Armenia

Armenia is taking steps to implement the legal basis for the transparency framework and to commence administrative preparations in line with the terms of reference (OECD, 2017_[3]) (ToR) to ensure that it finalises its information gathering process (ToR I.4) and information on rulings will be identified and exchanged in a timely manner (ToR II.5). Armenia receives two recommendations on these points for the year in review.

This is Armenia's first review of implementation of the transparency framework.

Armenia can legally issue one type of ruling within the scope of the transparency framework.

Armenia is currently in the process of identifying the number of future rulings within the scope of the transparency framework that have been issued for the year in review.

As no exchanges took place, no peer input was received in respect of the exchanges of information on rulings received from Armenia.

A. The information gathering process

67. Armenia can legally issue the following type of ruling within the scope of the transparency framework: permanent establishment rulings. Rulings (or "Notice" in the Armenian Tax Code) are issued by the International Cooperation Department (ICD) and the Administration Methodology and Procedures Department (AMPD) within the State Revenue Committee (SRC). The rulings issuance process is centralised at the level of AMPD. AMPD can issue rulings after prior consultation with ICD.

Past rulings (ToR I.4.1.1, I.4.1.2, I.4.2.1, I.4.2.2)

68. For Armenia, past rulings are any tax rulings issued prior to 1 September 2019. However, there is no obligation for Armenia to conduct spontaneous exchange information on past rulings.

Future rulings (ToR I.4.1.1, I.4.1.2, I.4.2.1)

69. For Armenia, future rulings are any tax rulings within scope that are issued on or after 1 September 2019.

70. Armenia indicates that there are not yet processes in place to ensure the implementation of the obligations relating to the transparency framework such as the record keeping of rulings. Armenia is currently in the process of identifying the number of future permanent establishment rulings that have been issued during the year in review. It is noted that Armenia intends to implement processes to make sure the necessary information to meet the requirements of the transparency framework is required in all cases. In particular, the information gathering process will be centralised at the level of the ICD. Steps will be taken to ensure efficient communication with AMPD and to obtain information on the relevant exchange jurisdictions by taxpayers requesting a ruling. This will be assessed in the next year's peer review.

Review and supervision (ToR I.4.3)

71. Armenia did not yet have a review and supervision mechanism under the transparency framework for the year in review. Armenia is discussing the implementation of a revision and supervision mechanism within ICD for ensuring implementation of the transparency framework. This will be assessed in the next year's peer review.

Conclusion on section A

72. Armenia is recommended to finalise its information gathering process for identifying all future rulings and potential exchange jurisdictions, with a review and supervision mechanism, as soon as possible (ToR I.4).

B. The exchange of information

Legal basis for spontaneous exchange of information (ToR II.5.1, II.5.2)

73. Armenia has the necessary domestic legal basis to exchange information spontaneously. Armenia notes that there are no legal or practical impediments that prevent the spontaneous exchange of information on rulings as contemplated in the Action 5 minimum standard.

74. Armenia has international agreements permitting spontaneous exchange of information, including being a party to the (i) *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011_[4]) ("the Convention") *and* (ii) bilateral

agreements in force with 48 jurisdictions. Armenia ratified the Convention on 6 February 2020. The Convention entered into force on 1 June 2020 and will have effect for administrative assistance related to taxable periods beginning on or after 1 January 2021.¹

Completion and exchange of templates (ToR II.5.3, II.5.4, II.5.5, II.5.6, II.5.7)

75. Armenia is still developing a process to complete the templates on relevant rulings, to make them available to the Competent Authority for exchange of information, and to exchange them with relevant jurisdictions. The Competent Authority in Armenia is within ICD. Steps will be taken to ensure templates on relevant rulings are duly completed, made available to ICD without undue delay and exchanged with relevant jurisdictions according to the required timelines. This will be assessed in the next year's peer review.

76. As no exchanges took place in the year of review, no data on the timeliness of exchanges can be reported.

Conclusion on section B

77. Armenia is recommended to develop a process to complete the templates on relevant rulings and to ensure that the exchanges of information on rulings occur in accordance with the form and timelines under the transparency framework going forward (ToR II.5).

C. Statistics (ToR IV)

78. As there was no information on rulings exchanged by Armenia for the year in review, no statistics can be reported.

D. Matters related to intellectual property regimes (ToR I.4.1.3)

79. Armenia does not offer an intellectual property regime for which transparency requirements under the Action 5 Report (OECD, 2015_[1]) were imposed.

Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
Armenia is in the process to put in place an information gathering process and a review and supervision mechanism.	Armenia is recommended to finalise its information gathering process for identifying all future rulings and potential exchange jurisdictions, with a review and supervision mechanism, as soon as possible.
Armenia does not have a process to complete the templates on relevant rulings, to make them available to the Competent Authority for exchange of information, and to exchange them with relevant jurisdictions.	Armenia is recommended to develop a process to complete the templates on relevant rulings and to ensure that the exchanges of information on rulings occur in accordance with the form and timelines under the transparency framework.

References

OECD (2017), BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework, OECD Publishing, Paris, <u>http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-</u> <u>review-transparency-framework.pdf</u> .	[3]
OECD (2015), Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <u>https://dx.doi.org/10.1787/9789264241190-en</u> .	[1]
OECD/Council of Europe (2011), <i>The Multilateral Convention on Mutual Administrative</i> <i>Assistance in Tax Matters: Amended by the 2010 Protocol</i> , OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264115606-en	[4]

Notes

¹ Parties to the Convention are available here: <u>www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm</u>. Armenia also has bilateral agreements with Austria, Belarus, Belgium, Bulgaria, Canada, China (People's Republic of), Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Kazakhstan, Kuwait, Latvia, Lebanon, Lithuania, Luxembourg, Moldova, Netherlands, Poland, Qatar, Romania, Russia, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Syrian Arab Republic, Thailand, Tajikistan, Turkmenistan, Ukraine, United Arab Emirates and United Kingdom.



From: Harmful Tax Practices – 2019 Peer Review Reports on the Exchange of Information on Tax Rulings

Inclusive Framework on BEPS: Action 5

Access the complete publication at: https://doi.org/10.1787/afd1bf8c-en

Please cite this chapter as:

OECD (2020), "Armenia", in Harmful Tax Practices – 2019 Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/d6a09dd2-en

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