

LAW OF THE REPUBLIC OF ARMENIA

Adopted by RA National Assembly on December 27, 1997,
in force from January 31, 1998

ON PROPERTY TAX[□]

Chapter I. General Provisions

Article 1. The Subject of the Law Regulation

The present Law regulates the relationship between the definition of the property tax and payment, shall define the framework of the property tax payers (hereinafter taxpayer), the rates, the method of calculation and payment of the property tax, as well as the issue of responsibility in the case of violation of the present Law.

Article 2. The Concept of the Property Tax

1. The property tax is a direct tax paid for the right on property or full (partial) management of property (hereinafter, right on property) defined by the Article 4 of this Law through procedures and rate established by the present Law.
2. The property tax is not dependent on the outcome of economic activities of the taxpayers.

Article 3. Taxpayers

1. According to the present Law taxpayers (those who pay property tax) shall be physical and legal persons, enterprises without legal entity status, which possess ownership right on property indicated in the 1 of Article 4 of this Law, with the exception of enterprises financed by the state budget, Central Bank and local self-governmental bodies of the Republic of Armenia.
2. The property taxation procedures defined for the legal persons shall be applicable for the enterprises without legal person's status (with the exception of the agriculture).

The taxation procedure defined by this Law for the physical persons shall be applicable for the agriculture.

3. If taxable object belongs to more than one taxpayer according to joint ownership right, then the taxpayers share bear the same responsibility on property tax and other liabilities derived from it. If the taxable object belongs to more than one taxpayer by the shared ownership right, the taxpayers shall bear responsibility on property tax proportionate to their share and other liabilities derived from it.

[□] Includes all amendments and additions as of 01.01.2002.

Chapter II. Taxable Object and Tax Base

Article 4. Taxable Object and Tax Base

1. According to this Law taxable object refers to

a) dwelling buildings (flats in multiflat dwelling [BGL3] building, garage, garden-house, dwelling house and economic buildings next to it - cattle-shed, bakery, summer kitchen, cellar, etc.), buildings of public and economic importance (hereinafter, buildings);

b) **automobile transportation unit;**¹

c) **has become invalid;**²

d) water transportation means.

2. According to this Law the followings shall be considered as buildings:

a) buildings and constructions of public importance for social service of the population, as well as buildings and constructions for location of administrative and public organizations,

b) buildings and constructions of industrial importance providing with location to industrial and agricultural production, as well as production in other fields of economy; and necessary conditions for exploitation of technological equipment in them;

c) dwelling buildings consisting of dwelling and secondary parts, and provided with communal facilities,

d) flat - a separate space in the building, consisting of dwelling and secondary parts and provided with communal facilities,

e) multiflat dwelling building - building with more than one separate flats,

f) dwelling house - building with its economic buildings built on a separate land lot, provided with dwelling, secondary and communal facilities,

g) garden-house - house with adjacent buildings used for economic purposes built on an isolated horticultural land lot.

¹ With amendment according to RA Law "On Amendments to RA Law "On Property Tax"" in force from 01.01.2002.

² According to RA Law "On Amendments and Additions to RA Law "On Property Tax"" adopted by RA National Assembly on 28.12.1998, in force from 10.01.1999. Initial text – "wheeled, caterpillar, self-propelled machines or mechanisms (except cases when such are used in agriculture);".

3. According to this Law tax base shall be the value or physical magnitude, or characterizer of the taxable object, according to which the property tax amount is calculated by the rates and procedures defined in the Chapters III and IV of this Law.

Article 5. Tax Base of the Buildings

1. The tax base of the building shall be considered as their value.

2. In order to define the tax base, the assessment of the buildings shall be done by the procedures defined by the appendix of this Law, with exception of the cases defined by the subdivision 3 of this Article. By the way, the taxpayers are obliged to give an opportunity to the state body conducting cadaster to do the assessment of the building at working times convenient for the taxpayer.

3. The procedures on the assessment of buildings of public and economic importance shall be established by the Law.

4. Assessment (reassessment) of buildings shall be conducted once during three years, according to the estimated data as of July 1 acquired by state body that conducts real estate cadaster, and, with the exception of the cases indicated in the subdivision 6 of this Article, it shall serve as a base for determination of the taxable base for the following three years of the estimation (re-estimation) year.

