

VAT TAXATION OF ELECTRONIC SERVICES FOR NON-RESIDENTS

1. Subject of VAT taxation	The subjects of VAT taxation are, in particular, organizations and individual entrepreneurs (Article 59 of the Tax Code of the Republic of Armenia).
2. Types of electronic services qualified as an object of taxation	The Tax Code of the Republic of Armenia (hereinafter referred to as the TC of the RA, the Code) does not establish the specifics of providing services by electronic or non-electronic means, and the general regulations established by the Code are applied in terms of VAT taxation of these services. In particular, in accordance with part 2 of Article 70 of the TC of the RA, the obligation to calculate and pay VAT on VAT-subject transactions carried out in the RA by a non-resident organization that does not have a permanent establishment in the RA, as well as VAT-subject transactions for the provision of services, in the manner and on the terms established by the Code, is the responsibility of the non-resident organizations or the individual entrepreneur, who are party to the contractual relationship and are considered VAT payers. According to subparagraph 5 of the same part, the obligation to calculate and pay VAT in accordance with the procedure and terms established by the Code is borne by a non-resident organization that does not have a permanent establishment in the RA, if the party to the contractual relationship is considered a micro-business entity or a turnover tax payer. At the same time, transactions subject to VAT are considered to be carried out in the Republic of Armenia, if the place of provision of the service according to Article 39 of the Code is the Republic of Armenia.
3. Taxable base	In the case of transactions for the provision of services, unless otherwise stipulated by Article 62 of the Code, then the base for taxation with VAT is considered to be their value in monetary terms, excluding VAT (Articles 61 and 62 of the TC of the RA).
4. VAT rate	With regard to the taxation base of transactions (provision of services) considered to be subject to VAT taxation, VAT is calculated at the rate of 20%, with the exception of transactions established by Articles 64 and 65 of the Code (Article 63 of the TC of the RA).
5. Tax period	A tax period for calculating and paying VAT is considered each reporting month (Article 69 of the TC of the RA).
6. How to submit a VAT Return	A unified calculation of VAT and excise tax is submitted by the 20th day (inclusive) of the month following each reporting period (Article 75 of the TC of the RA).
7. VAT payment	VAT amounts are paid to the RA state budget by the 20th day (inclusive) of the month following each reporting period, and in cases stipulated by subparagraph 5 of part 2 of Article 70 of the Code, a non-resident organization, in the event of a transaction that is considered an object of VAT taxation, pays to the state budget the amount of VAT arising from this transaction by the 20th day of the month following the reporting period including the date of the

	transaction.
8. Currency of declaration and payment of VAT	Article 16 of the TC of the RA establishes the rules for accounting of transactions and operations denominated in foreign currency, in particular, when a non-resident organization provides services to a RA resident in the RA, the base for taxation with VAT is determined as of the date of issuance of that settlement document (regardless of the circumstances of the issuance of the settlement document specified in the procedure established by the Code following the clarification of these transactions or regardless of the circumstance of subsequent revocation of the settlement document issued for this transaction), based on the average currency exchange rate, published that day by the Central Bank of the Republic of Armenia (hereinafter - the CB of the RA). For the purposes of the same article, the average exchange rate published by the CB of the RA before 16:00 of the given day is taken as the basis of the average exchange rate formed on foreign exchange markets, published by the CB of the RA on a given day.
9. Is there a procedure for registering a supplier as a subject of VAT taxation?	Taxpayers are registered with the tax authority in accordance with Articles 288 and 289 of the TC of the RA. The Tax Code of the Republic of Armenia does not establish a separate regulation for registration with a tax authority of a non-resident organization that does not have a permanent establishment in the Republic of Armenia. A non-resident organization that does not have a permanent establishment in the Republic of Armenia, for registration with the tax authority and obtaining a taxpayer identification number, may be guided by the above articles of the TC of the RA and the procedure established by the Decision of the Government of the Republic of Armenia N430-H of 27.04.2017.
10. The procedure for registration as a subject of VAT taxation (remotely / not remotely)	Please see answer to question 9.
11. Website address	www.petekamutner.am

In addition, we would like to inform you that in order to form a unified taxation policy for services provided electronically between the EAEU member states, a draft protocol has been elaborated and is now at the stage of domestic approval “on Amendments to the Agreement of the Eurasian Economic Union dated May 29, 2014 regarding the establishment of the procedure for levying indirect taxes on services provided electronically”, which regulates relations related to the calculation and payment of VAT on services provided electronically within the EAEU.