

Armenia

Armenia is continuing to take steps to implement the legal basis for the transparency framework and to commence administrative preparations in line with the terms of reference (OECD, 2021^[3]) (ToR) to ensure that it finalises its information gathering process for future rulings (ToR I.A) and that information on rulings will be identified and exchanged in a timely manner (ToR II.B). Armenia receives two recommendations on these points for the calendar year 2020 (year in review).

In the prior year report, Armenia had received the same recommendations. As they have not been addressed, the recommendations remain in place.

Armenia can legally issue two types of rulings within the scope of the transparency framework.

In practice, Armenia issued no rulings within the scope of the transparency framework.

As no exchanges were required to take place, no peer input was received in respect of the exchanges of information on rulings received from Armenia.

A. The information gathering process (ToR I.A)

69. Armenia can legally issue the following two types of rulings within the scope of the transparency framework: (i) preferential regimes;¹ and (ii) permanent establishment rulings.

Past rulings (ToR I.A.1.1, I.A.1.2, I.A.2.1, I.A.2.2)

70. For Armenia, past rulings are any tax rulings issued prior to 1 September 2019. However, there is no obligation for Armenia to conduct spontaneous exchange information on past rulings.

Future rulings (ToR I.A.1.1, I.A.1.2, I.A.2.1)

71. For Armenia, future rulings are any tax rulings within scope that are issued on or after 1 September 2019.

72. In the prior year peer review report, it was determined that processes to ensure the implementation of the obligations relating to the transparency framework with regard to the information gathering process were not yet in place (ToR I.A). Therefore, Armenia was recommended to finalise its information gathering process for identifying all future rulings and potential exchange jurisdictions, as soon as possible

73. During the year in review, Armenia indicates that a system is in the process of being finalised for the identification and registration of issued tax rulings. The information gathering process is centralised at the level of the International Cooperation Department (ICD) and steps will be taken to ensure efficient communication with the Administration Methodology and Procedures Department (AMPD) and to obtain information on the relevant exchange jurisdictions by taxpayers requesting a ruling. In this regard, Armenia indicated its intention to issue additional regulations (i.e. Chairman orders) to formalise the current information gathering process. It is also noted that Armenia intends to implement processes to make sure the necessary information to meet the requirements of the transparency framework is required in all cases. Armenia finally notes that the State Revenue Committee (SRC) has databases in place that will allow it to verify the accurateness of information provided by the taxpayer.

Review and supervision (ToR I.A.3)

74. In the prior year peer review report, it was determined that Armenia did not yet have a review and supervision mechanism under the transparency framework. Therefore, Armenia was recommended to put in place a review and supervision mechanism as soon as possible.

75. During the year in review, Armenia indicates that the competent authority for exchange of information (i.e. ICD) responsible for the issuance of tax rulings, is also responsible for the review and supervision mechanism and for ensuring that the information to be exchanged is accurate and complete. In addition, there are different layers of control within both AMPD and ICD, and the Internal Audit Department also verifies the accurateness of the process which is regulated by the statute of responsibility of each unit and department. The review and supervision process carried out by AMPD is finally approved by the relevant Deputy Chairmen of SRC.

Conclusion on section A

76. Armenia is recommended to finalise its information gathering process for identifying all future rulings and potential exchange jurisdictions, as soon as possible (ToR I.A).

B. The exchange of information (ToR II.B)

Legal basis for spontaneous exchange of information (ToR II.B.1, II.B.2)

77. Armenia has the necessary domestic legal basis to exchange information spontaneously. Armenia notes that there are no legal or practical impediments that prevent the spontaneous exchange of information on rulings as contemplated in the Action 5 minimum standard.

78. Armenia has international agreements permitting spontaneous exchange of information, including being a party to (i) the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011^[4]) (“the Convention”) and (ii) bilateral agreements in force with 48 jurisdictions. Armenia ratified the Convention on 6 February 2020. The Convention entered into force on 1 June 2020 and will have effect for administrative assistance related to taxable periods beginning on or after 1 January 2021.²

Completion and exchange of templates (ToR II.B.3, II.B.4, II.B.5, II.B.6, II.B.7)

79. In the prior year peer review report, it was determined that Armenia’s process for the completion and exchange of templates was not yet in place. Therefore, Armenia was recommended to develop a process to complete the templates on relevant rulings and to ensure that the exchanges of information on rulings occur in accordance with the form and timelines under the transparency framework.

80. During the year in review, Armenia indicates its intention to complete the templates according to Annex C of the BEPS Action 5 report (OECD, 2015^[1]). However, Armenia is still developing a process to complete the templates on relevant rulings, to make them available without undue delay to the Competent Authority for exchange of information, and to exchange them with relevant jurisdictions according to the required timelines. To this end, Armenia is planning to issue internal regulations. As this process is still ongoing, the previous year recommendation remains in place.

81. During the year in review, no exchanges were required to take place and no data on the timeliness of exchanges is reported.

Conclusion on section B

82. Armenia has the necessary legal basis for spontaneous exchange of information. Armenia is recommended to develop a process to complete the templates on relevant rulings and to ensure that the exchanges of information on rulings occur in accordance with the form and timelines under the transparency framework going forward (ToR II.B).

C. Statistics (ToR IV)

83. As no rulings were issued, no statistics can be reported.

D. Matters related to intellectual property regimes (ToR I.A.1.3)

84. Armenia does not offer an intellectual property regime for which transparency requirements under the Action 5 Report (OECD, 2015^[1]) were imposed.

Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
Armenia is in the process to finalise the information gathering process and to put in place a system for the identification and registration of issued tax rulings.	Armenia is recommended to finalise its information gathering process for identifying all future rulings and potential exchange jurisdictions, as soon as possible. This recommendation remains unchanged since the prior year peer review report.
Armenia does not have a process to complete the templates on relevant rulings, to make them available to the Competent Authority for exchange of information, and to exchange them with relevant jurisdictions.	Armenia is recommended to develop a process to complete the templates on relevant rulings and to ensure that the exchanges of information on rulings occur in accordance with the form and timelines under the transparency framework. This recommendation remains unchanged since the prior year peer review report.

References

- OECD (2021), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [3]
- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264241190-en>. [1]
- OECD (ed.) (2017b), *Harmful Tax Practices - 2017 Progress Report on Preferential Regimes*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264283954-en>. [2]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264115606-en>. [4]

Notes

¹ With respect to the following preferential regimes: 1) Free economic zones and 2) Information technology projects.

² Participating jurisdictions to the Convention are available here: www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm. Armenia also has bilateral agreements with Austria, Belarus, Belgium, Bulgaria, Canada, China (People's Republic of), Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Kazakhstan, Kuwait, Latvia, Lebanon, Lithuania, Luxembourg, Moldova, Netherlands, Poland, Qatar, Romania, Russia, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Syrian Arab Republic, Thailand, Tajikistan, Turkmenistan, Ukraine, United Arab Emirates and United Kingdom.



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