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Dear Investor,

The Government of Armenia is carrying out deep and comprehensive reforms of the business environment due to which today Armenia becomes an “open-door” destination with a various opportunities for beneficial investment and business activities. We believe that Armenia offers plenty of investment opportunities, in sectors that have traditionally been strong contributors to the country’s economy as well as in niche sectors that have not been developed or maybe even discovered yet.

You can use the opportunities of Armenia that serves a unique bridge between the member states of the European Union and the Eurasian Economic Union, Iran, as well as Canada, Switzerland, Japan, Norway, and the USA with which Armenia has a preferential trade opportunities and a proved track record of cooperation.

Moreover, investors and foreign investment are fully protected by the law.

I am confident that Investment Guide – Armenia will arm you with the knowledge and the understanding of business environment in Armenia and will encourage you for new businesses and new investments.

Welcome to Armenia!

Sincerely yours,

Suren Karayan
Minister of Economic Development and Investments
Republic of Armenia
We are pleased to introduce you the new publication “Investment Guide - Armenia” issued by KPMG Armenia in cooperation with the Ministry of Economy of the Republic of Armenia and Enterprise Incubator Foundation. The publication is mainly focused on presenting Armenia’s Innovation sector and its notable developments in the recent years. Our publication also includes basic information for foreign businesses and individuals who are thinking about or intend to make an investment in Armenia, including general information about the country, economy, culture, legal and taxation requirements related to investments, government plans and priorities for the development of Armenia.

A number of sectors have shown significant growth during the last few years, including innovation and technologies, financial services, agriculture, mining and hospitality. In particular there has been a significant increase in the IT sector with a total turnover of IT industry comprising 559 million U.S. dollars. In 2015 the industry recorded an average annual growth of 21%.

On January 2015 the Republic of Armenia became a member of Eurasian Economic Union (EEU), which specifies unified customs territory providing free movement of goods within the countries of EEU. Armenia has signed free-trade agreements with Georgia and most of the CIS countries. Armenia currently enjoys GSP beneficiary status with Canada, Japan, Norway, Switzerland, and the United States. Since 2009, the country has also been included in the list of countries granted GSP+ by the European Union.

We believe that Armenia will continue its growth and become an increasingly attractive country to invest in. Notwithstanding the relations with some neighboring countries, Armenia continues to move forward towards growth and prosperity.

Sincerely yours,
Tigran Gasparyan
Managing Partner
KPMG in Armenia
ICT and high-tech sectors are one of the growth drivers of the Armenian economy. In last 5 years with double-digit growth, the output of this sector increased 4.3 times, reaching to USD 450 mln and the number of companies in IT sub-sector increased about 2.4 times reaching to 429 at the end of 2015. From 2010-2015 IT industry is has grown at the CAGR of 33.98%, becoming the fastest-growing sector of the Armenian economy.

These developments in the sector showed transition from being an outsourcing industry to an R&D generating industry where about 50% of revenues of half of the companies is generated from own R&D. The industry demonstrated a sharp increase in the number of newly formed companies, both local start ups and branches of most prominent multinational corporations such as Microsoft, IBM, Oracle, Cisco, Synopsys, National Instruments, D-Link, VMware, Mentor Graphics, etc.

Due to its skilled and comparatively low cost labor force and world class R&D capabilities, Armenia continues to be the regional leader in IT and high-tech industry. With the average annual productivity of USD 48,000 per technical employee, the sector is considered one of the most productive sectors. During last years the number of employees in the sector significantly increased, particularly, the number of technical staff has almost been doubled.

Armenian ICT sector goes in line with the development trends of global economy and has become a regional innovation hub with many organizations including Microsoft Innovation Center, Armenian National Engineering Labs, IBM Innovative Solutions, and Technologies Center, Armenian-Indian Center for Excellence in ICT, as well as Gyumri and Vanadzor technology centres.

Besides, in 2000, the Government of Armenia has declared High tech as a priority sector and as the primary constituent of the country’s economic progress, and is currently supporting the sector with various incentives, including tax privileges, support to infrastructure development and innovation.

Recent developments in the Armenian ICT sector, including major acquisitions and investment projects have positioned Armenia as a leading global technology hub with focus on product development and creation of start-ups that are competitive in both international and local markets.

We hope this Investment Guide will provide you with better understanding about business opportunities and investment environment in Armenia and will allow to create solid grounds for the future mutually beneficial investments.

Sincerely yours,
Bagrat Yengibaryan
Director
Enterprise Incubator Foundation
Armenia Profile

**Total area:**
29,734 sq km

**Borders with:**
Georgia, Azerbaijan, Iran, Turkey

**Population:**
2,998.6 thousand (as at 1 January, 2016)

**Capital:**
Yerevan (1,074.3 thousand)

**Large cities:**
Gyumri, Vanadzor

**Government:**
Presidential Republic

**Monetary unit:**
Armenian Dram (AMD)

**Climate:**
Continental
Favorable environment for investment

Current Investment Climate

Armenia has a positive and open attitude towards foreign investments. The reforms related to the economy and infrastructure, macroeconomic stabilization and economic growth have contributed to the development and implementation of the country’s foreign investment policy.

The main principles of the investment policy may be summarized as follows:

— A liberal attitude towards foreign investments and Open Door policy
— Protection of investors’ rights
— Provision of equal conditions for foreign and domestic investors.

There are almost no restrictions concerning the sectors in which a foreign investor may invest, except the territories where foreign investments may be restricted taking into account necessity of national defense. A prior approval for making an investment is generally not required, except for the investments made in regulated establishments, such as banks, investment companies and certain public utilities.
Investment incentives

Foreign investors can benefit from the following investment incentives:

— 100% ownership permitted
— Companies registered by a foreigner in Armenia have the right to buy land. Although foreign citizens are not allowed to own land in Armenia, they are offered long-term lease contracts
— VAT payments postponement for up to 3-year period for importing equipment and goods within the scope of investment projects, subject to the Government approval
— Free exchange of foreign currencies
— Free repatriation of profit
— In case of any changes in legislation foreign investors can choose which law to use for up to a five-year term (five-year grandfather clause)
— Free Economic Zones (no value added tax, no property tax, no profit tax, no custom duties)
— Profit tax privileges for large exporters (exported goods and services for at least 40 billion AMD (about 84 million USD), except those in mining, jewelry, precious metals and stones processing, excisable goods production)
— No export duties and restrictions
— No screening and specific authorization required for making investment
— No restrictions on remittances
— No restrictions on staff recruitment
— No sector-specific or geographic restrictions on investments, except in certain national defense-related sectors
— Customs duty exemption. Materials and equipment/technology imported from non-EEU country that cannot be replaced by materials and equipment produced by EEU country to implement investment project in the priority sector of economy of Armenia and exceptionally in the territory of RA are exempted form customs duties.
— Tax exemptions in close to border areas of Armenia
— Tax exemptions in Tavush region of Armenia (operations within the framework of investment projects above 2 billion AMD (except those in mining and chemical production sectors)

Armenia has signed bilateral treaties on reciprocal promotion and protection of investments with 41 countries. Armenia is also a signatory of the International Convention of Investment Disputes (ICSID), CIS Multilateral Convention on the Protection of Investor Rights. In addition, it has double taxation treaties with 41 countries as of 2016. The benefits of these particular treaties are easy to access by providing supporting documentation of residency from foreign tax authorities.

