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The Law of the Republic of Armenia “On Land Tax”

Chapter I. General Provisions

Article 1. The Subject of the Law Regulation.

The present Law regulates the relationship between the definition of land tax and payment, defines the framework of the land taxpayers; the rates, the method of calculation and payment of the land tax, as well as the issue of responsibility in the case of violation of the present Law.

Article 2. The Concept of the Land Tax .

1. The land tax is payable direct tax by procedures and rate established by the present Law.
2. The land tax is not dependent on the outcome of the economic activity of the taxpayers.

Article 3. Taxpayers.

1. According to the present Law taxpayers are landowners and permanent users of land under public (or common) ownership whether they are physical or legal persons, as well as enterprises without legal entity status.
2. The taxation procedure for the land tax on legal entities established by this Law applies to enterprises without legal entity status (with the exception of the agricultural firms).
3. The taxation procedures established by the present Law on land tax for physical persons applies to individually of family owned agricultural firms.
4. If a taxable object belongs to more than one taxpayer according to joint ownership right, the joint owners are jointly and severally responsible for land tax payment and other liabilities derived from it. If a taxable object belongs to more than one taxpayer by general shared ownership right, taxpayers bear responsibility according to their proportional ownership share for land tax and other liabilities derived from it.

Chapter II.

The Taxable Object and Base

Article 4. The Taxable Object

The taxable object of the land tax is land owned by taxpayers or allotted to them for permanent use (hereinafter owned).

Article 5. The Tax Base

The taxable base is the money value of the taxable object determined by procedures and methods in accordance with normative juridical acts of the Government of the Republic of Armenia.

Chapter III.

The Land Tax Rates

Article 6. The Land Tax Rates

The land tax is calculated by the following annual rates:

1. 0.3 percent of the taxation base for the plowed fields, perennial seedlings, hayfields, pasture; land lots for gardening, dwelling houses, and land lots adjoining the house, that belong to physical persons.
2. 2 percent of the taxation base for all other lands included in the land fund.

Chapter IV.

Land Tax Privileges.

Article 7. The Following are Exempted From Land Tax:

- a) State (community) owned land not allotted for permanent use;
- b) Land belonging to enterprises financed by the state budget;
- c) Special natural territories (lands belonging to the state reserves, national and tree parks, botanical parks) and lands of historic-cultural importance defined by the legislation of the Republic of Armenia if they are not allotted for use;
- d) Agricultural land lots privatized by physical persons for agricultural activity for a two-year term;
- e) Non-agricultural land lots privatized by physical persons for agricultural activity for a five-year term;
- f) Agricultural land lots in abandoned settlements privatized by physical persons for agricultural activity for a 5-year term and non-agricultural land lots for a 10-year term;
- g) Non-agricultural land lots in remote and mountainous settlements privatized by natural persons for agricultural activity for a 10-year term;
- h) Lands in the forest fund, with exception of agricultural land lots within it; and
- i) Lands under dams.

The list of the settlements in the f) and g) subdivisions of the present article is defined by the Government of the Republic of Armenia.

Taxpayers with privileges under the subdivisions of “d”, “e”, “f” and “g” are tax exempt starting from the month of the land privatization. For taxpayers that in the meantime are granted two or more privileges, the first to accrue, is applied.

Article 8. The Privileges of Agricultural and Forestry Enterprises.

The land lots of scientific organizations, scientific research and educational institutions on agriculture and forestry, seed-growing, nursery, pedigree and sorting experimental organizations, stations and posts are 50% tax exempt.

The list of the organizations granted privileges defined by the present article is subject to approval by the Government of the Republic of Armenia.

Article 9. The Privileges of Servicemen

Persons serving in the army of the Republic of Armenia or in the armies of the allied countries according to the international contracts signed and verified according to the established procedures on behalf of the Republic of Armenia are tax exempt during the whole duration of their service, as follows:

- a) on the part of the taxable object belonging to them by rights of individual ownership;
- b) on the part of the taxable object belonging to them by rights of joint ownership, if the other co-owners are underage or unable to work;
- c) on the proportional part of their taxable object, in the case where the taxable object belongs to them by rights of general shared ownership

if the land representing taxable object is not rent out.

Article 10. Definition of the Land Tax by the Community Foreman

1. For particular groups the community foreman can determine eligibility for land tax privileges.
2. The total amount of the land tax privileges defined by the foreman of the community cannot exceed 5% of the community budget revenue formed from the land taxes of the current year.
3. No additional dotation is given from the state budget to the community budget for the amount of the privilege determined by the community foreman.
4. The order of the allotment of the defined privileges of the present article is determined by the normative juridical acts of the Government of the Republic of Armenia.

Article 11. Determination of the Land Tax Privileges by the Law.

The Law can define land tax exemptions and other privileges defined by the tax code of the Republic of Armenia.

Article 12. Initiation and Suspension of the Privileges During the Reporting Year.

