CHANGES IN THE FINANCIAL SPHERE

Deposit Interests will be Accrued Per Day

Pursuant to amendments to be made to the Civil Code, bank deposit interests may be accrued starting from the date the deposit is opened (not the following day). On March 3 the draft law passed second reading at the National Assembly.

Find more [here](#).

Other Amendments to the Legislation on Consumer Credits

If this draft is passed, advertising consumer credits shall be allowed exclusively on the official website (social network page) and mobile application of the person providing credit or within the territory of branches. The advertising should not arise any misunderstandings or confusion with regard to annual interest rates. The Central Bank will enforce requirements upon creditors that will benefit those who are lent AMD 200,000 or less with a time frame of three months or less. Banks and credit organizations will be prohibited from providing financial services outside the territories of their branches. The mentioned draft amendments are at the National Assembly.

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

TAX LEGISLATION

New Obligations for Affiliated Taxpayers

If you are an affiliated taxpayer and the total value of your transactions exceeds 200 million during the tax year, then transfer pricing rules will be applied to your transactions and you will be required to notify the tax authority of them. These regulations have been in force in the RA since January 1, 2020.

Find more [here](#).

Brought to you by #YourSupportTeam

