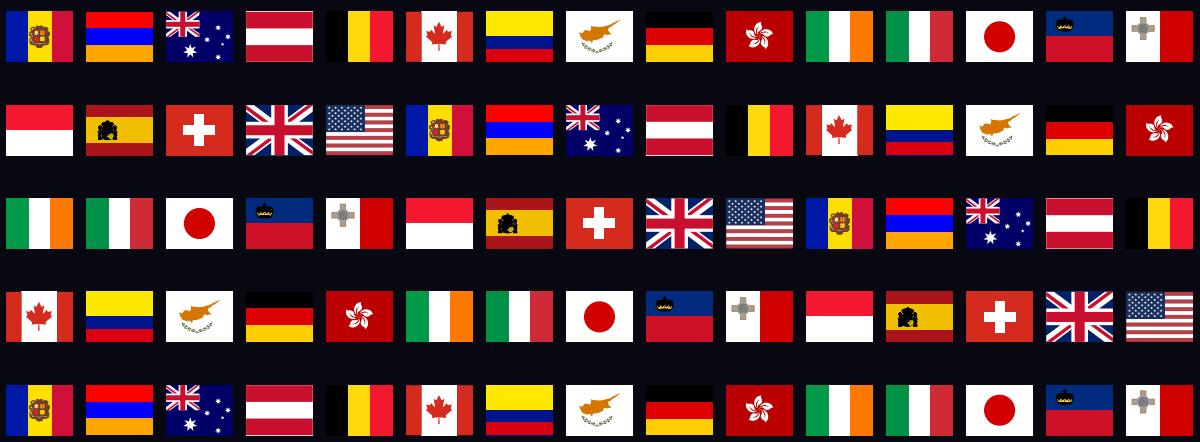
PRIVATE CLIENT

Armenia



LEXOLOGY
Getting The Deal Through

Consulting editor
McDermott Will & Emery

Private Client

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McDermott Will & Emery

Quick reference guide enabling side-by-side comparison of local insights, including into tax; trusts and foundations; same-sex marriages; civil unions; succession; capacity and power of attorney; immigration; and recent trends.

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Armenia

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LEGAL FRAMEWORK

Key legislation

What key legislation and regulations are relevant to foreign individuals moving to or investing in your jurisdiction? What government bodies are charged with enforcing these laws and what is the extent of their powers?

Overall, the legislation of Armenia applies equally to both foreign individuals and Armenian nationals; the general principle is that foreigners benefit from the same rights and bear the same obligations, as indicated for the citizens in Armenia. In the meantime, the laws on foreigners and foreign investment indicate the particulars related to rights and obligations thereof. The former covers issues relating to the right to reside in Armenia, the various permits that can be acquired by foreigners, including the acquisition of temporary, permanent and special residence permits, the grounds for rejection of acquisition thereof, the relationships related to the acquisition and extension of a visa, as well as relationships related to work permits for foreigners and other particulars. The relationships related to the acquisition of citizenship are governed by the Citizenship Law of Armenia.

As the law is of a general nature, different parts are enforced by different authorities:

- The Passport and Visa Department of the Police of the Republic of Armenia governs relationships related to the acquisition of residence permits and citizenship. Within these processes, the National Security of Armenia carries out background checks on applicants and permits or citizenship may be granted only in the case of a positive opinion of the National Security Service.
- The Ministry of Labor and Social issues, and in particular its State Employment Service Agency, governs the issues related to the work permit.

Regarding the Law on Foreign Investments, it determines the basic state guarantees of foreign investors and governs the main issues related to investment.

Further, the Civil Code of Armenia indicates the status of foreigners within civil relationships, the Civil Procedure Code of Armenia indicates the peculiarities of the jurisdiction of Armenian courts in cases of the engagement of foreign components and the Land Code of Armenia governs the relationships related to the rights towards real estate in Armenia.

Law stated - 19 September 2022

Real property

Are there any particular rules or restrictions on foreign individuals purchasing or investing in real property in your jurisdiction?

For foreign individuals, restrictions by Armenian legislation on purchasing real estate are established with regard to land only. This is no limitation for the purchase of apartments and residential or public non-residential areas (premises).