5. The Law may define indexing factor for the building tax base for each year not later than July 1 of the previous year.

6. The tax base for newly built buildings as well as newly privatized buildings shall be determined in accordance with this Article and is taken as a base until the next re-estimation in accordance with item 4 of this Article is conducted.

7. In determining tax base Dram shall be the building's value measurement unit.

Article 6. The Tax Base of the Means of Transportation

1. The tax base of the means of transportation shall be the pulling engine capacity of the means of transportation considered as taxable object that belongs to the taxpayer by the ownership right.

If the means of transportation possesses more than one pulling engine, then the taxable base shall refer to the summed capacity of all the pulling engines.

2. When determining taxable base the measuring unit of the engine capacity shall be horsepower or kilowatt.

Chapter III. Rates of Property

Article 7. Property Tax Rates of the Buildings

For the buildings the property tax shall be calculated by the following annual rates:

- a) 0.6 percent for the buildings of public and production use,
- b) the property rate of the garden houses and separately constructed garages belonging to physical persons considered as a taxpayer composes 0.2 percent of the taxable base,
- c) for other dwelling buildings the rate of the property tax composes:

tax base tax rate less than 3 million drams 0 percent of the tax rate
from 3 million to 10 million drams 100 drams added to the 0,1 percent of the amount of the dram exceeding 3 million drams of the taxable value
from 10 million drams to 20 million drams 7,100 drams added to the 0,2 percent of the amount of the dram exceeding the 10 million dram of the taxable value
from 20 million drams to 30 million drams 27,100 drams added to the 0.4 percent of the amount of the dram exceeding 20 million drams of the tax base.
from 30 million drams to 40 million drams. 67,000 drams added to the 0.6 percent of the dram amount exceeding 30 million drams of the tax base
40 million drams and more 127,100 drams added to the 0,8 percent of the amount of the dram exceeding 40 million drams of the tax base.

Article 8. Property Tax Rates of the Means of Transportation

1. **Annual property tax rate for water transportation means is calculated 150 drams per each horsepower of the taxable basis or 204 drams per each kilowatt.³**
2. For the means of automobile transportation the property tax shall be calculated by the following annual rates:
 - a) for the passenger servicing automobile with up to 10 seats, if the tax base is
 - * below 120 horsepower, then 200 drams for each horsepower,
 - * from 120 to 250 horsepower, then 300 drams for each horsepower,
 - * 250 and more, then 500 drams for each horsepower.
 - b) If the tax base for the passenger servicing automobiles with more than 10 seats and for the trucks is
 - * up to 200 horsepower, then 100 drams for each horsepower,

³ Point 1 of Article 8 was amended according to RA Law "On Amendments and Additions to RA Law "On Property Tax"" adopted by RA National Assembly on 28.12.1998, in force from 10.01.1999.

* 200 horsepower and more, then 200 drams for each horsepower.

3. For the means of automobile transportation exploited for less than three years, the property tax shall be calculated by 100 percent.

For the means of automobile transportation which are exploited for more than 3 years the property tax shall be diminished by the rate of 10 percent of the tax amount, but not more than 50 percent of the tax amount, for each year following the third year.

Chapter IV. Privileges of the Property Tax

Article 9. Property Considered as Property Tax Exempt Taxable Object

The following shall be considered as property tax exempt:

a) the buildings of line engineering-transportation, if no fine is paid for their use;

b) **has been deleted;**⁴

c) dams;

d) houses of temporary use;

e) property considered as a taxable good which is defined as of historical-cultural importance by procedures established by the legislature in accordance with the list established by the Republic of Armenia.

Article 10. Privileges of Servicemen

Persons serving in the army of the Republic of Armenia or in the armies of the allied countries according to the international contracts signed and verified in accordance with the established procedures on behalf of the Republic of Armenia, shall be property tax exempt during the whole duration of their service, as follows:

1. on the part of the taxable object belonging to them by right of individual ownership,

2. on the part of the taxable object belonging to them by right of joint ownership, if the other co-owners are underage or unable to work,

3. on the proportional part of their taxable object, in the case where the taxable object belongs to them by right of general shared ownership if the land representing taxable object is not rent out.

⁴ With deletion according to RA Law "On Amendments and Additions to RA Law "On Property Tax"" adopted by RA National Assembly on 28.12.1998, in force from 10.01.1999.

