



CONCERN DIALOG
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THE OBLIGATION TO SUBMIT DECLARATIONS ON ULTIMATE BENEFICIARIES

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The obligation to submit declarations on ultimate beneficiaries shall hereafter be extended to all legal entities.

I. For legal entities registered in the Republic of Armenia, new (annual) obligations related to the submission of declarations on ultimate beneficiaries have been established. **The obligations shall hereafter apply to all legal entities.**

In June 2021 amendments were made to the Law “On State Registration of Legal Entities, Separate Subdivisions, Institutions of Legal Entities and State Registration of Private Entrepreneurs” (hereinafter referred to as the Law), as a result of which new obligations for legal entities to submit declarations on an ultimate beneficiary were established.

The amendments to the law came into effect in stages, and from January 1, 2023, the amendment came into force **for all legal entities¹, including all commercial and non-commercial organizations.**

II. **Deadlines** for submitting declarations on ultimate beneficiaries:

According to the general rule, every legal entity, by February 20 of the respective year, is obliged to submit

1. confirmation to the effect that the latest declaration submitted to the agency regarding ultimate beneficiaries shall contain up-to-date information as of December 31 of the previous year, or
2. modified information on the ultimate beneficiaries of the legal entity.

In case of changes in the data of ultimate beneficiaries, they shall be declared immediately after disclosure to the legal entity, **but no later than 40 calendar days after the change.**

IMPORTANT TO KNOW: Only limited liability companies with individual participants, as well as non-profit organizations, are obliged to submit the first declaration on ultimate beneficiaries between January 1 and March 1, 2023. If the organization still has not submitted this form of declaration, it needs to:

- Submit the declaration until 1st of March, 2023 in case of LLCs with Individual participants and Non-profit organizations,
- Submit the declaration until 20th of February, 2023 in case of any other organizations.

¹ The regulation is not applicable to the persons registered as Private Entrepreneurs.

III. Information to be included in declarations on ultimate beneficiaries:

The declaration covers the following basic information:

1. regarding ultimate beneficiaries of a legal entity (name, surname, citizenship, date of birth, identity document data, public services number, place of residence (registration), means of communication, if any, date of becoming an ultimate beneficiary)
2. regarding the grounds of a person being an ultimate beneficiary and controlling a legal entity separately or jointly with a natural or legal entity affiliated with him/her;
3. regarding the scope of participation of the state, community or international organization in the statutory capital of a legal entity.
4. regarding intermediate legal entities (state registration data of the legal entity and the name and surname of the head of its executive body).

In the case of trading entities (commercial organizations) with listed shares (as well as in the case when there are listed companies in the chain of intermediate companies) it is required to submit additional information.

IV. The procedure for submitting a declaration and the entities authorized to submit it.

The declaration on ultimate beneficiaries and subsequent changes to the declaration shall be submitted electronically via the website at **bo.e-register.am** (see the form of the declaration and the procedure for filling it out at the following [link](#)). The electronic system of declaration on ultimate beneficiaries shall make it possible to fill out the declaration via the MobileID service², as well as by inserting the identification card of the company director into the reader.

IMPORTANT TO KNOW: It is also possible to fill out the declaration through an authorized person, in which case a respective power of attorney is required. In order to identify the authorized person, it is necessary to submit the power of attorney of the relevant person in advance to the e-register@moj.am e-mail address for approval by the state body.

² Details on how to use the MobileID service can be found at the following [link](#).

V. Disclosure of information on ultimate beneficiaries:

IMPORTANT TO KNOW: In order to disclose reliable information on the ultimate beneficiary and the grounds for their being ultimate beneficiaries of the legal entity, the legal entity is obliged to regularly, at least once a year, carry out due diligence, keeping all the documents related to the conducted study.

In the course of the due diligence, the legal entity is obliged to make enquiries to the persons whose interests as ultimate beneficiaries are doubted, as well as to the members of the legal entity or the representatives of the member-legal entities, who may have information about the beneficial owners of the legal entity.

Those who received the enquiry are obliged to respond to it within 20 days and shall provide the legal entity that processed the enquiry with the information and documents necessary for the submission of the declaration on the ultimate beneficiaries. When responding to the enquiry, those who received the enquiry shall provide the documents regarding their being the ultimate beneficiaries, which can not only be the documents issued by the state bodies, but also the transactions concluded within the scope of private legal relations, etc.

It should be noted that “reliable information” implies information certified by relevant documents.

In the context of the above, it should be pointed out that reliable documents can not only be official documents issued by state bodies, but also answers to inquiries received from legal entities and individuals.

Referring to the documents established for the confirmation or denial of the grounds of being an ultimate beneficiary, it should be noted that in order to fill out this information, the legal entity may obtain information at its discretion through enquiries, extracts, references and other means.

In addition, the information furnished by the legal entity regarding the ultimate beneficiaries and their grounds for being the ultimate beneficiary of the legal entity shall be considered reliable, unless it is confirmed by respective evidence or its unreliability is not derived from the information presented by other persons.

IMPORTANT TO KNOW: Determining the ultimate beneficiary of the company shall be based on professional legal assessment of applicable legal norms.

VI. Who is the ultimate beneficiary?

According to the general rule, the ultimate beneficiary of a legal entity is a natural person on whose behalf or for whose benefit the customer actually acts and/or who actually controls the customer or the person on whose behalf or for whose benefit the transaction is executed, or the business relationship is established.

A natural person who:

- a. directly or indirectly owns 20 or more percent of the voting shares (stakes) of the given legal entity or directly or indirectly has a 20 or more percent share participation in the legal entity's statutory capital,
- b. exercises real (actual) control over the given legal entity by other means,
- c. is an official person carrying out the general or day-to-day management of the activities of the given legal entity in the event that there is no natural person meeting the requirements of sub-clauses “a” and “b” of this clause

shall be regarded as the ultimate beneficiary of a legal entity (except for a trust or other legal entity that does not have the status of a legal entity under foreign legislation).

VII. Liability for non-fulfillment of the obligation to submit a declaration on an ultimate beneficiary

A warning or a fine is envisaged as a measure of administrative liability in the amount of up to 100.000 AMD in case of failure by a person, who is obliged to submit a declaration on ultimate beneficiaries, to submit information on ultimate beneficiaries within the time limit set by law, as well as for providing carelessly erroneous or incomplete information in the declaration in violation of the Law of the Republic of Armenia “On administrative offences”.

Whereas providing false information in the declaration or concealing the information to be provided by the person who submitted the declaration on the ultimate beneficiaries may lead to criminal liability.

In addition, in case of failure to fulfill the obligation to provide confirmation or amended information on the ultimate beneficiaries each year for three consecutive years, as well as in case of repeated or gross violation of the rules of submitting a declaration, the State Register Agency of Legal Entities of the Ministry of Justice of the Republic of Armenia may apply to the court with the request to dissolve the legal entity.