According to the Constitution of the Republic of Armenia, foreign citizens and stateless persons shall not have the right of ownership over land, except for cases prescribed by the law. More detailed provisions on the restriction are contained in the Land Code of the Republic of Armenia, which re-states that foreign citizens and stateless persons cannot obtain property rights on land but may have the right of use over it. Only foreign persons with a special status of residence in the Republic of Armenia are an exception; namely, they may own the land.

The restriction on purchase of land for foreign citizens and stateless persons does not apply to land with the following purposes; accordingly, foreign citizens and stateless persons may have the right of ownership to the following land:

- land attached to residential areas;
- land for gardening that, however, does not include land for agricultural purposes;
- land for individual residential building construction (ie, private houses);
- land for public or production object construction, or both; and
- land for multi-apartment building construction.

Thus, foreign individuals do not have the right to purchase land for agricultural purposes, land for subsoil use, land for industrial use, land for energy, communication, transport objects and public infrastructure facilities, land for forestry or land for water.

These restrictions do not apply to legal entities established by foreigners.

Law stated - 19 September 2022

Establishing a business

Are there any particular rules or restrictions on foreign individuals establishing a business in your jurisdiction?

The legislation of Armenia allows foreign individuals to establish a business entity in Armenia based on the same principles and grounds as indicated for citizens of Armenia. In particular:

- except for very specific sectors (ie, telecommunications), the shareholders of the company can be 100 per cent made up of foreigners (or non-resident companies);
- the director of the company can be a foreign individual;
- the director of the company is not required to permanently reside in Armenia (in the meantime, however, visiting the country at the kick-off stage may be required within the processes related to banks); and
- the employees of the company can be foreigners (with no minimum requirement of the number of Armenian employees), provided that the work permit requirements are met.

Law stated - 19 September 2022

TAX

Residence and domicile

How does an individual become taxable in your jurisdiction?

Resident and non-resident natural persons shall be deemed income taxpayers in Armenia. Resident natural persons of Armenia are people whose presence in Armenia extends 183 or more days. Non-resident natural persons of Armenia shall mean people living in Armenia who at the same time are not resident persons in accordance with the tax legislation of Armenia.

For resident natural persons, the gross income derived from sources in or outside the Republic of Armenia shall be considered taxable by income tax.

For non-resident natural persons, the gross income derived from sources in the Republic of Armenia shall be considered taxable by income tax.

Law stated - 19 September 2022

Income

What, if any, taxes apply to an individual's income?

Income from the following resources shall be taxed by income tax in Armenia:

- the salary and other fees equivalent thereto received within the framework of employment contracts concluded with resident taxpayers or nonresident profit taxpayers carrying out activity in Armenia through a permanent establishment;
- the income derived within the framework of civil law contracts concluded with resident taxpayers or non-resident profit taxpayers carrying out activities in Armenia through a permanent establishment;
- passive incomes, in particular dividends, interest payments, royalties and the rental and surplus value of assets; and
- other income received from a resident organisation, a permanent establishment or a natural person who is a citizen of Armenia.

The rate of income tax in Armenia for the year 2022 is 21 per cent and starting from 2023, 20 per cent. The income tax on interests, on rentals as well as on royalties is 10 per cent. The income tax on dividends is 5 per cent.

Law stated - 19 September 2022

Capital gains

What, if any, taxes apply to an individual's capital gains?

The income generated from participation in the organisation's authorised or share capital (stock, shares and units) or generated from the alienation of other securities proving investment, exchange with other securities or other similar transactions are not taxed (are considered as deducted incomes) in Armenia.

Law stated - 19 September 2022

Lifetime gifts

What, if any, taxes apply if an individual makes lifetime gifts?

Property or funds received from natural persons as gifts are not taxable in Armenia (are considered as deducted incomes), except for an immovable property received from a natural person considered a constructor. Real property received as a gift from a constructor shall be taxed by 20 per cent income tax.

Law stated - 19 September 2022

Inheritance

What, if any, taxes apply to an individual's transfers on death and to his or her estate following death?

Armenia does not levy inheritance tax.

Law stated - 19 September 2022

Real property

What, if any, taxes apply to an individual's real property?

Income received from the alienation of real property (including land) to a natural person is not taxed in Armenia, except for a real property alienated by a natural person considered a constructor. Real property alienated by a natural person considered as a constructor shall be taxed by 20 per cent income tax. The income received from alienation of real property to an organisation or private entrepreneur shall be taxed by 10 per cent income tax.