Article 11. Definition of the Land Tax by the Community Foreman

1. For particular taxpayers community foreman can determine eligibility for property tax privileges.

2. The total amount of the property tax privileges defined by the foreman of the community cannot exceed 5 percent of the community budget revenue formed from the property tax of the current year.

3. No additional dotation shall be given from the state budget to the community budget for the amount of the privilege determined by the community foreman.

4. The order of the allotment of the defined privileges of the present article shall be determined by the normative juridical acts of the Government of the Republic of Armenia.

Article 12. Determination of the Property Tax Privileges by the Law

The Law can define property tax exemptions and other privileges defined by the tax code of the Republic of Armenia.

Article 13. Initiation and Suspension of the Privileges During the Reporting Year

1. During the reporting year, a taxpayer granted with property tax privileges shall become tax exempt since the month of acquisition of the right of privilege.

2. During the reporting year in the case of suspension of land tax privilege, the tax shall be calculated since the month following the month of the tax privilege suspension.

Chapter V. Procedures for Property Tax Calculation and Payment

Article 14. Initiation and Suspension Time of the Land Tax Calculation and Payment

1. The taxpayer's liabilities on property tax calculation and payment shall emerge since the month following the one when the ownership right on the taxable object or on the part of it is acquired.

2. Irrespective of terms of clause 1 of this article, in case of alienation of taxable object or its part belonging to physical person, the new owner is responsible for all tax liabilities due for the taxable object at the moment of its alienation.⁵

⁵ With amendment according to RA Law "On Amendments and Additions to RA Law "On Property Tax"" adopted by RA National Assembly on 28.12.1998, in force from 10.01.1999.

3. If the right for ownership on the taxable object is acquired based on a court decision, decision or juridical act, then, irrespective of the provisions of subdivision 2 of this article, the taxpayer shall calculate and pay the property tax for an interval, when the property is transferred at his/her disposal.

Article 15. Property Tax Calculations of the Legal Persons

If the taxpayer is a legal person, then

a) he/she shall calculate the property tax independently and according to this Article and Article 17 of this Law submits to corresponding Tax Inspectorate bodies prior to 25 of the month immediately following each quarter of the reporting year, and for the annual calculations - prior to February 25 (inclusive) of the year immediately following the reporting year.

b) for the building considered as a taxable object the calculations described in the subdivision "a" of this article shall be submitted to Tax Inspectorate body of the place where the building is located.

c) for the means of transportation considered as a taxable object the calculations described in the subdivision "a" of this article are submitted to the Tax Inspectorate body of the place where the taxpayer is registered.

Article 16. Property Tax Calculations for the Physical Persons

If the taxpayer is a physical person, then

a) he/she shall calculate the property tax independently, and may submit the annual calculations of the property tax to the corresponding Tax Inspectorate bodies until October 1 (inclusive) of the reporting year in accordance with this Article and Article 17 of this Law;

b) he/she shall submit calculations of the building considered as a taxable object defined by subdivision "a" of this Article to the Tax Inspectorate body of the place where the building is located:

c) for the means of transportation considered as a taxable object the calculations defined by the subdivision "a" of this Article shall be submitted to the Tax Inspectorate body of the place where the taxpayer is registered. In the case registration is not available, the calculations are submitted to the Tax Inspectorate body of the place of the taxpayer's permanent residence. If the registration is not available, then the calculations shall be submitted to the Tax Inspectorate body of the place of the taxpayer's permanent residence. If the place of the registration or the permanent residence is outside the Republic of Armenia, then the calculations shall be submitted to the place where the means of transportation are registered; and, in case the means of transportation is not subject to registration, the calculations shall be submitted to the Tax Inspectorate body of its permanent station.

d) Based on the information presented by state body conducting real estate cadaster as of July 1 of the tax base reassessment year, the corresponding Tax Inspectorate bodies shall calculate and submit to the physical persons considered as taxpayers notices on property tax subject to be paid for the coming three years, where the taxable object, taxable base and property tax calculation, as well as other information and data defined by the normative juridical act of the Tax Inspectorate of the Republic of Armenia are indicated. In case the physical person considered as a taxpayer does not agree with the calculations presented in the notice, he/she shall submit property tax calculations conducted by him to Tax Inspectorate bodies of the place where the taxable object is located until October 1 of the reporting year.

