

Action Plan for Improving Armenia's Business Environment Prepared on the Basis of the Memorandum on Reforms in Doing Business in Armenia

No.	Proposed by the Memorandum on Reforms	Proposed Action	Objective/Outcome	Responsible Body	Deadline
1.	<p>Payment of taxes</p> <ul style="list-style-type: none"> - remove the requirement for submitting tax returns to the tax service in person; - combine tax payments; - perform risk-based audits 	<ul style="list-style-type: none"> - Review the composition and contents of statements submitted to taxation bodies and realization of legislative changes concerning reduction, taking into consideration the need to reduce the established time by "tax payment" index of "Doing Business". - Introduce an electronic filing system for accepting tax statement. - Review the composition and contents of statements submitted to state agencies of RA and realization of legislative changes concerning reduction, in particular elimination of requirement on submission of financial statement by the SME-s. - Introduce and implement risk based audit selection for taxpayer audit (2007-2009 Triennial Plan for RA Tax System Development, section 4, measure 3, component 1, approved by RA Government Decree No.696-N of May 24, 2007). Develop and introduce software for risk based selection of the taxpayers subject to audit and supporting and recording VAT overpayments. - Develop and adopt laws on Unified Tax for Real Estate and Property Tax on Transport and a package of other legal acts, as well as to introduce electronic (on-line) payment system for those taxes. - Develop and adopt a law defining the income tax and social insurance contributions as a single corporate tax and a package of other legal acts, in the frame of "Pension system reforms" project. 	<p>Simplified tax administration, reduced time and cost for implementing procedures, in particular reduction of established figures from 1120 person/ hour to 400 person/hour.</p> <p>Reduction of administration expenses of business.</p> <p>Higher opportunities for implementing risk-based audits.</p> <p>Increased equity of taxation, uniformity in principles of taxation, improved system of tax privilege, reduced costs or individual assessments of land and buildings.</p> <p>Payments for unified tax of real estate and property tax of vehicles/transport means through electronic system</p> <p>Reduction of expenses, simplification of real estate tax as an enforcement of the principles of horizontal and vertical fairness of the taxation of the taxes levied on property, fair and equitable distribution of tax burden without adding to tax burden of less secured tax payers, simplification of tax administration in terms of property tax, development of information exchange network on real estate between state and local self-governing bodies, complete and accurate cadastre assessment of real estate.</p>	<p>RA MoF</p> <p>RA AB STS</p> <p>RA MoLSA</p> <p>RA AB SCREC</p> <p>RA CB</p> <p>RA MoE</p> <p>Other stakeholders</p>	<p>01.01.2009</p> <p>01.07.2009</p> <p>01.09.2008</p> <p>continuously</p> <p>01.09.2008</p> <p>2009</p>
2	<p>International/foreign trade</p> <ul style="list-style-type: none"> - Remove the requirement for export permits - Reduce documentary requirements 	<ul style="list-style-type: none"> - Reduce the list of documents required for customs control in export and import transactions (amendment to the RoA Government Decree No 1779-N, 2003). - Review and reduce the list of documents for non-tariff regulation required for customs control, in particular the certificate of authentication, etc. 	<p>Simplified customs administration, reduced number of required documents, time and costs for implementing procedures.</p> <p><i>As a result: for export: 3 documents</i></p>	<p>RA MoF</p> <p>RA AB SCC</p> <p>RA MoE</p> <p>RA PAB</p>	<p>01.09.2008</p> <p>01.01.2009</p>