1. During the reporting year a taxpayer who is granted land tax privileges, becomes tax exempt from the month, when the privilege has been acquired.
2. During the reporting year in the case of suspension of a land tax privilege, the tax is calculated beginning from the month following the month of the tax privilege suspension.

Chapter V.

Procedure of Tax Calculation and Payment

Article 13. Base Data for the Calculation of the Land Tax

1. The basis for the land tax calculation is the documents verifying the ownership of the land, the right of its permanent use; and, in case of their absence, data provided by the legal entities which conduct land census, assessment, and registration; cadaster data and data on tax base verified by the Government of the Republic of Armenia (hereinafter, verifying documents, or data on the verifying documents).
2. For the calculation of the land tax, the tax base is reassessed once in three years according to the procedure established by the normative juridical acts of the Government of the Republic of Armenia as of July 1 of the year preceding next three-year period.

Article 14. The Time of the Initiation and Suspension of the Land Tax Calculation and Payment.

1. According to the procedure defined in this Chapter the responsibility of land tax calculation and payment for the taxpayer begins from the month following the month when the right of ownership or permanent use of the taxable object or the part of it is acquired.
2. In the case of transfer (alienation) of the right of ownership or permanent use of the taxable object or the part of it, the former owner or the permanent user according to the procedures defined in this Chapter calculates and totally pays the land tax until the transfer month (the transfer month included).
3. If the right of ownership or permanent use of the taxable object is acquired based on a court decision, decision or juridical act, then, irrespective of the provisions of the subdivision 2 of the present article, the taxpayer calculates and pays the land tax for the interval, when the land is transferred at his/her disposal according to the procedure defined in this chapter.

Article 15. Submission of the Land Tax Calculations and the Tax Payment by Legal Persons.

1. Legal persons calculate the land tax independently and submit their annual calculations on each taxable land lot to the entities of Tax Inspectorate until October 25 of each year. In the case of possession of a taxable object in the territories of several communities, a legal person submits the annual calculations of the land tax to the corresponding bodies of the Tax Inspectorate assigned to the place where the taxable object is located, with the exception of the case given in subdivision 2 of this article.
2. Legal persons paying land tax in the centralized manner shall submit the land tax annual calculations to the entities of the Tax Inspectorate bodies for their calculating location according to Article 16 of this law.
3. For the first and second quarters of the reporting year the legal persons calculate and pay the land tax for each quarter by rate of Z of tax amount accounted for the previous year.
4. Based on the annual calculations the amount of the land tax for the third and forth quarters of the reporting year is calculated by the 1/2 of the difference between the annual tax amount and the calculated tax amount for the first and second quarters in accordance with the third item of this article.
5. The tax amount for each quarter shall be paid to the corresponding budget prior to the 25th of month following the reporting quarter.

6. During the year additional calculations of the land tax for lands acquired (alienated) by ownership right or allotted (returned) for the purpose of permanent use are to be submitted prior to the 25th of the month following the quarter when the right of land ownership or permanent use (alienation, return) is acquired indicating the month when the right is acquired (alienated, returned).

Article 16. Centralized Payment of Land Tax

The Government of the Republic of Armenia may define the list of legal persons who are allowed to make land tax calculation, to submit calculations and pay land tax in the centralized way.

Article 17. Land Tax Payment and Calculation by Physical Persons

1. Physical persons calculate land tax independently based on the data about the taxable object and tax base registered in documents confirming the tax base re-assessment year as of July 1; tax rates determined by the article 6 of this Law; as well as index factor for the reporting year as determined in accordance with article 19 of this Law.
2. Physical persons may submit land tax calculations to the local Tax Inspectorate body for the taxable object prior to October 1 of the reporting year.
3. Based on information about tax base re-assessment year as of July 1 presented by the entities implementing land census, assessment and registration, corresponding bodies of Tax Inspectorate prior to December 1 of tax base re-assessment year, calculate and submit to physical persons considered as taxpayers land tax notices subject to payment within next three years where the object of taxation, tax base and land tax calculation, as well as other information and data established by juridical normative acts of the Tax Inspectorate of the Republic of Armenia are indicated. In the event of disagreement with the calculations made in the land tax notices a physical person considered as a taxpayer submits land tax calculations made by him/her to the local Tax Inspectorate bodies of the taxable object prior to October 1 of the reporting year.
4. Taxpayers pay calculated amount of land tax prior to December 1 of the reporting year.

Article 18. Calculation and Payment of Joint Ownership Land Tax

The land tax on taxable objects belonging by joint ownership right to more than one taxpayer is calculated from the total tax base, and according to articles 15 and 17 of this Law calculations are submitted and the tax amount is paid:

- a) In the case of general shared ownership - by each co-owner (taxpayer) on his/her proportionate share or by at least one of them, indicating data about other co-owners required by departmental-normative acts of the Tax Inspectorate of the Republic of Armenia.
- b) in case of general joint ownership – by one co-owner (taxpayer), indicating data about other co-owners required by departmental-normative acts of the Tax Inspectorate of the Republic of Armenia.
- c) if in the case of general joint ownership at least one of the co-owners considered to be a taxpayer is a legal person, then, irrespective of provisions set forth in b) subdivision of this article, by the legal person (persons) indicating data about other co-owners as required by departmental-normative acts of the Tax Inspectorate of the Republic of Armenia.