Law stated - 19 September 2022

Non-cash assets

What, if any, taxes apply on the import or export, for personal use and enjoyment, of assets other than cash by an individual to your jurisdiction?

Customs duty, excise duty or import value added tax (VAT) may be payable when goods are brought into Armenia from outside the Eurasian Economic Union (EAEU). Certain exemptions apply to goods for private use and enjoyment that are brought into Armenia by the individual in his or her personal luggage. Goods for personal use received by mail from outside the EAEU and are valued at less than €200 are exempted from custom duties. If the value of the received goods is more than €200, 15 per cent custom duty is applied on the extra amount.

Armenian law provides for relief from import duties in certain cases, for example, if the individual moves his or her primary residence to Armenia. Exports from Armenia to countries outside the EAEU are generally tax-free.

In Armenia, the standard rate for VAT over consumer goods is 20 per cent.

Law stated - 19 September 2022

Other taxes

What, if any, other taxes may be particularly relevant to an individual?

Wealth tax is not considered in Armenia. VAT applies to the net turnover of an entrepreneur at a tax rate of 20 per cent.

Environmental tax is in place in Armenia for individuals who own motor vehicles.

Natural persons, as well as owners of apartments or nonresidential spaces of multi-apartment buildings shall be deemed taxpayers of immovable property.

Motor vehicles, motorcycles, water transportation, snowmobiles and quadricycles shall be considered vehicle property taxable objects in Armenia.

Law stated - 19 September 2022

Trusts and other holding vehicles

What, if any, taxes apply to trusts or other asset-holding vehicles in your jurisdiction, and how are such taxes imposed?

Trusts are generally not recognised in Armenia. The comparable Armenian asset-holding vehicles are private

foundations.

Law stated - 19 September 2022

Charities

How are charities taxed in your jurisdiction?

Charities are tax-privileged in Armenia; for example, the import of goods, supply of goods, performance of works and provision of services by charity organisations and similar organisations of Armenia or by individual benefactors within the framework of humanitarian aid and charity programs (activity), as well as the supply of goods, performance of works and provision of services directly related to and of crucial importance to the implementation of such programs, is exempted from VAT.

Law stated - 19 September 2022

Anti-avoidance and anti-abuse provisions

What anti-avoidance and anti-abuse tax provisions apply in the context of private client wealth management?

Armenia has signed double taxation agreements with many countries (more than 50 countries), which lets private taxpayers avoid double paying taxes such as income tax in case they live and work abroad.

Law stated - 19 September 2022

TRUSTS AND FOUNDATIONS

Trusts

Does your jurisdiction recognise trusts?

Armenian legislation does not recognise trusts as separate types of legal entity. However, for the same purpose, a foundation can be implemented. Particularly, the beneficiary of a private person can be a specific person or family member and the purpose of the foundation can be very specific. Thus, though trusts are not recognised, it is still possible to implement a foundation for the same purpose.

Law stated - 19 September 2022

Private foundations

Does your jurisdiction recognise private foundations?

The Civil Code of the Republic of Armenia and the Law of the Republic of Armenia on Foundations recognise the status of foundations. The law does not differentiate between private and public foundations but allows an individual or a company to establish a foundation. The main peculiarity of foundations is the fact that the charter must indicate the purpose of the foundation and the scope of beneficiaries. For years the approach (including the approach of courts) has been that the purpose and the scope of beneficiaries may be changed exclusively in a judicial manner. However, in October 2021, the Minister of Justice issued an official clarification, stating that the purpose and the beneficiaries of a foundation may also be changed by the founders.

As to the management of a foundation, it is managed by the board of trustees. The founder, technically, does not play a

significant role in the operations of the foundation, and after it is fully established and the Board of Trustees are appointed, the founder has very limited authority towards the foundation. The law does not limit the process of appointment of the board of trustees; thus, they can be appointed by the board itself (ie, the existing board appoints the next round of members), they can hold a position ex officio, namely, based on a position they hold in another company or institution, or be appointed by a third party.

The main right that the founder of a foundation holds after its establishment is the imperative right to change the foundation charter, which means that at any time the founder can change the process of appointment of the board of trustees in order to regain control over the foundation should this be necessary.