Since January 2015 Armenia is a member of the Eurasian Economic Union (EEU), which creates the following opportunities:

— Duty free import of raw materials from EEU member states.
— No customs formalities during mutual trade between EEU member states, which leads to financial costs reduction and time-consuming for business.
— No non-tariff measures of trade and trade technical barriers between EEU member countries.
— Favorable import tariffs for about 750 products.

Armenia has signed free-trade agreements with Georgia and most of the CIS countries. Armenia currently enjoys GSP beneficiary status with Canada, Japan, Norway, Switzerland, and the United States. Since 2009, Armenia has also been included in the list of countries granted GSP+ by the European Union.
Foreign investment legislation

The Law on “Foreign Investments” sets forth the rights, guarantees and privileges for foreign investors.

The law guarantees equal treatment of foreign and domestic investors, restricts the government’s ability to confiscate investors’ property, ensures full compensation in case of nationalization or confiscation by the government, provides access to Armenian and international courts to resolve commercial disputes, allows for full repatriation of profits and property.

Foreign investments are allowed in wide sectors of economy and in various forms. Investments are protected for a period of five years from adverse legislative changes.

Investment Promotion and Support

Ministry of Economic Development and Investments of Republic of Armenia is responsible for investment policy elaboration and business environment improvement.

Department of Investment Policy of the Ministry of Economic Development and Investments of Republic of Armenia is responsible for the development of investment policy, including elaboration of legislation for free economic zones, improvement of investment environment, monitoring and assistance of public and private investment projects and implementation of the investment policy.

For more information regarding investment climate, business opportunities as well as about available investment projects you can contact Investment Policy Department investment@mineconomy.am, tel. +374 1 1 597 125

Development Foundation of Armenia serves as a central point of contact for the investment process, free of charge to the investor. The foundation helps companies from all parts of the world to start new business ventures in Armenia as well as expand existing operations.

/www.dfa.am/
Investment Opportunities

IT and High Tech

Armenia is an attractive technology market with tremendous potential, competitive labor force, strategic location and business environment that offers great opportunities both for established and start-up entrepreneurs and investors.

As the Soviet Union’s main hub for software development, industrial computing, electronics, and production of semiconductors, Armenia has kept its huge potential for technology development and continues to be the regional leader in ICT and High-Tech industry.

Yerevan is at the top of the competition pool alongside cities such as Bangalore, Mumbai, Delhi, Chennai, Ottawa, Montreal, Tel Aviv, Dublin, Kiev, Moscow, and St. Petersburg. Investors choose Armenia for their investments due to the availability of trained, well-educated, English-speaking software programmers and engineers, affordable skilled professionals, low production costs, strong infrastructure (i.e. electricity and internet), the Armenian government’s favorable policies towards outside investors, cultural compatibility, existence of intellectual protection laws, and geographic location.

There are 429 IT companies that operate in Armenia right now. Average annual productivity amounts to USD 48,000 per technical employee with the total workforce employed by the IT sector is 15,000 specialists. The total turnover of IT industry is 559 million U.S. dollars.

Armenian IT companies specialize in mobile and cloud solutions, embedded software development and semiconductor design, customized software and outsourcing, financial software, multimedia, web design, information systems and system integration, etc.

The recent developments in IT/High-Tech sector in Armenia showed transition from being an outsourcing industry to an R&D generating

1 Source: EIF Armenia
industry where about 50% of revenues of half of the companies is generated from own R&D. Meantime, efforts are being undertaken to strengthen the engineering sector and improve cybersecurity of the country via the implementation of relevant public private partnerships.

The Armenian labor market is constantly supplied with skilled workforce in high demand thanks to learning mechanisms that Armenian universities have applied over the decades. The educational methodologies used by the universities are enhanced by interactive sessions and are always being updated to stay on par with the quality of internationally acclaimed institutions of higher education. Universities put great stress on training students in IT fundamentals and in educating them to understand the entire practical process. Today, training methods applied by these universities are enhanced with new ideas and best traditions and approaches of internationally known institutions of higher education.

In partnership with the private sector, the Government of Armenia focuses on and strongly supports the Information Technology industry by implementing this industry development strategy, adopted by the Government in 2008. The main goals of this strategy are to develop technology and business incubation infrastructure, improve the quality and increase the number of technical graduates, and to expand support and financing mechanisms for technology start-ups.

The technical workforce of Armenia creates a favorable investment climate for large ICT companies and Multinationals, as well as private equity and investment funds. In recent years the industry demonstrated a sharp increase in the number of newly formed companies, both local startups and branches of most prominent multinational corporations such as Microsoft, IBM, Oracle, Cisco, Synopsys, National Instruments, DLink, VMware, Mentor Graphics, etc.

The high interest shown is mostly due to the capabilities of local workforce to cater to the Research and Development needs of the large corporations together with the large potential in innovation creation.

Meantime the human capital in ICT in the country is constantly being upgraded and developed through implementation of higher education programs, trainings and support to scientific researches to keep up with the growing demand of specialists in the area of ICT in the country and abroad.

Therefore, Armenian National Engineering Laboratory, Microsoft Innovation Center, IBM Innovative Solutions and Technologies Center, Armenian-Indian Center for Excellence in ICT, mLab Regional Mobile Applications Laboratory for ECA (NOKIA) have been established to further promote and develop R&D potential in the country.

Since 2000 when the Government of Armenia declared the IT sector as one of the priorities in the development of the Armenian economy various targeted actions have been undertaken to bring the decree to life.