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	<ul style="list-style-type: none"> - Review the periods for customs procedures to determine the barriers - Remove uncertainties over valuation of goods 	<ul style="list-style-type: none"> - For export, submit a requirement for 2 documents instead of the current five and three instead of the current six for import and for the customs control. - Make the valuation methodology of products and treatments transparent and publish reference prices. - To implement differentiated control system for customs control of entities carrying out FEA, which will be based on the activity history of the FEA entity. - To adopt and publicize the document on “Ethics and behavior rules” for obligatory execution by employees of the SCC of RA. 	<p><i>for import: 3 documents</i></p>		<p>01.01.2009 continuously</p> <p>01.11.2008</p> <p>01.12.2008</p>
3.	<p>Starting businesses</p> <ul style="list-style-type: none"> - make the procedures for starting businesses uniform - remove the minimum authorized capital requirement - - remove the seal authorization requirement - - increase computer reliability/ credibility in the state registry 	<ul style="list-style-type: none"> - Remove the requirement for submitting the charter of the legal entity (trade organizations) at the time of registration. - A written statement at the time of registration that the legal entity will engage in activities specified for the particular organizational and legal type by the legislation of Armenia (by default). - Submit the charter, if desired, the content of which is not checked, but only registered and recorded by the registering entity. - Remove the minimum authorized capital requirement, including the requirement for its existence (documentary proof). - Submit information on the size of the capital by the legal entity at the time of registration, which is not verified at that time, but only recorded. <i>(Exception should only be made for legal entities set up for financial intermediation activities)</i> - Registration of a legal entity based on submission of the necessary minimum information, details (company name, etc) through approval and issuance of an administrative act (ministerial act), which will at least include information on the company name and TIN - Within 3 months period in cooperation with foreign consultants establish working group by the STS and to introduce seal substitute by other individual means (in particular – by creating e-base of signature samples and introduction of computer programs for signature checking) - Remove the mandatory requirement for having a legal entity seal. - Create electronic administrative statistics and documentary database on legal entities, which will make the necessary 	<p>Simplified procedures for starting businesses, reduced time and costs taking into consideration the requirements of FATF and other international organizations operating in this sphere.</p> <p>Procedures implemented in two days, instead of the current 18-20.</p> <p>Visiting only one institution for starting a business, which once accepts the documents, should implement all the procedures itself, cooperating with the state registry, STS, MOTED, the Police, Yerevan Municipality, local governmental and other bodies.</p>	<p>RA MoJ</p> <p>RA MoE RA CB RA AB STS RA Police</p> <p>Local self governments</p> <p>Other stakeholders</p>	01.07.2009

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		<p>information on legal entities accessible to interested governmental bodies.</p> <p>- (e.g. including verification of the payments made by a legal entity in banks and the result being the removal of the requirement to present payment receipts)</p> <p>For implementation of these reforms and on the basis of existing state institutions establish 'business support centers', which would provide one stop shop public services, in particular for the whole process of starting a business, as well as other administrative registries on connections of utility services, etc.</p> <p><i>It would also be appropriate to make other databases accessible to these institutions (e.g. labor market, real estate market, possibility to provide information on consulting, accounting firms and other companies providing business services)</i></p> <p>To eliminate the requirement for obligatory registration of sole proprietors instead of what granting TIN to physical persons</p>			
		<p><i>Simplify and clarify the licensing and permits procedures and requirements</i></p>	<p>Simplified Company start-up procedures, reduced time and costs.</p>	<p>RA MoF RA CB RA MoE RA PAB</p>	<p>01.01.2009</p>
<p>4.</p>	<p>Construction Permits</p> <ul style="list-style-type: none"> - Rule out payment of required fees to urban charity funds - Introduce 'one stop shop' principle for connecting utility services 	<ul style="list-style-type: none"> - <i>See also the measures under item 3</i> - Develop and adopt a package of legal acts for improved procedures on urban development activities, provide public services in the sector using the 'one stop shop' principle <ul style="list-style-type: none"> - Introduce transparent and open arrangements in communities throughout the Republic on disposition and granting for use of state and community lands, setting their starting prices and issuing construction permits. Facilitate and clarify their procedures, reduce the dates, as well as regularly post official information with a clear description of their procedures on the homepages of official websites of relevant government entities. - Within three months period submit for discussion the package of investigations and suggestions for 	<p>Simplified procedures, increased transparency, reduced time and costs. Opportunities for public oversight.</p>	<p>Yerevan Municipality RA MoJ RA MoUD Suggest Local self governments</p>	<p>01.01.2009</p> <p>01.09.2008</p>

