

## The legal entities registered in the Republic of Armenia have annual obligations related to the submission of declarations on ultimate beneficiaries.

### 1. PART 1. Introduction

**IMPORTANT TO KNOW:** 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.

**IMPORTANT TO KNOW:** The declaration on an ultimate beneficiary is subject to submission within 40 days from the moment of registration 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.**

**Reminder:** 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.

**It is noteworthy that 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, the relevant power of attorney must be submitted in advance for approval by the Ministry of Justice of the Republic of Armenia through the website <https://e-services.moj.am/hy/>**, so that an account can be opened in the name of the authorized person (see Section 3 for the procedure for submitting the power of attorney). This process may take some time, so it is necessary to take this into account in order not to violate the deadlines for submitting the declaration of beneficial owners.

### 1. 2. Frequently Asked Questions

According to the amendments 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**) from January 1, 2023, the obligations to submit

declarations on an ultimate beneficiary came into force **for all legal entities<sup>1</sup>, including all commercial and non-commercial organizations.**

This blog post will address the frequently asked questions about the declaration on an ultimate beneficiary:

**2. Does the legal entity have any obligations related to the filing of the declaration on an ultimate beneficiary?**

Each legal entity bears obligations related to the declaration on an ultimate beneficiary /see section 1/.

**3. Does the legal entity have any obligations that need to be fulfilled before filing the declaration on an ultimate beneficiary?**

Each legal entity has the duty to conduct due diligence prior to submitting the declaration on an ultimate beneficiary /see section 2/.

**4. How is the declaration on an ultimate beneficiary submitted?**

The declaration on an ultimate beneficiary is submitted electronically /see section 3/.

**5. What information is included in the declaration on an ultimate beneficiary submitted?**

The declaration on ultimate beneficiary must include information on the ultimate beneficiary and intermediate legal entities /see section 4/.

**6. Who is the ultimate beneficiary?**

As a general rule, the ultimate beneficiary is the person on whose behalf or for whose benefit or under whose control the legal entity actually acts /see section 5/.

**7. What is the consequence of not fulfilling the obligation to submit the declaration on an ultimate beneficiary?**

In case of non-fulfillment of the obligation to submit a declaration on an ultimate beneficiary, the obligation stipulated by the law comes into effect /see section 6/.

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<sup>1</sup> The regulation is not applicable to the persons registered as Private Entrepreneurs.

### **Section 1. Does the legal entity have any responsibilities related to the filing of the declaration on an ultimate beneficiary?**

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.

The declaration on an ultimate beneficiary is subject to submission within 40 days from the moment of registration 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**.

### **Section 2. Does the legal entity have any obligations that need to be fulfilled before filing the declaration on an ultimate beneficiary?**

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.

The documents related to the identification of beneficial owners shall be kept for at least five years from the moment of the study, but not less than five years from the moment when the person to whom they relate ceases to be the beneficial owner of the legal entity.

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.

### Section 3. How is the declaration on an ultimate beneficiary submitted?

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](#)<sup>2</sup>. The electronic system of declaration on ultimate beneficiaries shall make it possible to fill out the declaration via the MobileID service<sup>3</sup>, as well as by inserting the identification card of the company director into the reader.

It is **also possible to fill out the declaration through an authorized person**, in which case a respective power of attorney is required. To identify the authorized representative, the power of attorney must be submitted in advance to the Ministry of Justice of the Republic of Armenia via the website <https://e-services.moj.am/hy/><sup>4</sup>. In the opened window, under the "Power of Attorney" section, select the option "Issuance of Power of Attorney by the Executive Body." To submit the power of attorney, identification must be completed using the MobileID service or by inserting the director's identification card into a card reader. After successful identification, the power of attorney must be uploaded in PDF or DOCX format. This process may take some time, so it is necessary to take this into account in order not to violate the deadlines for submitting the declaration of beneficial owners.

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<sup>2</sup> Information on the site is available only in Armenian language.

<sup>3</sup> Details on how to use the MobileID service can be found at the following [link](#).

<sup>4</sup> Please note that the site does not have an English version

#### **Section 4. What information is included in the declaration on an ultimate beneficiary submitted?**

The declaration covers the following basic information:

2. 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)
3. 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;
4. regarding the scope of participation of the state, community or international organization in the statutory capital of a legal entity.
5. 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.

#### **Section 5. 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).**

## **Section 6. What is the consequence of not fulfilling the obligation to submit the 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.