One of the large undertakings for the development of ICT sector in Armenia was the establishment of Enterprise Incubator Foundation in 2002 within the framework of the World Bank’s “Enterprise Incubator” project. Since its establishment EIF has played a
major role in the development of ICT industry in the country, covering every aspect of the industry development – from nationwide ICT related policy development and creation of national representations in global markets, to tailored services for startups, skills development and research projects.

EIF acts as a cross-point for all entities in the sector - multinationals and small startups, public institutions and international organizations, and brings them all together to act jointly towards the ultimate goal of ICT excellence.

Furthermore, multiple projects have been designed and implemented for the development of ICT sector in Armenia, such as:

- Granatus Ventures – Armenian first Venture Fund
- Various grant programs, including Deal Generation Matching Grants (within the framework of World Bank’s EIC Project),
- Establishment of Technology Centers

The Government emphasizes the importance of regional development via creation of regional ICT centers. That will lead to more proportional and balanced development of the ICT sector in the country enabling the talented young professionals from the regions to utilize their knowledge and skills in their homeland. Among the regional projects implemented in the sector in recent years are:

- Gyumri Technology Center
- Vanadzor Technology Center
- Kapan Mobile Solutions Laboratory

The Centers are aimed at creating an enabling environment of opportunities and services that would promote job creation, will support talented youth and provide incentives for innovative business ideas and companies ultimately contributing to the sustainable growth of the region by involving and attracting new investments.

To support the ICT industry, the Government of RA has initiated the introduction of targeted tax privileges for startup IT companies (the law was ratified by 2015). A simplified procedure is set for creating startups, and the start-ups have to pay only 10% income tax and 0% profit tax during the first three years of operation. Among the recently launched successful Armenian startups are:

- PicsArt – 75 million monthly active users and 300 million installs, PicsArt was named one of the top 5 “Hottest Startups of 2015” by Forbes and Google Play ranked PicsArt as one of the “Best Apps of 2015.”
- SoloLearn – a global coding community, has grown in popularity among millennials and students by providing an entertaining environment for young people to improve their coder ranking through diverse activities, including interactive lessons, coding exercises, peer-to-peer challenges, and community Q & A. With over 90% of its community coding on mobile, more than 2M profiled coders, and 7M coding activities weekly, SoloLearn is a vibrant and receptive environment for early coders and professionals alike.
- Shadowmatic – an iOS app developed by the Yerevan-based Triada Studio which won the prestigious Apple Design Award in 2015;
- Joomag Company – providing integrated solutions for publishing, distributing, tracking and monetizing publications online (creating digital interactive magazines, newsletters, blogs, catalogues, brochures, and e-books) to more than 300,000 worldwide publishers and many more.

The first Armenian Venture Fund, Granatus Ventures initiated in 2013 by co-investments from the Government of Armenia aims at stipulating the creation of new start-up companies and the generation of the innovative businesses. The main directions of the fund’s investments are: information and communication technology, engineering, material science, clean technology and health care.
Economic Drivers

Key Economic Indicators:

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<th>2014</th>
<th>2015</th>
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<tr>
<td>Nominal GDP, USDm</td>
<td>11,644</td>
<td>10,562</td>
</tr>
<tr>
<td>Real GDP growth, %</td>
<td>3.5%</td>
<td>3%</td>
</tr>
<tr>
<td>Inflation (period average)</td>
<td>3%</td>
<td>3.7%</td>
</tr>
<tr>
<td>FDI, USDm</td>
<td>282</td>
<td>147</td>
</tr>
<tr>
<td>FDI growth</td>
<td>3.9%</td>
<td>(43.5)</td>
</tr>
<tr>
<td>AMD/USD exchange rate (period average)</td>
<td>416</td>
<td>478</td>
</tr>
</tbody>
</table>

Source: NSS

Armenia has had a positive annual real GDP growth rate during the last 5 years, keeping around 3-3.5% in the last three years. The compound annual growth rate of real GDP for the years 2011 to 2015 has been 1%. Nominal GDP decrease in USD terms of about 9% in 2015 compared with 2014 was mainly due to the local currency devaluation against USD. According to the IMF, the real GDP is expected to grow by 2.5% in 2016 and 2.8% in 2017. Later starting from 2018 to 2020 the IMF expects Armenia to have 3-3.5% annual growth rate in real GDP.

Overall the structure of GDP has been stable during the last five years. Mainly the hotel, restaurant and entertainment sector has been experiencing stable growth in recent years. In 2015 GDP composition agriculture had the biggest share compounding 17.3%, followed by Manufacturing and Mining, and public administration both compounding 11.2% share each.
FDI in Armenia decreased in 2013 and was comparably stable in last 3 years. Starting from 2011 FDI had a decrease over the years and decreased to USD 271 million in 2013. During the first three quarters of 2015 the level of FDI increased by 0.4% compared to the same period of 2014 and was USD 262 million.
The average annual inflation rate for Armenia in 2011-2015 was 4.6%. The average inflation rate in 2015 was 3.7%. In recent years the inflation rate has been within the CBA targeted inflation rate range.

Source: NSS

In 2015 the import decreased significantly. This is overall the impact of the declining economy in the region and particularly in Russia as a main trade partner. The main countries from where Armenia imports are Russia, Georgia, Iran, UAE and China. Armenia mainly exports to Russia, China, Germany, Iraq and Georgia.

Source: NSS
Government
Industrial Policy

The Government has declared building a knowledge-based economy as its long-term strategic objective. On this basis, the guiding vision for the industrial policy will be to turn Armenia into a country producing high-value and knowledge-intensive goods and services with creative human capital at its core. Achieving this vision requires a phased approach that entails a gradual transition from resource-intensive production to capacity and skills, and subsequently knowledge-based production to play a dominant role in the longer term.

Free Economic Zones

“Alliance” Free Economic Zone

Free economic zones (FEZs) in Armenia offer a unique opportunity for entrepreneurs to establish businesses in strategic sectors of the economy and to process produce and export goods with a reduced tax burden. FEZs allow the export of goods without any restrictions to international markets with more than 500 million consumers.

“Alliance” FEZ is the first Free Economic Zone in Armenia based on “RAO Mars” CJSC and “The Yerevan Computer R&D Institute” CJSC officially has launched on August 1, 2013 with “Sytronics Armenia” CJSC as an organizer.

The establishment of FEZ in Armenia seeks to promote direct foreign investments, increase exports, create new jobs, and generate prerequisites for sustainable economic development in Armenia.

