

LAW OF THE REPUBLIC OF ARMENIA
ON PERSONIFIED RECORD KEEPING OF INCOME TAX AND MANDATORY
FUNDED CONTRIBUTIONS

Article 1. Subject of the Law

This Law regulates relationships that pertain to implementation of personified record keeping of income tax and mandatory funded contributions (hereinafter, referred to as personified record keeping), defines the rights and obligations of the parties involved in the process of personified record keeping.

Article 2. Legal Framework of the Personified Record Keeping

Relationships that pertain to personified record keeping shall be regulated by this Law, the Laws of the Republic of Armenia on “Personal Data”, “Income Tax”, “Funded Pensions”, “State Pensions” and other legal acts.

Article 3. Main Concepts Used in the Law

The following main concepts are used in this Law:

- 1) **Employee** – a person engaged in employment or civil-legal relationships with the employers (tax agents);
- 2) **Self-employed** – a person who gains income from any activity that is not prohibited by law and who is not regarded as an employee, an individual entrepreneur or a notary;
- 3) **Natural person** – an employee, a self-employed, an individual entrepreneur, a notary;
- 4) **Personified record keeping information database (information database)** – an integrity of data about natural persons, as it is envisaged in this Law;
- 5) **Personified record keeping** – receipt of a summary report on the income tax and the annual income statement as defined by Articles 13 and 22 of the Law of the Republic of Armenia on Income Tax and personified reports as defined by Article 8, clauses 3 and 5 of the Law of the Republic of Armenia “On Funded Pensions”, (hereinafter referred to as personified reports), incorporation of information contained in the personified reports in the information database, maintenance of data, making changes in data incorporated in the database.
- 6) **Personified report** – an electronic document containing data as defined by this Law, which has been developed and submitted in the manner defined by the Government of the Republic of Armenia.

- 7) **Employer** – a tax agent who withholds (levies) the income tax as it is defined by the Law of the Republic of Armenia “On Income Tax”.

Article 4. Goals and Objectives of Personified Record Keeping

Personified record keeping shall have the following goals and objectives:

- 1) Ensuring application of the tax legislation and accuracy of taxation of incomes of natural persons;
- 2) Analyzing of macroeconomic indexes and implementing of forecast estimates;
- 3) Ensuring natural functioning of the funded component of the pension system;
- 4) Ensuring enforcement of pension rights pertinent to natural persons.

Article 5. Principles of Personified Record Keeping

Personified record keeping shall have the following principles:

- 1) Personified nature of individual data record keeping;
- 2) Inclusion on a mandatory basis in the system of personified record keeping data regarding each natural person, who has paid income tax and mandatory funded contributions;
- 3) Accessibility for a natural person of his/her personal data (person/entity to whom data applies);
- 4) Use of data incorporated in the information database exclusively in cases provided by law and in the manner prescribed by the legislation.

Article 6. The Body Implementing Personified Record Keeping

Personified record keeping shall be implemented by the state administration authorized body in charge of collection of income tax and funded contributions (hereinafter referred to as the authorized body).

Article 7. Data Incorporated in the Information Database

Information database shall incorporate:

- 1) the following data about natural persons:
 - a) Family name, first name, patronymic, day, month and year of birth. In case of death of a person – the day, month and year of death;
 - b) Series and number of Passport of a citizen of the Republic of Armenia (in case the citizen is a minor under the age of 16 – series and number of the birth certificate); the series and number of the document justifying the right to residence in the Republic of Armenia in case of foreign citizens and persons without citizenship, the series and number of the convention traveling

document in case of a person with a refugee status; the code of the body having issued the passport of the citizen of the Republic of Armenia;

