

# TAXES



One of the biggest concerns for many is the taxation system in any given country. In most countries, this system is what drives the economy and infrastructure, increasing the population's quality of life. In Armenia, taxes are directed mostly into the federal budget, with only property and local duties transferred to the municipalities.

Things you are NOT taxed on include:

- ▶ Dividends, irrespective of country of origin, level or participation, or nature of investment
- ▶ Capital gains on the disposition of shares, irrespective of holding period
- ▶ Insurance payments from foreign sources
- ▶ Net worth
- ▶ Stamp or transfer tax on the sale of shares or real estate
- ▶ Municipal business tax
- ▶ Branch remittances
- ▶ Gifts or inheritance

## ▶ HOW DO I PAY MY TAXES?

In Armenia employers and other entities paying income to individuals ("tax agents") are normally required to withhold taxes and pay them to the government on behalf of these individuals. Armenian citizens who are residents of Armenia, excluding minors, are required to declare all income to the tax authorities. This includes:

- Taxable Income
- Non-Taxable Income
- Payments made by tax agents (such as employers)

You can learn more about the recent updates [here](#).

## ▶ DO I HAVE TO REGISTER SOMEWHERE?

As a general rule, you do not have to register with tax authorities and obtain a taxpayer ID. However, you may be required to register as an "individual entrepreneur" and obtain a taxpayer ID if you engage in "entrepreneurial activity," i.e. independent and periodic sale of goods or services with the purpose of making profit. If you are an individual entrepreneur you may qualify for one of the forms of simplified taxation for small and medium enterprises (e.g. turnover tax) that replace the regular income tax.

## ▶ DO I HAVE TO FILE TAXES?

You do not have to file tax returns, unless you have received income that is taxable in Armenia and has not been accounted for by the entity that paid the income, e.g. your employer.

## ▶ WHAT DO I DO IF I'M CONTACTED OR VISITED BY TAX AUTHORITIES?

Interactions between tax authorities and taxpayers are strictly regulated and can take place only within the proper administrative or criminal proceedings. Inspections on the premises of the taxpayer must be specifically authorized in writing by the head of the competent tax office. The taxpayer should receive a notice on inspection at least three business days in advance, unless such notice would defeat the purpose of inspection (e.g. checking compliance with regulations on registering employees, use of foreign currency, issuance of payment receipts etc.). Any action or inaction of tax officials may be appealed administratively to the superior body or judicially by filing a claim with the administrative court.

## ▶ TYPES OF TAXES

### BUSINESS AND EMPLOYMENT

#### Income Tax

As of 2025, income tax remains at 20%.

Interest, royalties and rent (renting out your investment property) are taxed at 10%.

#### Value Added Tax (VAT)

▶ This is set at 20% and amounts to nearly half of the tax revenues in our budget.

#### Excise Tax

Certain products, including cigarettes, are subject to [excise tax](#).

#### Property Tax

▶ For public and industrial buildings, a 0.3% tax comes into play.

#### Corporate Tax

▶ Set at 18%, this number has not seen any change over the years.

A Turnover Tax exists for businesses exceeding a turnover of 115 mln. AMD – 1% to 10%, [click here](#) to learn more.

▶ Free Economic Zones exist with different tax regimes.

For more information on double tax treaties and taxation in general in Armenia, please check [this page](#).

A Branch Tax of 18% is applicable if a foreign company opens a branch in Armenia.

A Capital Gains tax of 18% is imposed on profits generated from asset transfers.

## ▶ PERSONAL

▶ At the moment, there are no taxes on inheritance or gifts, nor on land capital gains, property sales to other individuals, bonds issued by the government, equity securities, and securities representing investment in a relevant investment fund.

#### Capital Gains Tax

If a property is sold by an individual to a company/organization, there is a 10% tax.

If a property is sold for business purposes, or acquired by a developer, there is a 20% tax.

#### Social Security Tax

▶ Social security taxes are evaluated at 5% of income up to 500,000 AMD & 10% of income exceeding 500,000 AMD.

▶ Basic old age pension starts at **63 years of age**.