“Alliance” free economic zone has about 56,000 square meters of industrial area and 38,000 square meters of office space. The zone is oriented to the production and exports of high and innovative technologies in the field of electronics, precision engineering, pharmaceutics and biotechnologies, information
technologies, alternative energy, industrial design and telecommunications (elaboration and production of technological equipment, systems and materials for data/information transfer) as well as in the fields producing goods not produced in Armenia.

The services offered by the state bodies in the FEZ are implemented based on a simplified (“one stop shop”) principle. They can take advantage of tax benefits as well as of absence of exchange restrictions, free transfer of capital, profits and dividends. The preferential terms are supposed to reduce production cost and enhance competitiveness.

“Meridian” Free Economic Zone

“Meridian” FEZ is a unique platform with cluster infrastructures for jewelry, diamond cutting and watchmaking manufacturing companies in the center of Yerevan.

The free economic zone has about 25,500 square meters of manufacturing, service and office area, 10,180 square meters of exhibition halls, 6,000 square meters of diamond manufacturing area and around 10,000 square meters of auxiliary area (parking, storage, safes).

10 operating companies are currently present in the “Alliance” and “Meridian” free economic zones.

Companies granted permission to operate in free economic zones can benefit from the following privileges:

- 0% profit tax
- 0% VAT
- 0% property tax
- 0% customs duty

Steps to become FEZ resident:

1. Submit business plan to the Governmental committee
2. Get permission from the Government
3. Sign a contract with the FEZ organizer

14 operating companies are present in the “Alliance” and “Meridian” free economic zones as of September 2016.
Regulatory Framework

Legal forms for establishing a business

There are certain legal options for establishing a business (commercial activities) in the Republic of Armenia:

— sole entrepreneurs;
— business partnerships (full partnerships and trust partnerships);
— limited liability companies;
— supplementary liability companies;
— joint-stock companies (open and closed);
— cooperatives;
— branches.

Representative offices of foreign companies can be established in Armenia for the purposes of representation and protection of the rights of its founding company but are not entitled to perform commercial activities.

Incorporation of organizations and sole entrepreneurs

Legal entities, their separate subdivisions (branches and representative offices) and sole entrepreneurs are subject to state registration in the Republic of Armenia. State registration includes also registration with the tax authorities. The one-stop shop principle is applied in the process of state registration (including registration of the firm name, state registration of the company itself and registration with the tax authorities). The required documents can be submitted either in hard copies or electronically.

The registration of commercial entities is made immediately (if documents are submitted electronically or approved templates of the required documents are used) or within 2 working days (in other cases). State duty for the registration of a commercial legal entity is free of any fee, for branch and representative office is AMD 12,000 (approximately USD 25).

Foreign investment legislation

The Law “On foreign investments” sets forth the rights, guarantees and privileges for foreign investors, who can make their investment in various forms, such as a joint venture or the establishment of a wholly-owned subsidiary.

The Law contains a grandfather clause, which allows foreign investors to apply the investment legislation, effective for a five-year period from the moment of making the investment.

Investments made by foreigners shall not be nationalized or confiscated. Seizure of property can be applied as an exclusive measure if authorized by a court and where a state of emergency has been declared by the Government.

Seizure of property is subject to full compensation. Foreign investors are also entitled to compensation of damages and losses (including lost profit) resulting from unlawful acts of state authorities or state officials or improper performance of their duties.

Goods (from the list established by the Government), which are imported by foreign investors with the purpose of paying up shares or the charter capital, are exempt from customs duties. However, if these goods are disposed within 3 years after their import, the customs duties shall be paid.
Insurance of bank deposits

The bank deposits of individuals are insured in the Republic of Armenia. The limit of an insured deposit amount in a bank is AMD 10 million (approximately USD 20,000) for deposits only in Armenian currency and AMD 5 million (approximately USD 10,000) for deposits only in foreign currency.

Insurance

There is one type of mandatory insurance in Armenia: motor vehicle liability insurance. Other types of insurances are not mandatory.

Anti-money-laundering and terrorism financing legislation

Armenia has detailed regulations on anti-money-laundering and to combat against terrorism financing. The Central Bank of Armenia exercises supervision on compliance with the legislation and imposes sanctions in the field to combat money laundering and terrorism financing.

Currency regulation

As a general rule transactions in Armenia have to be made in Armenian drams. There are several cases (mainly, transactions between resident and non-resident legal entities and sole entrepreneurs) where use of foreign currency is permitted.

The judicial system of the Republic of Armenia

A three-tier judicial system currently exists in Armenia:

I. First Instance Courts
   a. Courts of general jurisdiction (hearing civil and criminal cases);
   b. Administrative court (hearing claims against administrative bodies).

II. Courts of Appeal
   a. Civil Court of Appeal;
   b. Criminal Court of Appeal;
   c. Administrative Court of Appeal.

III. Cassation Court of the Republic of Armenia

In the field of constitutional justice the highest judicial power is the Constitutional Court of the Republic of Armenia.

Note: The judicial precedent is applied in Armenia.

Labor Market

The Labor Code is the main Legal Act regulating employment relations in Armenia. The Code sets forth the main provisions related to employment agreements, collective agreements, length of a working day, rest time, duration of vacations, calculation of salaries and other payments to employees, termination of employment relations, duration and payment for special leave, etc.

Taxation Overview

In general, the following state and municipal taxes are defined in the Republic of Armenia:


The law may specify turnover tax, presumptive payments or license fees as a replacement to the above mentioned taxes.

Municipal taxes:
Property Tax, Land Tax.

Profit Tax

Tax payers: Profit Tax in Armenia is payable both by residents (organizations established in the RA) and non-residents (organizations created outside the RA and their subdivisions registered in Armenia).

Taxable profit: Profit Tax is calculated on the basis of the taxable profit representing the positive difference between the total income from the sale of goods, services, assets and other property, less total expenses which are deductible by law.

Profit tax rate: For residents and registered non-residents the general rate of Profit Tax is currently 20% of the taxable profit. For investment funds 0.01% is applied to the net assets of the fund.

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2 Based on the legislation effective 1 March 2016.

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Reported period: Taxpayers have to submit their Profit Tax return to their local tax authority before April 15 of the year following the reporting year. The amount of the Profit Tax should be transferred to the State Budget not later than April 25 of the year following the reporting year. The reporting year end is 31 December for all companies. When establishing the amount of the Profit Tax liability, the income and expenditure are calculated on the accruals basis.

The key Profit Tax implications for resident and non-resident registered entities are presented in the table below.