- c) The number of social security card or, in case of having no social security card, the number of the statement of information on not holding a social security card and the taxpayer's identification number (if available);
 - d) Sex;
 - e) Address of the place of residence;
 - f) Citizenship;
- 2) In case the person is an employee, also:
- a) Day, month and year of hiring and firing;
 - b) Data of documents justifying labor relationships (contract, order on hiring, etc.), occupation (position);
 - c) Taxpayer identification number (TIN), full name and legal address of the employer (employers), location or the state registration address, day, month and year of registration with the State Registry and the registration number;
 - d) Amount of income tax, which has been calculated and paid in regard to the income considered as an object of taxation – expressed by employers and by months;
 - e) Amount of mandatory funded contributions, which have been calculated and paid in regard to the income considered as an object of funded contributions, expressed by the employers and by months;
 - f) Amount of voluntary funded contributions.
- 3) In case the person is an individual entrepreneur, also:
- a) Day, month and year of the state registration, state registration number; date, month and year of termination of entrepreneurial activities;
 - b) Day, month and year of temporary suspension of entrepreneurial activities (temporarily returning of the state registration certificate to the tax authority) and recommencement of entrepreneurial activities (receiving back of the state registration certificate from the tax authority);
 - c) Amount of income tax, which has been calculated and paid in regard to income considered as an object of taxation under an income tax and day, month and year of income tax payment;
 - d) Amount of funded contributions, which have been calculated and paid in regard to income considered as an object of payment of funded contributions and day, month and year of making the funded contributions;
 - e) Amount of prepaid income tax by quarters, day, month and year of making the payment.

- 4) In case a person is a notary, also:
 - a) Day, month and year of hiring and firing;
 - b) Amount of income tax, which has been calculated and paid in regard to income considered as an object of taxation under an income tax and day, month and year of income tax payment;
 - c) Amount of funded contributions, which have been calculated and paid in regard to income considered as an object of funded contributions and day, month and year of making the funded contributions;
- 5) In case a person is self-employed, also:
 - a) Type of activities;
 - b) Amount of income tax, which has been calculated and paid in regard to income considered as an object of taxation under an income tax and day, month and year of income tax payment;
 - c) Amount of funded contributions, which have been calculated and paid in regard to income considered as an object of funded contributions and day, month and year of making the funded contributions;
 - d) Amount of the license fee paid by entities subject to license fee payment and day, month and year of making such a payment.
- 6) Information about other periods of activities defined by law that count toward the length of service;
- 7) Amounts of temporary incapability benefit, funeral benefit, day, month and year of the payment.

Article 8. Individual Account

1. An individual account is the complete individual data about each natural person, which is incorporated in the information database.
2. An individual account shall be opened by the authorized body on the basis of receipt by it of information about contributions made by the natural person based on the data provided in the personified report, which has been submitted in the manner prescribed by the legislation of the Republic of Armenia.
3. The procedure of opening an individual account shall be established by the authorized body.

Article 9. Development and Maintenance of the Information Database

1. The authorized body shall receive data required for development and maintenance of information database from the following entities:

- 1) Employers (tax agents);
 - 2) Natural persons as defined by Article 11 of this Law;
 - 3) Administrator of the Register of Participants as defined by the Law of the Republic of Armenia on “Funded Pensions”;
 - 4) State government entities.
2. Employers (tax agents) and natural persons established by Article 11 of this Law shall submit data as stipulated by Article 7 of this Law through personified reports by using of an electronic digital signature.

The authorized body shall provide for employers and natural persons prescribed by Article 11 of this Law software required for development and submission of personified reports in an electronic format.

The Administrator of the Register of Participants established by the Law of the Republic of Armenia “On Funded Pensions” and the State government bodies shall submit data in an electronic format.

3. Security of data incorporated in the information database shall be ensured in the manner established by Law.
4. The procedure of filling out the personified reports and submitting thereof to the authorized body shall be defined by the Government of the Republic Armenia, whereas the internal and external format and the procedure of completing such reports shall be defined by the authorized body.

