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THE STATE STARTS TAXING THE SERVICES PROVIDED BY GLOBAL NETWORK GIANTS TO INDIVIDUALS IN ARMENIA (FACEBOOK, AIRBNB, ETC.)

Since January 1, 2022, the Government of Armenia has been taxing those electronic giants (Google, Facebook, Netflix, etc.) that provide electronic services, such as advertising, to individuals in the territory of Armenia.

In particular, the law stipulates that non-resident organizations carrying out business activities in the Republic of Armenia, which provide electronic services in the territory of the Republic of Armenia to individuals who are not considered as private entrepreneurs or notaries public, are obliged to register with the tax authority and submit VAT (value added tax) calculations on the 20th of the month following each reporting quarter, and pay VAT to the state budget, even without having a permanent establishment in Armenia.

It should be emphasized once again that this type of digital tax refers to the

services provided to individuals, as services provided to local organizations have already been taxed. The concept of electronic services and the list of services provided via the internet are defined in the tax legislation.

Starting from January 1, 2023, the relations related to e-commerce within the Eurasian Economic Union (EEU) were also regulated. In particular, non-resident commercial organizations or private entrepreneurs who are members of the EEU and do not have a permanent establishment in Armenia, but supply goods in Armenia by using an e-commerce platform, are required to register with the tax authority, submit VAT calculations on the 20th of the month following each reporting quarter, and pay VAT to the state budget, if they supply to individuals who are not considered as private entrepreneurs or notaries public.

It should be noted that for e-commerce of goods, the tax legislation considers the sale of goods through an electronic commerce platform using internet information systems, with the simultaneous observance of the following conditions: a) electronic registration of goods sale transactions, b) non-cash payment for the purchase of goods, and c) ensuring goods delivery service or ensuring goods delivery through persons providing services of courier and/or postal activities for transportation of goods.

According to the information received from the State Revenue Committee, a non-resident electronic service provider without a permanent establishment in the Republic of Armenia registered with the Tax Authority paid 1.6 billion drams in 2022 and 543 million drams in the first quarter of 2023.