<table>
<thead>
<tr>
<th>Profit Tax</th>
<th>Residents</th>
<th>Non-residents registered in Armenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax object</td>
<td>Taxable profit received on the territory of Armenia, as well as outside Armenia</td>
<td>The taxable profit derived only from Armenian sources.</td>
</tr>
<tr>
<td>Tax methodology</td>
<td>The taxable profit is the positive difference between income recognized for taxation purposes and allowances established by law (expenses, losses, other allowances).</td>
<td>The taxable profit can be established: 1. as the positive difference between income recognized for taxation purposes and allowances established by law (expenses, other allowances); or 2. using one of the indirect methods defined by legislation (proportion of revenue, proportion of expenses, proportion of number of staff of Armenian subdivision in overall revenue, expenses, number of staff of non-resident)</td>
</tr>
<tr>
<td>Tax losses</td>
<td>Tax losses that arose during the last 5 years are deducted when calculating the taxable profit.</td>
<td>Losses are not deducted.</td>
</tr>
<tr>
<td>Dividends received</td>
<td>Dividends received are deducted from the gross income when calculating the taxable profit.</td>
<td>Dividends received are taxed.</td>
</tr>
<tr>
<td>Prepayments</td>
<td>Prepayments are made on a quarterly basis in the amount of the 18.75% of the previous year actual Profit tax.</td>
<td>Prepayments are made on a half-annual basis in the amount of 1/4 of the previous year actual Profit tax, if the previous year actual Profit tax exceeded AMD 2 mln (USD 4,000).</td>
</tr>
</tbody>
</table>
In case the non-resident company is not registered in Armenia, taxation of income derived from Armenian sources is performed by a tax agent at the following rates:

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Amount of the Profit Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance compensation, reinsurance payments and income received from freight</td>
<td>5%</td>
</tr>
<tr>
<td>Dividends, interests, royalty, income from the lease of property, increase in the value of property and other passive income (with the exception of the income received from the freight)</td>
<td>10%</td>
</tr>
<tr>
<td>Income from other services provided by non-residents, as well as income from services provided by non-residents to Armenian residents outside Armenia, which include consulting, legal, accounting, management services, expertise, marketing, advertising, translating, engineering and other similar services.</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Double Taxation Treaties:** Currently Armenia has signed Double Tax Treaties with the following countries: Austria, Belarus, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, India, Iran, Ireland, Italy, Kazakhstan, Kuwait, Latvia, Lebanon, Lithuania, Luxembourg, Moldova, the Netherlands, Poland, Qatar, Romania, Russia, Spain, Switzerland, Syria, Slovenia, Thailand, Turkmenistan, Ukraine, the United Arab Emirates, the United Kingdom and Northern Ireland.

**Value Added Tax**

**VAT payers:** VAT payers are individuals and legal entities that carry out economic (entrepreneurial) activities and perform the VAT taxable transactions on the territory of the RA.

**VAT taxable transactions:**

- Delivery (supply) of goods for compensation;
- Rendering of services for any form of compensation;
- Free (partially free) delivery of goods or provision of services;
- Importation of goods under the “Release for domestic consumption” customs procedure.

**VAT rate:** The rate of VAT is 20 percent of taxable turnover.

**Privileges:** The RA Law “On VAT” specifies the types of transactions that are not taxable by VAT (these transactions are out of the scope of VAT), the types of activities that are exempt from VAT (insurance, most banking and financial activities, scientific and research works, sales of newspapers and magazines, procurement and supply of goods and provision of services arising from loans and grants made by international organizations for the realization of programs in Armenia, etc.), as well as transactions for which zero rate of VAT is applied. The zero rate of VAT is, in general, applied to the exportation of goods and services...
(works) from the territory of Armenia. The main difference between zero rating and exemption is that in the case of exemption the VAT paid to the supplier is not compensated.

**Reporting period:** Every quarter (or every month, if the taxable turnover of the previous year exceeded AMD 100mln (USD 200,000). VAT taxpayers are obliged to submit VAT reports to tax authorities and pay VAT by the 20th day of the month following the reporting period.

**Tax Invoices:** VAT payers are obliged to issue tax invoices for goods supplied and services rendered. Tax invoices should be issued only electronically.

**E-Reporting:** Starting from January 1, 2012 the companies and individual entrepreneurs which by the results of the previous reporting year have VAT taxable turnover of more than AMD 58.35 million (approximately USD 116,000) must submit tax returns to the tax authority electronically.

**Turnover tax**

The turnover tax is a substitute of VAT and profit tax for legal entities and VAT for private entrepreneurs.

**Turnover tax payers:** The turnover tax is applicable for taxpayers with previous year revenues from the sale of goods and provision of services not exceeding AMD 115.0 million (approximately USD 230,000), with some exceptions.

**The taxable object:** The taxable object is the turnover of goods delivered and services rendered for the reporting period and other income received. For determining the taxable object income is recognized by accrual method.

**Turnover tax rates:** The turnover tax rates are the following:

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from commercial/trade activities</td>
<td>5%</td>
</tr>
<tr>
<td>Income from operating activities</td>
<td>3.5%</td>
</tr>
<tr>
<td>Rent income, interest, royalties, income from sale of assets</td>
<td>10%</td>
</tr>
<tr>
<td>Income from notaries activities</td>
<td>20%</td>
</tr>
<tr>
<td>Income from other activities</td>
<td>5%</td>
</tr>
</tbody>
</table>

Until December 1, 2018 turnover tax on income from sale of secondary raw materials is calculated by the rate of 1.5% on taxable base.

**Income Tax**

**Tax payers:** In Armenia Income Tax is paid by RA resident and non-resident individuals.

Residents are the persons who have spent 183 days or more in Armenia in any twelve month period starting or ending in a tax year, or whose vital interests are located in the RA (home, family, property and business), irrespective of the citizenship.

**Tax object:** For RA residents the tax object is taxable income received in Armenia and outside of Armenia, non-residents will have an Income Tax liability solely on income received from Armenian sources.

**Types of income which are subject to Income Tax:** wages and salaries, interest, income from donations and assistance (unless specifically exempt), royalties, rental income, benefits in kind, income from entrepreneurial activities received by soul entrepreneur, etc.

For most of the employees their employer will withhold the income tax and pay to the tax authorities as tax agent.

**Taxable income:** The taxable income is the positive difference between the gross income of the taxpayer and the deductions made in accordance with the provisions of the RA Law “On Income Tax”.