Law stated - 19 September 2022

Disputes

What issues typically give rise to disputes relating to trusts and foundations? How are these disputes resolved? (What are the most common causes of action? Which courts are used? Is alternative dispute resolution (ADR) available and commonly used? What remedies are commonly awarded?)

Generally speaking, there are very few disputes specific to foundations (as mentioned above, there is no feasible way to establish a trust under Armenian legislation).

The main issue heard by the courts in the preceding years has been the change of purpose and scope of beneficiaries of the foundation. However, based on the official clarification of the Minister of Justice, the change may be done in an extrajudicial manner, namely, based on the decision of the founders. Other than this, the cases heard by the courts specific to foundations are very few.

Law stated - 19 September 2022

SAME-SEX MARRIAGES AND CIVIL UNIONS

Same-sex relationships

Does your jurisdiction have any form of legally recognised same-sex relationship?

Same-sex relationships are not regulated under Armenian law. There is no relevant court practice as well.

Law stated - 19 September 2022

Heterosexual civil unions

Does your jurisdiction recognise any form of legal relationship for heterosexual couples other than marriage?

Armenian law recognises only marriage as a legal relationship for heterosexual couples.

Law stated - 19 September 2022

SUCCESSION

Estate constitution

What property constitutes an individual’s estate for succession purposes?

Only property belonging to an individual as of the date of opening the succession (ie, the day of his or her death) may be the property subject to distribution for inheritance purposes to his or her heirs. For succession purposes, the property must constitute the following:

- movable property, including money, cars, securities, shares, participation in the share capital of a limited liability company, jewels and art works etc;
- immovable property, for example, houses, apartments and land plots;
- property rights, such as the right to land development, rights of use of property, servitude, pledge, purchase of immovable property in a building under construction and to the intellectual property; and
- obligations, for instance, the obligation to pay off the debt.

The rights and obligations of an individual who is inherently and inseparably connected to him or her cannot be included in the property for succession purposes, in particular:

- rights and duties with regard to alimony obligations;
- the right to compensate for damage caused to the life or health of a citizen;
- personal non-property rights (eg, the right of authorship) and other intangible assets; and
- rights and duties, the passing by succession whereof is prohibited by laws (eg, the right of a person to use residential areas may not be transferred by succession; the rights of a donee who has been promised a gift under a donation contract cannot be transferred to the heir unless otherwise defined under a donation contract).

There is no legal ground that may allow the beneficiary owner to expect that his or her property will not be included in the property that constitutes an individual's estate subject to distribution after an individual’s death. However, the beneficial owner may bring a claim and ask the court to recognise his or her ownership right over the property (there is no relevant court practice and it is disputable whether the beneficial owner may have grounds for such a claim or the claim may be successful) and in that way exclude the property from the property subject to distribution based on succession.

Property of the co-owner in shared or common property will be included in property that constitutes the property for succession. In the case of shared ownership, where the portion of each co-owner is determined, the property subject to succession will be the portion of an individual in a property. In the case of common ownership (including in the case of common property of spouses) the public notary will first issue a certificate under which the portion of living co-owners will be established and thereafter will distribute the portion of the deceased co-owner in the property, namely, in cases where the property subject to inheritance is also the portion owned by the deceased co-owner.

Law stated - 19 September 2022

Disposition

To what extent do individuals have freedom of disposition over their estate during their lifetime?

In accordance with the general rule, the owner is entitled to undertake any action with regard to the property belonging to him or her at his or her discretion as long as it does not contradict the law or violate the rights and interests of other persons protected by law. In particular, the owner may alienate the property to other persons as ownership, transfer to them the rights of use, possession and disposition of the property, pledge the property or to dispose of it in another way (eg, to donate, endow or legate).

For specific cases, the law may determine the restrictions or conditions as regards to the disposition. For example, the owner of the shares in a close joint company has to offer his or her shares to the other shareholders of the same company and only in the case of waiver of these shareholders and the company itself of their pre-emption rights, the owner will be entitled to alienate his or her shares to third parties. The same is true also in the case of alienation of participation in a limited liability company.

Another example is the limitation of alienation of co-ownership in shared or common property. For disposition of shared and common property, the consent of all co-owners is required. In the case of paid alienation of the portion in shared property, co-owners have the right of first refusal. In the case of donation of common property the consent thereon of all co-owners are needed.