Article 17. Property Tax Calculations of the Joint Ownership

Property tax of taxable object, that belongs to more than one taxpayer by joint ownership right, shall be calculated from the total value of the (or from the capacity of the engine) taxable object, and, according to articles 15 and 16 of this Law, calculations are presented

a) in the case of general shared ownership - by each co-owner on his/her proportionate share or by at least one of them, indicating data about other co-owners required by departmental-normative acts of the Tax Inspectorate of the Republic of Armenia,

b) in the case of general joint ownership - by one co-owner (taxpayer), indicating data about other co-owners required by departmental-normative acts of the Tax Inspectorate of the Republic of Armenia,

c) if in the case of general joint ownership at least one of the co-owners considered to be a taxpayer is a legal person, then, irrespective of provisions set forth in subdivision b) of this Article, by the legal person (persons) while indicating data about other co-owners required by departmental-normative acts of the Tax Inspectorate of the Republic of Armenia.

Article 18. Time for the Property Tax Payment

1. Legal persons considered as taxpayers shall pay the amount of the calculated property tax quarterly during the five days following the time defined by the article 15 of this Law on submitting quarterly reports, and the annual tax amount - during the five days following the time defined by the article 15 of this Article on the submission of the annual reports.

2. Physical persons considered as taxpayers shall pay the annual amount of calculated property tax until December 1 of the reporting year.

Article 19. Provision of Entries of Budgetary Revenues on the Line of Property Tax

The entries of budgetary revenues on the line of property tax shall be provided by the Tax Inspectorate and local self-governmental bodies through procedures defined by normative juridical acts of the government of the Republic of Armenia.

Article 20. Rules of Property Tax Distribution

1. In accordance with the Article 28 of the Republic of Armenia "On Budgetary System of the Republic of Armenia" the property tax amount shall be transferred.

a) to the community budget where the taxable object is located, for the building considered as a taxable object located in the administrative territory of the community.

b) to the community budget where the taxpayer considered as the owner of the means of transportation is registered (or the place station in case of legal person) through verification in his/her passport. If the registration is lacking, then the property tax amount is transferred to the budget of the community where the physical person is registered permanently; and if the place of the permanent residence of the physical person is outside the territory of the Republic of Armenia, then the property tax amount is transferred to the community budget where the means of transportation is permanently stationed.

2. The property tax of the building considered as a taxable object located outside the administrative territory of the community shall be transferred to the state budget.

3. The procedures of the distribution and transfer of the property tax amount shall be defined by the normative-juridical acts of the Ministry of Finance and Economics of the Republic of Armenia.

Article 21. Providing of Information.

1. Necessary information on property tax calculation of the buildings considered as taxable object and belonging to the physical and legal persons by ownership right shall be conveyed to the bodies of Tax Inspectorate of the Republic of Armenia by the state body conducting real estate cadaster.

2. In order to calculate the property tax, the taxpayers can receive information from the state body conducting real estate cadaster.

3. The Government of the Republic of Armenia or state body authorized by it can define the order of providing with information indicated in this article by normative-juridical acts.

Chapter VI. Concluding Provisions

Article 22. Rights and Liabilities. Responsibility.

1. The rights, liabilities of taxpayers and Tax Inspectorate bodies; accuracy of the tax calculation data submitted to the Tax Inspectorate; as well as responsibility in the case of violation of this Law shall be regulated by this and other Laws.

2. Hiding or intended diminution of the tax base shall evoke responsibility for hiding or intended diminution of the object defined by Law.

Article 23. Applying Responsibility in Case of Late Received Notice.

Late submission of the notice by the bodies of the Tax Inspectorate to the physical person does not free the taxpayer from the responsibility to fulfil all the obligations completely.

Article 24. Applying Responsibility for Not Submitting the Property Tax Amount by Established Procedures

In case the requirements of Articles 15 and 17 are not fulfilled, the legal person shall be fined at 5 percent rate (but not more than the total amount of the tax) of the total amount of the unpaid tax for each 15 days following the deadline of submission of the calculations defined for legal persons by this Law.