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### Income Tax rates:

#### I. The Income Tax rates on wages and salaries are:

<table>
<thead>
<tr>
<th>Monthly Taxable Income</th>
<th>Income Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to AMD 120,000</td>
<td>24.4%</td>
</tr>
<tr>
<td>From AMD 120,000 to AMD 2,000,000</td>
<td>AMD 29,280 + 26% of the amount exceeding AMD 120,000</td>
</tr>
<tr>
<td>Over AMD 2,000,000</td>
<td>AMD 518,080 + 36% of the amount exceeding AMD 2,000,000</td>
</tr>
</tbody>
</table>

#### II. The income tax rates on income not taxed by tax agent are:

<table>
<thead>
<tr>
<th>Annual Taxable Income</th>
<th>Income Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to AMD 1,440,000</td>
<td>24.4%</td>
</tr>
<tr>
<td>Over AMD 1,440,000</td>
<td>AMD 351,360 + 26% of the amount exceeding AMD 1,440,000</td>
</tr>
</tbody>
</table>

#### III. Tax rates on some types of income received by foreign citizens are:

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>0%</td>
</tr>
<tr>
<td>Insurance reimbursements and income from transportation (freight)</td>
<td>5%</td>
</tr>
<tr>
<td>Royalties, interests, lease payments, increase in the value of property and other passive income, as well as other income received from Armenian sources</td>
<td>10%</td>
</tr>
</tbody>
</table>

#### IV. Tax rates on passive income are:

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalties, rental income, income from the sale of property, interest income (In case the annual income received from rent exceeds AMD 58.35 mln. the individuals are subject to additional 10 % income tax on amount exceeding the threshold without considering any deductions, including taxes paid by the tax agent.)</td>
<td>10%</td>
</tr>
</tbody>
</table>
**Individual obligations of Income Tax reporting:** The RA residents, per the results of the tax year, have an obligation of submitting electronically the Income Calculation **before April 15** of the year following the reporting year with the exception (in particular) of the following cases:

- When income received is taxed by tax agents;
- When income received by the individual, consisted exclusively of the non-taxable types of income (deductible income).

**Income Tax reporting by tax agents:** An income tax report is submitted by tax agents (employers) electronically on a monthly basis.

**Other Issues - Mandatory funded pension scheme**

Starting from July 1, 2014, social payments are due for employees who were born on or after 1 January, 1974 (including foreign citizens), who receive basic income, i.e. who work in an Armenian incorporated company and receive income taxable by income tax are subject to social payment.

The base for calculation of the social payment is the basic income, which is salary and other payments equal thereto which are subject to taxation under the RA Law “On Income Tax.”

Currently the social payment rate is 5% for gross salaries up to AMD 500,000 and 10% on amounts exceeding AMD 500,000.

However, currently there is maximum threshold of basic salary established by Law for applying the social payment rate. Thus up to 01 July 2020 the **maximum monthly threshold of basic income is established AMD 500,000.** This means that up to 01 July 2020 the monthly social payments calculated on gross salary exceeding AMD 500,000, shall be **AMD 25,000 (500,000x5%).**

The Employer, as a tax agent, is obliged to withhold the amount of social payment as well as submit monthly personalized reports to the tax authorities on calculated income, amounts of tax and social payments withheld from individuals within the terms established by the RA Law “On Income Tax.”
**Tax Privileges for IT Companies**

Starting from 09.01.2015 Law “On State support” entered into force and according to law, startup companies can apply for privileges, particularly, the companies, and Individual entrepreneurs, falling under the criteria of the Law, do not pay corporate tax/profit tax on income related to IT activity, also the income tax on these entities’ employees salary is calculated at 10% rate. The privilege is effective only for the period of certificate provided by RA Government.

Tax privileges are applicable to companies for which the following criteria are met:

— were created to implement only activities provided by the law (in IT sector),
— were not created as a result of reorganization of other entity,
— are not a subsidiary of another company,
— number of employees does not exceed 30.

**Tax Privileges for Exporters**

**Profit tax privileges**

Favorable profit tax rates are applied to the taxable profit of resident taxpayers or group of involved in export programs approved by Armenian Government. However to benefit from favorable rate the taxpayers should meet to certain conditions simultaneously:

— The taxpayers should not be involved in mining or processing of metallic minerals, processing and/or selling of precious stones, precious metals and jewelry, producing or selling products taxable by excise tax.
— minimum 40 billion AMD has been entered into bank accounts of taxpayers in the group from export program
— the taxpayers of the group does not have any income from sale of products, rendering of services in Armenia, except for interest income received from non-residents on loans provided.
— the sum of taxpayers’ revenue from provision of services abroad and custom value of exported goods for current year exceeds 40 billion AMD. Moreover the exports custom value for current year should exceed the threshold established by RA Government,

If all above conditions are met:

— **5% favorable rate** applies to the taxable profit, if the sum of taxpayers’ revenue from provision of services abroad and custom value of exported goods for current year exceeds 40 billion AMD.
— **2% favorable rate** applies to the taxable profit, if the sum of taxpayers’ revenue from provision of services abroad and custom value of exported goods for current year exceeds 50 billion AMD.

**5% favorable rate is applied** to the taxable profit of taxpayers or group of taxpayers involved in programs approved by Armenian Government, if taxpayers or group of taxpayers operate in the field of construction or installation exclusively outside the territory of the Republic of Armenia.

**Income tax privileges**

The tax agents, who signed a working agreement with residents of RA and according to the agreement employee worked exclusively outside the territory of the Republic of Armenia, within implementation of the program according to Article 33 part 1.2 of RA Law on “Profit Tax” calculates income tax from employees’ wages and equal payments by the 13% rate.
**Eurasian Economic Union**

On 02 January 2015 Republic of Armenia became member of Eurasian Economic Union, towards which legislation changes were initiated in Armenian custom and tax legislation. Eurasian Economic Union specifies unified customs territory which provides free movement of goods within the Eurasian Economic Union, thus:

— Customs duties are not applicable upon movement of Eurasian Economic Union goods between the member states,

— Eurasian Economic Union goods should be shipped between Armenia and other member states without customs clearance formalities,

— Economic restrictions are not applicable.

**Accounting Requirements**

According to the Law of RA “On Accounting”, all legal entities registered in Armenia, as well as branches and representative offices of foreign legal entities must carry out financial accounting and prepare general purpose financial statements.