There is no restriction on lifetime giving; the donation or succession from the natural person is not a taxable transaction except for a donation from a natural person who is acting as a constructor (developer).

The donor has the right to cancel the gifting where the donee has encroached on the life of the donor, one of the family members or close relatives thereof or has caused intentional bodily injuries to the donor. Where the donee deprives the donor of his or her life, the heirs of the donor are entitled to claim for cancellation of gifting at court.

If the attitude of the donee to the property gifted thereto creates the threat of a gifts irrevocable loss, the donor is entitled to require the return of gifting through judicial procedure, shall it be proved that the gift bears huge intangible value for the donor.

It is also possible to stipulate under a donation contract that the donor may cancel the donation with or without reasoning.

The endowment shall be made by indicating the purpose of the use of donation. Hence, the donor under the endowment contract or his or her heirs or other legal successors thereof is entitled to require cancellation of endowment where the donee has not used the contribution with the purposes agreed.

Law stated - 19 September 2022

To what extent do individuals have freedom of disposition over their estate on death?

The disposition of a property on death may be made only through a will.

Under the general rule, an individual has the right to:

- bequeath any property, including property to be acquired in the future, to any person. The property for succession under the will must still be the property owned by the testator at the day of his or her death. The will may be made as regards to the entire property, the part thereof or separate property or rights;
- to determine the heirs' portions in the succession in any manner;
- deprive one, several or all the heirs by law of succession without any explanation of reasons, except for the ones who have the right to a compulsory portion in succession;
- include in the will other orders provided for by the rules on succession of the law, for example:

    - making the receipt of a succession conditional under a certain lawful condition with respect to the nature of the conduct of the heir;
    - appointing secondary heirs;
    - appointing the executor of the will;
    - issuing a testamentary trust; and
    - revoking, amending or supplementing the composed will at any time without indication of reasons thereof.

No one is obliged to inform anybody on making, amending or revoking a will.

Freedom of making a will is limited only by the rules on compulsory portions in a succession. A compulsory portion is the right of an heir to inherit, regardless of the content of the will, at least half of the portion that would have been allotted to him or her in cases of succession by law. When determining the amount of compulsory portion, everything the heir with the right to such portion receives from the succession on any ground, including the value of the testamentary trust established for the benefit of such an heir, shall be taken into account.

At the time of opening the succession (ie, day of testator's death), the following persons are entitled to a compulsory portion:

- offspring under the age of 18; and
- children, the spouse, and parents of a testator who have been declared disabled with no active legal capacity or having attained the age of 60.

Law stated - 19 September 2022

Intestacy

If an individual dies in your jurisdiction without leaving valid instructions for the disposition of the estate, to whom does the estate pass and in what shares?

In the case of absence of the will or where the will does not include instructions about the entire property of the testator, the property for succession is subject to distribution to the heirs based on the rules of succession by law.

Heirs by law are called for succession by order of priority. Heirs of each next priority may inherit in case of the absence of the previous priority heirs their exclusion from the succession, nonacceptance of the succession by them or renunciation from the succession.

Heirs of the same priority inherit in equal portions.

First priory heirs are children, spouses and parents of the deceased individual. Grandchildren inherit by right of representation.

Second priory heirs are siblings of the deceased individual. Children of siblings inherit by right of representation.

Third priority heirs are grandfathers and grandmothers of the deceased individual.

Fourth priority heirs are siblings of the parents of the deceased individual (uncles and aunts). Children of uncles and aunts inherit by the right of representation.

Where there are no heirs either by will, by law or they have renounced the succession or have been excluded from the succession, the inherited property shall be declared as escheat. Escheat property passes to the ownership of the community of the individual's last place of residence.

Law stated - 19 September 2022

Adopted and illegitimate children

In relation to the disposition of an individual's estate, are adopted or illegitimate children treated the same as natural legitimate children and, if not, how may they inherit?

The adopted child and his or her children and the adoptive parent and his or her relatives are equated to relatives by origin (blood relatives) in relation to inheritance and distribution of property.

An adopted child and his or her children do not inherit, by law, after the death of biological parents or relatives thereof and vice versa.

If the parents of a child do not register their marriage, the legal connection between father and child may be established by:

- the recognition of fatherhood by the male partner based in the application to the state registration of the civil act submitted by the father and hence registration of both parents of the child; and
- recognition of the fact of origin of a child from the male partner by the court based on the claim of the interested party (the child or partner, etc).