Article 25. Departmental-Normative Acts on the Law Application

The departmental-normative acts on the application of this Law shall be adopted by the Tax Inspectorate of the Republic of Armenia with the agreement of the Ministry of Finance and Economics of the Republic of Armenia, and the departmental-normative acts on the appendix of this Law shall be adopted by the state body conducting real estate cadaster with agreement of the Ministry of Finance and Economics of the Republic of Armenia and the Tax Inspectorate of the Republic of Armenia.

Chapter VII. Transitional Provisions

Article 26. Peculiarities of Property Tax Settlement

Peculiarities of property tax settlement for buildings belonging to legal entities and buildings of public and productive use belonging to physical persons for 2000 to 2002 years⁶:

- 1. Legal entities should calculate and pay property tax for buildings for 2000 to 2001⁷ years based on balance value of buildings registered in records (reports) provided that the value is not less than 20 percent of the initial (procurement) cost.**
- 2. Legal entities should not file property tax quarterly declarations or pay tax for buildings for 2000, but they should file annual declarations and pay annual tax within deadlines defined by articles 15 and 18 of law “On Property Tax”**

⁶ With amendment according to RA Law “On Amendments to RA Law “On Property Tax”” in force from 01.01.2002.

⁷ With amendment according to RA Law “On Amendments to RA Law “On Property Tax”” in force from 01.01.2002.

- 3. The annual property tax for buildings of public or productive use belonging to physical persons, for 2000 to 2001⁸ years will be settled as follows:**
- a) for metallic buildings – three thousand drams
 - b) for other buildings of public or productive use – ten thousand drams.⁹

Article 27. Has become invalid.¹⁰

Article 28. First Assessment of the Tax Base of the *Dwelling* Buildings

The first assessment of tax base of the **dwelling** buildings shall be conducted by the normative-juridical acts of the Government of the Republic of Armenia as of July 1, 1998.¹¹

Article 29. Operation of the Time Privileges

The temporary privileges granted before this law came into force should be valid till the end of their terms.¹²

Article 30. Exempting of the Physical Persons From the Property Tax on the Property Considered as Taxable Object as of 1995 and 1996.

1. Physical persons shall be exempted from property tax for 1995 and 1996, as well as from penalties established by the tax code in the part of property belonging to them by ownership right, which is considered as a taxable object.

2. The property tax amount calculated and paid according to the item 1 of this article shall be returned at the expense of the property tax payments of the coming years.

Article 31. Property Tax Payment Time of 1997 for the Physical Persons

July 1, 1998 shall be defined as a time for property tax payment of 1997 for the physical persons.

⁸ With amendment according to RA Law “On Amendments to RA Law “On Property Tax”” in force from 01.01.2002.

⁹ Article 26 was amended according to RA Law “On Amendments to RA Law “On Property Tax”” adopted by RA National Assembly on 26.12.2000, in force from 10.02.2001.

¹⁰ According to RA Law “On Amendments to RA Law “On Property Tax”” adopted by RA National Assembly on 26.12.2000, in force from 10.02.2001. Initial text – “**Provision of Notifications to Individuals and Calculation of the Property Tax in 1998, and Calculation of the Property Tax on the Buildings of Public Importance in 1998 and 1999** (with amendments of 30.12.98)

- 1. The notifications on calculation of the property tax for 1998 shall be issued to the individuals, who are considered taxpayers, up to April 1, 1998.
- 2. The Property tax for 1998 **and 1999** (with amendments of 30.12.98) on the buildings of individuals considered as object of taxation shall be calculated in the amount of property tax for 1997.
- 3. The property tax for 1998 on the buildings of public importance owned by individuals who are considered taxpayers, shall constitute:
 - a) For metal buildings – three thousand drams;
 - b) For other public buildings – ten thousand drams.”.

¹¹ With additions according to RA Law “On Amendments and Additions to RA Law “On Property Tax”” adopted by RA National Assembly on 28.12.1998, in force from 10.01.1999.

¹² With amendment according to RA Law “On Amendments and Additions to RA Law “On Property Tax”” adopted by RA National Assembly on 28.12.1998, in force from 10.01.1999.

Article 32. The Date the Law Becomes Effective

1. This Law shall be in effect since January 1, 1998.

3. From the moment this Law becomes effective, the Law of the Republic of Armenia "On Property Tax" as of February 3, 1995, shall become ineffective.