Article 10. Submission of Data by Employers Required for Development of the Information Database

1. Employers (tax agents) shall submit personified reports to the authorized body by the 20th day of each month.
2. Personified reports filed by employers (tax agents) shall provide the following information: employees engaged during the course of the previous month and income calculated with respect to them, income tax withheld from their income, and in regard of persons involved in the funded pension system, also information about calculated and withheld funded contributions, as well as other data as prescribed by Article 7 of this Law.

3. Personified reports filed by employers (tax agents) shall also provide brief information about passive income calculated by the tax agent in regard to natural persons for the previous month, as well as income tax withheld from such incomes.
4. An employer, who, in the manner prescribed by legislation, is exempted from obligations of a tax agent, shall submit personified reports about its employees in the manner established by this Law, by excluding any about calculated (paid) funded contributions and income tax payments.

Article 11. Data Submitted by Individual Entrepreneurs, Notaries, Self-Employed Persons and Employees Envisioned by Article 10, Clause 4 of this Law For the Purposes of Development of the Information Database

1. Individual entrepreneurs, notaries, self-employed persons and employees as envisaged by Article 10, Clause 4 of this Law shall submit personified reports covering the reporting year to the authorized body by April the 15th of the next year.
2. Personified reports submitted by individual entrepreneurs, notaries, self-employed persons and employees envisaged by Article 10, Clause 4 of this Law shall provide information about the income generated during the previous reporting year, which has served as an object of taxation under income tax, the income taxes withheld from gross incomes, the calculated and withheld amounts of funded contributions in regard to persons involved in the funded contributions system, as well as other data prescribed by Article 7 of this Law.
3. Reports defined by this Article that are submitted by employees envisioned by Article 10, Clause 4 of this Law shall also provide information about their employers.

Article 12. Incorporation of the Submitted Data in the Information Database

1. The authorized body verifies the submitted data with the information available in the information database and data provided by state government bodies.
2. The authorized body shall incorporate data in the information database provided there are no inaccuracies in the submitted data.
3. In case of discovering inaccuracies in the submitted data, the authorized body refuses the report and within 5 working days notifies about inaccuracies to the person having filed the report. In the given case the report is deemed as having been not submitted.
4. If there are inaccuracies in the submitted data which are the result of a misprint (a misprint shall be considered as an obvious grammatical or numerical misprint, which does not cause quantitative or content-wise change of the rights and responsibilities of the

person filing data, nor does it relate to any arithmetic values (amount or quantity)), the authorized body accepts the report and incorporates the correct data in the information database, by notifying about the typo to the person having submitted the report.

5. In regard to the case stipulated in Clause 3 of this Article, the person having submitted the data, shall submit a new report in the manner established by this Law.
6. The procedure of notifying about inaccuracies to the person having submitted the data is established by the authorized body.

Article 13. Making Changes to Data Incorporated in the Information Database

1. Changes to data incorporated in the information database shall be made, provided:
 - 1) Data contain inaccuracies;
 - 2) Any data pertinent to the natural person has changed.
2. The following persons can apply for making changes in data incorporated in the information database:
 - 1) The employer (or the successor);
 - 2) The natural person (subject to whom data applies).
3. Amendments to data incorporated in the information database shall be made on the basis of the following:
 - 1) Amended personified report submitted by the employer or the natural person envisaged by Article 11 of this Law;
 - 2) Administrative act, including an inspection act adopted by the authorized body in the manner established by legislation;
 - 3) Lawfully enforced court act which resolved the issue on its merits.

The amended personified report as provided in Sub-Clause 1 of this Clause shall be filed in accordance with the procedure defined by this Law.

4. The Government of the Republic of Armenia shall establish the procedure of making changes to data incorporated in the information database.

Article 14. Sharing of Data Available in the Information Database with the Government Authorities and Other Organizations

The authorized body shall, in the manner established by the Government of the Republic of Armenia, provide information incorporated in the information database to the following entities:

- 1) State authorized body of the pension system authorized by the Government of the Republic of Armenia;

- 2) the Register of Participants as established by the Law of the Republic of Armenia “On Funded Pensions”;
- 3) Organizations and other government administration authorities defined by the Law of the Republic of Armenia and the Government of the Republic of Armenia.