The Ministry of Finance adopted Accounting Standards of the Republic of Armenia (ASRA), which was based on IFRS effective as of the end of 2000, with minor changes. However, from 2009 the transition to IFRS was initiated. Mandatory IFRS reporting for banks started from January 2009, for other financial institutions including credit, insurance and investment companies started from January 2010, for the remaining organizations with revenue exceeding AMD 100 million (approximately equivalent to USD 200,000) started from January 2011.

Where the company has a subsidiary, it should prepare consolidated financial statements for the Group.

Directors of the company are responsible for preparing and signing the financial statements. The financial statements are submitted to founders or shareholders of the company and to appropriate state authorities (if such requirement is provided by founding documents or by law) before 15 April following the reporting year.

All companies that have an annual turnover and/ all total assets over AMD 1 billion (USD 2,000,000) should publish their financial statements before 1 July following the reporting year.

Banks should publish their quarterly financial statement before the 15th of the month following the reporting period and their annual audited financial statements within six months following the reporting year.
Auditors, audit requirements and standards

Audit of the annual financial statements carried out by an independent audit company is mandatory for certain companies, such as open joint-stock companies, banks and financial institutions, stock exchange participants, etc. Audit companies are licensed by the Ministry of Finance. In order to receive a license the audit firm should have at least five qualified auditors, who obtain a professional qualification from the Ministry of Finance. Additionally, the signatory of audit opinions on the financial statements of commercial banks and other financial organizations regulated by the CBA is required to satisfy several additional professional requirements (e.g. to possess an international known qualification on accountants and/or auditors), which are determined by the decision of the Board of the Central Bank of the RA.

Audits are performed in accordance with auditing standards of the RA, approved by the Ministry of Finance, which are based on International Standards on Auditing (ISA). There is also a Law on Audit, which regulates this field.

Infrastructure

Armenia has a relatively developed public transportation system, which includes buses, taxi services, vans or “route taxis” in major cities and also a metro in Yerevan. Road and railroad communication exists between all the major regions of Armenia.

Two international airports are in operation: Zvartnots International Airport in Yerevan and Shirak airport in Gyumri. The international terminal was built in accordance with the newest international standards, with modern equipment and with high earthquake stability and was opened on 26 September 2011. The airport is able to accept any type of aircraft.

Several international airlines (such as Aeroflot, Air France, Austrian Airlines, Siberia Airlines, LOT Polish Airlines, FlyDubai, Qatar Airlines, Ukraine International Airlines, Air Arabia, Mahan Air (Iranian), Aegean Airways, Georgian Airways, Iraqi Airways, Al Naser, Middle East airways) provide a number of flights to the largest cities in the CIS, Europe, USA, Asia and Australia. Scheduled flights operate to Amsterdam, Athens, Beirut, Dubai, Istanbul, Frankfurt, Kiev, London, Moscow, Munich, Paris, Prague, Rome, Tehran, Vienna, and other major cities in the world.

There are 703 km of railways of general purposes in Armenia. Of the three international railroad connections via Georgia, Azerbaijan and Turkey, only the connection through Georgia to the Black Sea ports (mainly Poti and Batumi) is in use at present. Highways of general purposes within Armenia total 7,568 km and there are connections with all neighboring states with which Armenia has diplomatic relations, including Georgia and Iran.

The Armenian telecommunications network is currently operated by three mobile operators, ArmenTel (operating under the trade mark Beeline), which is fully owned by Russia’s VimpelCom, K-Telecom (operating under the trademark VivaCell MTS), a subsidiary of Russia’s MTS, Ucom – local company.

Main competitors in 3G internet services in Armenia are Ucom, VivaCell MTS and Beeline. Armenia is also the 10th country in the world that launched the 4G Internet communication network also introduced by VivaCell MTS. Currently one of the main DSL highline internet suppliers in Armenia is Beeline. Optical fiber network suppliers are Ucom telecom company and Rostelecom Armenia. Ucom has also built up the first FTTH (Fiber to the home) Network in Armenia. After acquisition of Orange Armenia, Ucom is planning to launch a LTE network across Armenia. The fiber-optic cable (FOC) network of Rostelecom Armenia now covers 80% of the territory of RA, spreading for over 3,000km. Ucom and Rostelecom Armenia provide internet, IPTV and Digital Phone services to both individuals and corporate clients.
Since 1 January 2006 the CBA has been acting as regulator and supervisor of the Armenian Financial Market, in addition to the banking sector.

As of 30 June 2016, there were 20 commercial banks, which comprised about 90% of the financial sector. There are also credit organizations, insurance companies, insurance brokers, investment companies, investment and pension fund managers, NASDAQ OMX Armenia and the Armenian Central depositary, exchange offices and pawnshops etc.

The CBA is actually located in 2 locations: in Yerevan and in Dilijan city (about 110 km from Yerevan). Based on the Government plans, Dilijan would become a financial center of Armenia.
Banking Sector

The banking system remains the biggest part of the Armenian financial market. As of 30 June 2016, there were 20 commercial banks operating in the Republic of Armenia. They had 526 branches in Armenia and in Nagorno Karabakh, from which 232 were located in Yerevan. The total number of employees in the Armenian commercial banks was about 11,516.

Total assets of the Armenian banking system were about AMD 3,496 billion as at 30 June 2015 including total loan portfolio of AMD 2,194 billion. This figure makes the Armenian banking system the biggest part of the Armenian financial market.

The total equity amounted to AMD 587 billion and total liabilities were about AMD 2,908 billion including AMD 1,914 billion of total deposits.

Top Ten Banks of the Armenian Banking Sector as of 30 June 2016 (in million AMD)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Bank</th>
<th>Assets</th>
<th>Loans</th>
<th>Deposits</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ameria ASHIB</td>
<td>550,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>ASHIB TB</td>
<td>450,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>VTB</td>
<td>400,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>ABB</td>
<td>350,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>HSBC</td>
<td>300,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>ACBA</td>
<td>250,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Ineco</td>
<td>200,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Converse</td>
<td>150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Unibank</td>
<td>100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Ararat</td>
<td>50,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Published interim financial reports of commercial banks for 2nd quarter (unaudited)

The shareholder structure of the Armenian banks is very different. There are both resident and non-resident shareholders. Meanwhile, almost in all the Armenian banks non-resident shareholders are presented. Non-resident participants, both legal entities and individuals, are mainly from Russia, Switzerland, Iran, Lebanon, Liechtenstein, France, United Kingdom, USA and Kazakhstan. There are several international organizations that have shares in several Armenian banks (e.g. IFC, DEG, EBRD, and OPEC fund for International development).