Following recognition of fatherhood or the fact of origin of a child, the child is treated as a legitimate child, including in relation to the disposition of an individual's estate.

Law stated - 19 September 2022

Distribution

What law governs the distribution of an individual's estate and does this depend on the type of property within it?

Generally, the applicable law to inheritance, including the distribution of an individual's property, is the individual's last place of residence. In the meantime, the testator may change the applicable law in its will from his or her last place of residence to the law of his or her nationality or citizenship. Another specific rule is prescribed for the inheritance of immovable property – it is governed by the law of the state where the property is located (lex situs).

The legal capacity to make and revoke a will, as well as the form of a will and of the act on its revocation is governed by the law of the state where the testator had his or her place of residence at the moment of making the will or drawing up the act on its revocation.

Law stated - 19 September 2022

Formalities

What formalities are required for an individual to make a valid will in your jurisdiction?

The will needs to be formed in writing and certified by a notary public. It is mandatory to indicate the place and time of the composition of will. Also, the testator has to sign the will themselves, namely, it is banned to make a will based on the power of attorney. Only if the testator cannot sign the will by reason of physical disabilities, disease or illiteracy, another person may sign the will upon the testator's request in the presence of a notary public. A witness may be present during the making and verifying of the will shall the testator request it.

The testator may make a closed will; namely, the notary will not prepare or read the will, but the testator writes and signs in person his or her will, puts it in a closed envelope with at least two witness signatures thereon and transfers it to the notary; then the latter puts the will into another envelope, closes it and applies the verifying inscription thereon.

The following may verify the will instead of a notary and that verification will be deemed as equal to the notary verification in case verification was made in the presence of a witness:

- senior physicians, deputy senior physicians in charge of medical work or physicians on duty at these hospitals, military hospitals and other inpatient care institutions as well as by the chiefs of the military hospitals, directors

or chief physicians of homes for the elderly and homes for persons with disabilities for the wills of citizens undergoing medical treatment in hospitals, military hospitals and other inpatient care institutions or those residing in homes for the elderly and persons with disabilities;

- the command officers of military units for the wills of military servicemen and in home stations of military units where there are no notaries, as well as the wills of civilians working in these units and their family members and of military servicemen's family members;
- the heads of communities for wills of persons living in remote settlements where there is no notary public;
- the heads of expedition for the wills of citizens in those geological or other similar expeditions;
- captains of ships for the wills of citizens who are on those ships sailing under the flag of the Republic of Armenia; and
- the chiefs of imprisonment facilities for the wills of persons kept at those imprisonment facilities.

The consular institutions of Armenia are entitled to make notarial actions as well.

Law stated - 19 September 2022

Foreign wills

Are foreign wills recognised in your jurisdiction and how is this achieved?

There is no specific regulation of the recognition of foreign wills under the law. Practically, should the will be issued abroad, the Armenian notary public will definitely accept it for the ground to inheritance if the will is notary verified and with an apostille (or has a legalisation). According to the Armenian Civil Code, the will may not have notary verification if it is allowed under the law of the state where it was drawn. However, in that case the heirs need to submit proves to the notary that the will is valid under the law of state where it was drawn up as well as an Armenian translation of the will with notary verification thereof with an apostille (or with legalisation).

It is worth noting that (1) the property of foreign or stateless persons subject to inheritance and (2) inheritance of property in Armenia by the foreigner as regards to the formalities of acceptance of inheritance, namely, the issuance of the inheritance certificate, is performed under Armenian law.

Law stated - 19 September 2022

Administration

Who has the right to administer an estate?

The administrator or the property is either named under the will by the testator (with the consent of the person), assigned by the heirs if no one is indicated under the will or appointed by a court upon the request of one or several heirs should the heirs have no agreement on the matter.

Where there is a property (a share in the statutory (share) capital of an economic partnership or a company, securities, exclusive rights, etc), which needs not only preservation but also management in the composition of succession, a notary must conclude a trust management contract with respect to such property. A commercial organisation or private entrepreneur as well as a natural person or non-commercial organisation (due to the fact the trust management is established based on the law), may be appointed as a trust manager. Neither a state body nor the self-governance body may be appointed as a trust manager. Also, trust managers may not be beneficiaries under the trust management contract.