Article 19. Tax Base Indexing

A land tax base indexing factor may be established by Law – for each year not later than July 1 of the previous year.

Article 20. Procedure of Land Tax Levying

For lands located in administrative territories of communities and belonging to physical persons land tax is levied by local self-governing bodies in accordance with the procedures established by the juridical-normative acts of the Government of the Republic of Armenia.

Article 21. Rules of Land Tax Amount Distribution

1. According to Article 28 of the Law of the Republic of Armenia “On Budgetary System of the Republic of Armenia” the land tax derived from a taxable object located within the territory of an administrative entity of a community

is subject to be transferred to the community budget where the taxable object is located.

2. The land tax of a taxable objects outside of the administrative territory of a community is subject to be transferred to the state budget.
3. The procedure for the distribution and transfer of the land tax amount is defined through the normative juridical acts of the Ministry of Finance and Economics of the Republic of Armenia.

Article 22. Submission of the Necessary Data on Land Tax

1. For the purpose of land tax calculation and payment control, legal persons conducting the land census, assessment and registration (as well as current land calculation and land balance within their administrative borders) shall submit the data necessary for the calculation of the land tax to the bodies of Tax Inspectorate according to procedures defined by the Government of the Republic of Armenia.
2. Taxpayers may receive necessary data on land tax calculation from the legal bodies conducting land calculation, assessment and registration.

Article 23. Absence of the Documents Confirming the Taxable Object

In the case of absence of supporting documents on taxable object the land tax is calculated based on the data indicated in the resolutions of the bodies competent in land allotment.

Chapter VI.

Concluding Provisions

Article 24. Rights, Liabilities and Responsibilities.

1. The rights and liabilities of taxpayers and the rights and liabilities of Tax Inspectorate bodies of the Republic of Armenia; the accuracy of tax calculation data submitted to the Tax Inspectorate of the Republic of Armenia; as well as responsibility for violation of this Law are regulated by this Law, other Laws and other juridical acts.
2. The hiding or intended diminution of the tax base evokes criminal, administrative or other responsibilities defined by the law on hiding and diminution of the taxable object.

Article 25. Applying Responsibility in the Case of Late Received Notices

1. The late submission of the notice by the bodies of the Tax Inspectorate to the physical person does not free the taxpayer from the liability to fulfil all the obligations of the taxpayer, with exception of the case described in the subdivision 2. of this Article.
2. In the case of late submission of the notice to the physical person considered as a taxpayer by the Tax Inspectorate body, the taxpayer pays the tax amount at the same rate as calculated for the previous year. If the physical person considered as a taxpayer receives the notice before the October 1 of the reporting year the tax amount is subject to be paid in full prior to December 1 of the reporting year. If the physical person considered as a taxpayer receives the notice after October 1 of the reporting year, then the difference of the tax amount calculated for the reporting year and the tax amount calculated for the previous year is subject to payment prior to December 1 of the next year following the reporting year.

Article 26. Delay of the Submission of the Calculations

For violation of the requirements of subdivision 1 of Article 15 the legal persons are fined at the rate of 5 percent (but not more than the total amount of the tax) of the total amount of the unpaid tax for each 15 days following the deadline for the submission of calculations from legal persons required by this Law.

Article 27. Departmental-Normative Acts on the Application of This Law.

Departmental-normative acts on the application of this law are to be adopted by the Tax Inspectorate

of the Republic of Armenia with the agreement of the Ministry of Finance and Economics of the Republic of Armenia.

Chapter VII.

Transitional Provisions

Article 28. State Owned Lands of Temporary Use.

From the moment this Law is in force state owned lands allotted for temporary use are considered to be taxable objects, and their users are considered to be taxpayers, until the establishment of another right on land use for temporary land users through procedures defined by legislation of the Republic of Armenia.

Article 29. Submission of the Notices to the Physical Persons and Land Tax Calculation for 1998.

1. The notices about land tax calculations for 1998 are to be delivered to physical persons considered to be taxpayers prior to April 1, 1998.
2. The 1998 land tax of physical persons considered to be taxpayers is calculated at the rate of the 1997 tax amount.

Article 30. First Reassessment of the Tax Base.

The first reassessment of the tax base defined by the normative juridical acts of the Government of the Republic of Armenia is to be done the same way as it was done July 1, 1998.

Article 31. Operation of Time Privileges.

Until this law becomes effective, the time privileges of the established land tax are still in effect till the end of their expiration date.

Article 32. The Date this Law Becomes Effective

1. This Law is in effect since January 1, 1998.
2. From the moment this Law becomes effective, the Law of the Republic of Armenia "On Land Tax" as of April 27, 1994, becomes ineffective.