Due to the above changes there has been several developments in the sector. For more details on banking sector you can refer to “Armenian Banking Sector Overview” (www.kpmg.am).
Capital market

Currently the only stock exchange operating in Armenia is “NASDAQ OMX Armenia” open joint stock company (NOA). The company is part of the NASDAQ OMX Group, Inc. and is the 100% owner of “Central Depository of Armenia” OJSC. Membership in NASDAQ OMX Armenia is open to all companies, providing investment services and complying with the Central Bank of Armenia and NASDAQ OMX Armenia requirements. Currently all the commercial banks, 5 investment companies and the Central Bank of Armenia participate in the exchange trading.
Country Rating

In January 22, 2016 Fitch Ratings has affirmed Armenia’s long-term foreign and local currency Issuer Default Ratings at ‘B+’ with a Stable Outlook. As at 15 January 2015 Armenia’s government bond rating according to Moody’s rating agency is Ba3 (negative outlook).

Based on the Doing Business 2016 prepared by IFC (the WB Group) Armenia was ranked 35 out of 189 economies improving its position by 3 places compared with 2015 ranking.\(^3\)

\(^3\) [http://www.doingbusiness.org/data/explore-economies/armenia](http://www.doingbusiness.org/data/explore-economies/armenia)
Membership to International Organizations

Armenia is a member of many international organizations including:

- IMF
- World Bank, IDA,
- EBRD
- BSEC
- WTO
- UN, UNCTAD, UNESCO, UNIDO, UNECE, UNICEF
- CIS
- WIPO
- INTERPOL
- IAEA
- CCC
- OECD
- TRACECA
- ADB
- CSTO
- EEU (Eurasian Economic Union
- WHO
- EC
- ESCAP
- WCO
- ICAO
- IFAD
- ILO
- INTELSAT
- IOC
- ITU
- ISO
- MIGA
- OSCE
- Council of Europe
- EurAsEC
We are in Armenia!
# Abbreviations and Glossaries

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AMD</td>
<td>Armenian Dram</td>
</tr>
<tr>
<td>ASRA</td>
<td>Accounting standards of the Republic of Armenia</td>
</tr>
<tr>
<td>BSEC</td>
<td>Black Sea Economic Cooperation</td>
</tr>
<tr>
<td>CBA</td>
<td>The Central Bank of Armenia</td>
</tr>
<tr>
<td>CCC</td>
<td>Customs Cooperation Council</td>
</tr>
<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
</tr>
<tr>
<td>CSTO</td>
<td>Collective Security Treaty Organization</td>
</tr>
<tr>
<td>DEG</td>
<td>German Investment and Development Corporation</td>
</tr>
<tr>
<td>DSL</td>
<td>Digital subscriber line</td>
</tr>
<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EEU</td>
<td>Eurasian Economic Union</td>
</tr>
<tr>
<td>ESCAP</td>
<td>Economic and Social Commission for Asia and the Pacific</td>
</tr>
<tr>
<td>EurAsEC</td>
<td>Eurasian Economic Community</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FEZ</td>
<td>Free Economic Zone</td>
</tr>
<tr>
<td>FTTH</td>
<td>Fiber to the home</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GSP+</td>
<td>Generalized System of Preference</td>
</tr>
<tr>
<td>GTC</td>
<td>Gyumri Technological Center</td>
</tr>
<tr>
<td>IAEA</td>
<td>International Atomic Energy Agency</td>
</tr>
<tr>
<td>ICAO</td>
<td>International Civil Aviation Organization</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td><strong>IFC</strong></td>
<td>International Financial Cooperation</td>
</tr>
<tr>
<td><strong>IFRS</strong></td>
<td>International Financial Reporting Standards</td>
</tr>
<tr>
<td><strong>ILO</strong></td>
<td>International Labour Organization</td>
</tr>
<tr>
<td><strong>IMF</strong></td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td><strong>INTELSAT</strong></td>
<td>International Telecommunications Satellite Organization</td>
</tr>
<tr>
<td><strong>INTERPOL</strong></td>
<td>International Criminal Police Organization</td>
</tr>
<tr>
<td><strong>IOC</strong></td>
<td>International Olympic Committee</td>
</tr>
<tr>
<td><strong>IPTV</strong></td>
<td>Internet Protocol television</td>
</tr>
<tr>
<td><strong>ISA</strong></td>
<td>International Standards on Auditing</td>
</tr>
<tr>
<td><strong>ISO</strong></td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td><strong>IT</strong></td>
<td>Information Technology</td>
</tr>
<tr>
<td><strong>ITU</strong></td>
<td>International Telecommunications Union</td>
</tr>
<tr>
<td><strong>MIGA</strong></td>
<td>Multilateral Investments Guarantee Agency</td>
</tr>
<tr>
<td><strong>NSS</strong></td>
<td>RA National Statistics Service</td>
</tr>
<tr>
<td><strong>OECD</strong></td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td><strong>OSCE</strong></td>
<td>Organization for Security and Co-operation in Europe</td>
</tr>
<tr>
<td><strong>RA</strong></td>
<td>Republic of Armenia</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>Research and development</td>
</tr>
<tr>
<td><strong>TRACECA</strong></td>
<td>Transport Corridor Europe-Caucasus-Asia</td>
</tr>
<tr>
<td><strong>UAE</strong></td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td><strong>UNECE</strong></td>
<td>United Nations Economic Commission for Europe</td>
</tr>
<tr>
<td><strong>UNESCO</strong></td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td><strong>UNCTAD</strong></td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td><strong>UNIDO</strong></td>
<td>United Nations Industrial Development Organization</td>
</tr>
<tr>
<td><strong>USA</strong></td>
<td>United States of America</td>
</tr>
<tr>
<td><strong>USD</strong></td>
<td>United States Dollar</td>
</tr>
<tr>
<td><strong>VAT</strong></td>
<td>Value Added Tax</td>
</tr>
<tr>
<td><strong>WB</strong></td>
<td>World Bank</td>
</tr>
<tr>
<td><strong>WCO</strong></td>
<td>World Customs Organization</td>
</tr>
<tr>
<td><strong>WHO</strong></td>
<td>World Health Organization</td>
</tr>
<tr>
<td><strong>WIPO</strong></td>
<td>World Intellectual Property Organization</td>
</tr>
<tr>
<td><strong>WTO</strong></td>
<td>World Trade OrganAization</td>
</tr>
<tr>
<td><strong>The Government</strong></td>
<td>The Government of the Republic of Armenia</td>
</tr>
</tbody>
</table>
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