Law stated - 19 September 2022

How does title to a deceased's assets pass to the heirs and successors? What are the rules for administration of the estate?

As a matter of the general rules the proceedings of inheritance is as follows:

- Within six months after the death of an individual, his or her heirs need to submit a written application to the notary public of the last place of living of an individual on acceptance or renouncement of the succession. The creditors of a deceased person may register the obligations again within six months after the death of an individual.
- Upon the request of heirs , the administrator of an estate or other interested parties, the notary collects information about the property of the deceased person (identification of common marital property is mandatory regardless of the request), as well as provides actions for the keeping and management of the property, for example, requesting the transfer of cash to a notary deposit, compiling an inventory of the property, transferring the property to the storage of heirs or third parties and entering into a trust management contract (if necessary).
- After the passing of six months since the death of an individual upon the request of the heirs who have accepted the succession, the notary must issue the inheritance certificates together with the certificates on ownership for spouses in case of common marital property.

The heirs may also accept the succession through the actual possession or management of the property shall it occur within six months after the death of an individual. Should any heir accept the actual possession or management of the property, that heir may apply to the notary with request to recognise that fact by the issuance of a certificate on confirmation and the inheritance certificates thereunder.

The heir may accept the inheritance six months after the death of an individual should all other heirs issue notary verified consents thereon.

It is not permitted to accept the succession under a condition or with reservations. Acceptance of a portion of the succession by an heir means that the whole succession is accepted.

Law stated - 19 September 2022

Challenge

Is there a procedure for disappointed heirs and/or beneficiaries to make a claim against an estate?

The disappointed heirs or beneficiaries are entitled to bring a claim against other heirs or beneficiaries. There are no special rules regulating the civil procedure on inheritance related claims, namely, these claims are considered as civil law claims subject to the jurisdiction of the courts of general jurisdiction of Armenia.

Law stated - 19 September 2022

CAPACITY AND POWER OF ATTORNEY

Minors

What are the rules for holding and managing the property of a minor in your jurisdiction?

Under Armenian law there are two grounds of regulation regarding the transactions for minors: (1) the transactions of

those up to the age of 14, and (2) the transactions of those aged 14 to 18.

For minors who have not attained the age of 14, transactions may be conducted in their name only by their parents, adoptive parents or guardians.

Juniors aged six to 14 have the right to conclude independently:

- small household transactions;
- transactions directed at obtaining gratuitous benefits not requiring notary verification or state registration of rights arising from transactions; and
- transactions for the disposal of means provided by a legal representative or, with the consent of the latter, by a third person for a certain purpose or free disposal.

Minors aged 14 to 18 conduct transactions with the written consent of their legal representatives (parents, adoptive parents or trustees).

Minors aged 14 to 18 have the right, independently, without the consent of parents, adoptive parents or trustees:

- to dispose their salary, stipends and other income;
- to exercise author's rights on a work of science, literature or art, invention or on the results of other intellectual activities protected by law;
- to make deposits to credit institutions and dispose them in accordance with law; and
- to conclude small household transactions and other transactions that minors aged six to 14 years have the right to conduct.

According to legislation, the disposition (eg, alienation, transfer as a gift, lease, uncompensated use or pledge) of children's property (up to 18 years) may be exercised by the parents or other legal representatives under the preliminary permission of the commission of guardianship and trusteeship.

Generally, the function of the commission of guardianship and trusteeship includes the authorities of the local self government bodies and in Yerevan to the relevant administrative district.

Law stated - 19 September 2022

Age of majority

At what age does an individual attain legal capacity for the purposes of holding and managing property in your jurisdiction?

The ability to have civil rights and bear duties (civil legal capacity) is recognised in equal measure for all citizens and arises from the time of his or her birth and is terminated by death.

The capacity of a citizen by his or her actions to acquire and exercise civil law rights, to create for themselves civil law duties and to fulfill them (civil law dispositive capacity) arises in full with the attainment of majority, namely, on the attainment of the age of 18.

A minor who has attained the age of 16 may be declared of full dispositive capacity if he or she works under a labour contract or, with the agreement of his or her parents, adoptive parents or trustees, conducts entrepreneurial activity. The declaration of a minor as of full dispositive capacity (emancipation) is made by decision of the agency of guardianship and curatorship (with the consent of both parents, the adoptive parents, the trustees or, in the absence of

such consent, by decision of the court.