Article 15. Rights and Obligations of Employees, Self-Employed Persons, Individual Entrepreneurs and Notaries

1. An employee, a self-employed person, an individual entrepreneur and a notary shall be entitled to:
 - 1) Receive the statement of his/her individual account from the authorized body in an electronic or paper format, according to the procedure established by the Government of the Republic of Armenia;
 - 2) Apply in writing to the authorized body or the employer aimed at verifying (correcting) the data available in his/her individual account;
 - 3) Receive for free from the employer (tax agent) a copy of his/her personal data submitted to the authorized body;
 - 4) Challenge in the court or argue in an administrative manner the actions or omission of officials of the authorized body or the employer (tax agent) in regard to data available in his/her individual account.
2. An employee, a self-employed person, an individual entrepreneur and a notary shall be obligated to:
 - 1) Submit to the authorized body data as defined by this Law, according to the procedure and within the timelines established by this Law;
 - 2) Upon request of the authorized body, submit documents verifying the data subject to be included in the individual account;
 - 3) As and when necessary, submit to the employer (tax agent) and the authorized body documents verifying the data pertaining to him/her.

Article 16. Rights and Obligations of an Employer (Tax Agent)

1. An employer (tax agent) shall be entitled to:
 - 1) Require and receive from its employees documents verifying the data submitted;
 - 2) In the manner established by this Law, check the data about the employees incorporated in the information database.
2. An employer (tax agent) shall be obligated to:
 - 1) Submit to the authorized body the personified report established in this Law in the manner and within the timelines set forth in this Law;
 - 2) Submit a new report in cases and within timelines established by this Law;

- 3) Upon written request of its employee, provide the respective employee a free copy of personal data submitted to the authorized entity;
- 4) When submitting data, check accuracy of data submitted by the employee about the social security card (or certificate on not holding a social security card) and passport or other identification document regarding the employee.

Article 17. Authorities of the Authorized Body

1. The authorized body shall have the following authorities:
 - 1) Receive data from employer (tax agent), natural persons and state government authorities in the manner established by the Government of the Republic of Armenia; check authenticity of the submitted data; make changes in the data incorporated in the information database;
 - 2) Open an individual account for a natural person in the personified record keeping system;
 - 3) Maintain in a safe manner the data available in individual accounts of natural persons, as well as the individual record keeping documents on the basis of which such data have been developed;
 - 4) Notify the tax agent about developing of the submitted documents and the need for correcting inaccuracies available in the documents;
 - 5) Upon the application of a person/entity to whom the data applies, provide such a person/entity with the statement of his/her individual account either in an electronic or a paper format, according to the procedure established by the Government of the Republic of Armenia;
 - 6) Secure software for those filing personified reports in an electronic format and provide services for filing of reports in an electronic format, according to the procedure established by the Government of the Republic of Armenia.
2. In case of making a request for providing the statement of his/her individual account on a hard copy in the manner as envisaged by Sub-clause 5 of Clause 1 of this Article for more than once during the course of the same calendar year, the person to whom data applies shall pay a state duty in the size defined by the Law of the Republic of Armenia “On State Duties”.

Article 18. Liability for Breaching of this Law

Violation of this Law shall entail liabilities envisaged by the Law.

Article 19. Closing Provisions

1. This Law shall enter into enforce on January 1, 2013, and the provisions on mandatory funded contributions shall enter into force on January 1, 2014.

2. The employers shall submit data for the first time established by this Law before February 20, 2013 and such data shall cover the period of January, 2013.
3. Persons envisaged in Article 11 of this Law shall the first time submit data defined by this Law before April 15, 2014 and such data shall cover the period of year 2013.
4. Personified reports filed by employers (tax agents) for the first time shall also incorporate information provided by an employee about the place of his/her residence in accordance with the procedure established by the Government of the Republic of Armenia.