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		<p>construction permits and procedures conducted by the working group under Ministry of Urban Development of RA.</p> <ul style="list-style-type: none"> - By means of mass media spread the information on transferring amounts to «Yerevan Fund» on volunteer and charity bases. 			
5.	<p>Contract enforcement</p> <ul style="list-style-type: none"> - Expedite public sale/auction of property - Expedite the procedure for filing lawsuits and notifying the defendant 	<ul style="list-style-type: none"> - Find out the opportunities for creation of alternative private services on law enforcement of judicial regulations - Create judicial basis for creation of alternative private services on enforcement of judicial regulations - Revise and clarify the judicial process dates to abbreviate the general dates of the suit. - Establish control over maintenance of judicial process dates. - Initiate changes in law regulations concerning defining time to reduce the time of procedures on filing lawsuits with court and sending notices to defendants. 	<p>Reduce the dates for the public sale of property, with the onus transferred from the public to the private sector.</p> <p>Reduce the judicial process dates. Reduce the duration of the procedure for initial filing of a lawsuit and notifying defendant from current average 40 days to 7 days.</p>	<p>RA MoJ</p> <p>RA CB</p> <p>RA MoF</p> <p>RA AB SPMD</p>	<p>01.01.2009 01.07.2009</p> <p>01.09.2009 2009</p> <p>01.01.2009</p>
6	<p>Getting Credit</p> <ul style="list-style-type: none"> - Remove legal barriers to collecting and disseminating credit information - Provide a general rather than specific description of property and all types of property used as collateral 	<ul style="list-style-type: none"> - Adopt the draft law on Circulation of Credit Information and the Activities of Credit Bureaus for regulating relations related to circulation and collection of credit information and provided with the adoption of that law, also a number of draft laws for amending other related laws 	<p>Providing opportunities for creating credit histories for persons not having bank borrowing or credit cards enabling them to get funds necessary for starting and developing businesses</p>	<p>RA CB</p>	<p>01.01.2009</p>
7	<p>Investor/Small shareholder protection</p> <ul style="list-style-type: none"> - increase disclosure requirements - increase the liability of managers for improper use of corporate assets 	<ul style="list-style-type: none"> - Develop and adopt a concept note on the Development of Corporate Governance - Develop and adopt a Corporate Governance Code - Submit a report to find out the compatibility of laws of the Republic of Armenia on corporations with the EU standards, particularly the disclosure requirements and the liability of managers for improper use of corporate assets 	<p>Bring the principles of corporate governance and small shareholder interest protection into conformity with the best international practice in Armenian companies.</p>	<p>RA MoE</p> <p>RA CB</p> <p>RA MoJ</p>	<p>2009</p> <p>01.01.2009</p>

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8	Regulation of employment relations <ul style="list-style-type: none"> - remove requirement for extrapayments on night work and work on weekends - introduce employment regulations by legal entities for maximum streamlining of employment contacts 	<ul style="list-style-type: none"> - Initiate amendments to the Labor Code - Remove the mandatory requirement for signing employment contracts and time limits by legal entities. - Remove the minimum threshold for business trip expenses provided to the employees of legal entities during business trips - Introduce the possibility of electronic notification rather than in paper form to the employees of legal entities on leave or similar other internal acts - Enable the employee to retire the employer on his own provided that the employer is informed of such right of the employee before being employed by his signature. - Initiate investigation to find out the obstacles in Labor Code for business development. - Initiate amendments to the RA Law on Foreigners 	<p>Increased flexibility in the labor market. Remove the requirement for extra pay for working on holidays and weekends. Maximum streamlining of employment contracts Higher attractiveness of the investment environment. Remove the time restriction on foreign labor employment permits</p>	RA MoLSA RA MoE	01.07.2009
9	Ownership registration <ul style="list-style-type: none"> - Implement procedures in the Real Estate Cadastre on-line 	<ul style="list-style-type: none"> - Within three months period submit ion action plan for online procedures for state registration procedures of property rights at the Real Estate Cadastre 	Simplified procedures for state registration of title, reduced time and costs Increased transparency in real estate transactions	RA AB SCREC RA MoE RA MoF	01.07.2009
10	Closing/liquidating businesses <ul style="list-style-type: none"> - Continue implementation of new liquidation procedures 	<ul style="list-style-type: none"> - Amend the law on State Registration of Legal Entities <i>The liquidation of a legal entity is considered to be registered after submitting final ("0") balance of liquidation provided that all the actions provided by the law are realized and time limits are expired with a view to reducing periods of time for liquidating legal entities.</i> 	Reduced actual time for liquidation processes of legal entities	RA MoE RA MoJ	01.01.2009