Law stated - 19 September 2022

Loss of capacity

If someone loses capacity to manage their affairs in your jurisdiction, what is the procedure for managing them on their behalf?

The initial step is to recognise the loss of capacity of the citizen and establish over him or her a guardianship. A citizen who as the result of mental disorder cannot understand the significance of his or her actions or control them may be recognised by a court as lacking dispositive capacity by the special procedure established by the Civil Procedure Code of the Republic of Armenia. After recognition, a guardianship is established over the person with lacking dispositive capacity and hence the transactions on behalf of the latter need to be concluded by his or her guardian.

According to the Armenian Civil code, the main rules for the guardian with respect to managing the affairs of the guarded person are as follows:

- Income of the guarded person, including income due to the management of the guarded person's property is expended by the guardian exclusively in the interests of the guarded person and with the preliminary permission of the commission of guardianship and trusteeship.
- Without the prior permission of the commission of guardianship and trusteeship, the guardian has the right to make the necessary expenses from the guarded person's income for the support of his or her daily needs.
- The guardian does not have the right, without the prior permission of the commission of guardianship and trusteeship to conclude transactions for alienation, including the exchange or gifting of property of the guarded person, to give it out in lease, for uncompensated use, in pledge, of transactions involving a waiver of rights belonging to the guarded person, of the division of his or her property nor separation of ownership shares from it, nor to any other transactions involving the reduction of the property of the guarded person.

A citizen who, as the result of the abuse of liquor or narcotic substances or engaging in games of chance, puts his or her family in a hard financial situation, may be limited by a court in dispositive capacity by the procedure established by the Civil Procedure Code of the Republic of Armenia and a trusteeship is established over him or her.

A person with limited dispositive capacity has the right to conduct small household transactions. He or she may conclude other transactions and also receive a salary, a pension and other income and dispose of them only with the consent of the trustee. A person with limited dispositive capacity independently bears duties for inflicted damage and transactions concluded by him or herself.

Law stated - 19 September 2022

IMMIGRATION

Visitors' visas

Do foreign nationals require a visa to visit your jurisdiction?

Citizens of foreign countries where a visa-free regime (unilateral or mutual) is set can stay on the territory of the Republic of Armenia for no more than 180 days during one year, if no other term is defined by the international agreements of the Republic of Armenia. Holders of all other national passports and travel documents, including the UN Laissez-Passer, are required to obtain an entry visa. Visa requirements for each country can be found on the official

website of Ministry of Foreign Affairs of the Republic of Armenia.

Law stated - 19 September 2022

High net worth individuals

Is there a visa programme targeted specifically at high net worth individuals?

The process for the provision of a visa depends on the citizenship of the individual and the type of identification document.

Therefore, it is necessary to highlight that according to the law on amending the law of citizenship of the Republic of Armenia of 7 July 2022, citizenship of the Republic of Armenia can be granted to persons who have provided exceptional services to the Republic of Armenia, as well as those who have made significant contributions in the fields of economy, science, education, culture, healthcare and sports. The description and evaluation criteria of the significant contribution in the relevant fields shall be defined by the decision of the Government of the Republic of Armenia. The relevant government decision is in process and shall be accepted within six months after 29 July 2022. These regulations provide the basis that persons with a certain amount of investment or such a contribution may be granted citizenship of Armenia.

Law stated - 19 September 2022

UPDATE & TRENDS

Key developments

Are there any proposals in your jurisdiction for new legislation or regulation, or to revise existing legislation or regulation, in areas of law relevant to high-net worth individuals, particularly those coming to or investing in your jurisdiction? Are there any other current developments or trends relevant to such individuals that should be noted?

Since June 2021, a legislation has entered into force that requires legal entities registered in Armenia to provide detailed declarations with respect to their real beneficiaries. The change of law requires the directors of companies to carry out detailed due diligence in order to reveal the real beneficiary of the company, and:

- provide an annual declaration stating that the real beneficiaries of entity have not changed; or
- if a change has occurred, inform about the change.

The entities are additionally required to declare the change of real beneficiaries within 40 days after they have learnt about the change.

As mentioned above, the law was changed back in 2021; but for non-commercial entities, including foundations, it will enter into force from January 2023.

Law stated - 19 September 2022

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