

Doing Business in Armenia: Overview

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A Q&A guide to doing business in Armenia.

This Q&A provides a high-level overview of the key matters to consider when doing business in Armenia, including legal systems, foreign investment, business vehicles, environment, employment, competition, intellectual property, marketing agreements, e-commerce, advertising, data protection, product liability and regulatory authorities.

Overview

1. What is the business, economic and cultural climate in your jurisdiction?

Economy

Services represent 52.8% of Armenia's GDP and is responsible for the employment of 51% of the active population. Armenia's economy is mainly based on:

- Agriculture. It plays a significant role in Armenia's economy, contributing to 11.3% of the GDP and employing 24% of the workforce.
- Mineral extraction. Armenia possesses substantial deposits of copper, molybdenum, zinc, gold, and other metals, forming the basis for the country's mining industry and main exports. The mining sector is still a major contributor to GDP and exports.
- The energy sector, including hydro and solar generation. Renewable energy is well-developed, including traditionally developed hydropower plants, with solar energy solutions emerging within the last decade.
- Telecommunications services and information and communications technology (ICT). The ICT sector is growing and is considered a priority by the government. In addition to many government assistance programmes, IT start-ups can benefit from a beneficial tax regime.

- Jewellery production and sale.
- Banking and financial sectors. The banking sector has grown considerably and is comprised of 18 commercial banks.
- Tourism.

Dominant Industries

The following industries play an essential role in relation to the Armenian economy:

- Food processing.
- Mining and quarrying.
- Energy.
- Chemical/pharmaceutical.
- Tourism.

Information technologies are also swiftly developing in the country, with several incentives provided by the government for IT start-ups. Similarly, many investment companies (including venture capitals) actively operate in Armenia, contributing to a high growth rate of IT and IT-enabled businesses.

Population and Language

The official language in Armenia is Armenian. As of 1 October 2023, the permanent population of Armenia is 2,993,800, according to the Statistical Committee of the Republic of Armenia.

Business Culture

Business culture in Armenia is reasonably formal, and the culture is relatively close to Eastern European countries (depending on the industry).

Standard business days in the country are from Monday to Friday. Certain companies also work on Saturdays. The standard business hours are from 9am to 6pm.

There are various public holidays and remembrance days that are regulated under the law and by the decisions of the government.

Legal System

2. What is the legal system based on in your jurisdiction?

Armenia is a parliamentary, unitary republic with a civil law system. Armenian legal practice does also have some common law elements, in line with developments in several major civil law jurisdictions.

Since 2007, the reasoning in decisions of the Armenian Court of Cassation (including interpretations of law), the Constitutional Court and the European Court of Human Rights (ECtHR) are binding on all courts. In complicated cases, it is becoming common practice for courts to make reference to the decisions of the ECtHR and the Court of Cassation and the decisions of lower courts (mostly the courts of appeal).

The judiciary has three tiers:

- Courts of first instance (including both courts of general jurisdiction and specialised courts).
- Courts of appeal.
- Court of Cassation.

The Constitutional Court is a specialised body responsible for checking the constitutionality of legislation. The court also resolves disputes between constitutional bodies on their constitutional capacity, and resolves disputes related to elections.

The specialised courts are the administrative courts (based on the German system), the anticorruption court (with civil and criminal jurisdiction) and the insolvency court.

In addition to civil and criminal court of appeals, there is an administrative court of appeal and anticorruption court of appeal (with civil and

criminal jurisdiction), while in the court of cassation, specialised chambers are created.

The administrative law system is shaped by the German example, where the law on the fundamentals of administration and the administrative process forms the core, while the particularities of different processes are described in sectoral legislation. The state administration has adopted e-gov systems, although these are still in the process of further development.

The Armenian Civil Code is based on the Napoleonic Code. The Civil Procedure Code (fully revised in 2018) is based on adversarial processes, with limited exceptions (mostly on family and labour law issues).

There are some international treaties on the recognition of foreign judicial processes. Since 2018, Armenia also recognises foreign judicial decisions based on the principle of reciprocity in the absence of a relevant treaty. This recognition covers final decisions as well as interim measures.

There is modern arbitration (in line with the UNCITRAL model law) and mediation legislation, and Armenia has ratified the:

- UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention).
- UN Convention on International Settlement Agreements Resulting from Mediation 2018 (Singapore Convention).

There are also around 40 bilateral investment treaties (BITs).

The Armenian Law on Foreign Investment also secures the general guarantees available in modern international law.

Armenia is a member of the Eurasian Economic Union (along with Russia, Belarus, Kyrgyzstan and Kazakhstan) and the World Trade Organisation. There are more than 40 treaties on the avoidance of double taxation.

Armenia is a member of the HCCH Convention Abolishing the Requirement of Legalisation for Foreign Public Documents 1961 (Apostille Convention).

Foreign Investment

3. Are there any restrictions on foreign investment, ownership or control?

Government Authorisations

The Armenian market is open to foreign investors. Under Armenian law, foreign investment is specifically regulated by:

- The Law on Foreign Investment.
- More than 40 BITs.

There are no restrictions on government authorisations that relate specifically or exclusively to foreign investors.

Restrictions on Foreign Shareholders

There are no general restrictions on foreign holdings in local companies and no requirements to have a resident shareholder or manager residing in Armenia. However, there are some sector specific limitations (see Specific Industries).

Restrictions on Acquisition of Shares

There is no restriction on the acquisition of shares specifically applicable to foreign investors.

Specific Industries

Some specific limitations apply to certain industries:

- In theory, some foreign investors and legal entities with foreign investments can be restricted in certain territories and sectors on grounds of national security. However, no such limitations are currently enacted.
- There is a strict limitation on foreign investment in broadcasting. Under the Law on TV and Radio, at least 50% of the shareholdings in television and radio companies and private multiplexers must belong to or be ultimately controlled by Armenian nationals.
- Under the Law on Energy, a sale of shares of a licensed entity operating in the energy sector can be prohibited if it is contrary to Armenian state security. (The definition is rather broad and so may be considered as applying to foreign investment.)
- Some limitations apply to financial institutions.
- Operations relating to gambling and games of chance can only be organised by commercial legal entities established by Armenian nationals in Armenia.

4. Are there any restrictions or prohibitions on doing business with certain countries or jurisdictions?

There are no established restrictions on doing business with specific countries or jurisdictions. However, investments from certain countries can, in principle, be prohibited for state security reasons. Furthermore, limitations or restrictions may be applied based on international sanctions that the country may be bound by.

5. What grants or incentives are available to investors?

Grants

Some incentives are offered to investors generally and in relation to specific business sectors (see below, Incentives). In relation to grants specifically, various projects can be initiated that offer grants, but these tend to be aimed at particular purposes.

Incentives

There are specific sectors and circumstances where incentives are available. (For example, the government can donate land for approved investment plans.)

There are several tax incentives applicable to specific sectors of the economy, for example:

- Profits earned from the sale of agricultural products enjoy an exemption from profit tax until 31 December 2026.
- Favorable tax conditions are being proposed for companies operating in the information technology sector. Specifically, instead of the usual 10% turnover tax, they will be subject to a reduced rate of 1%. Additionally, until 31 December 2031, these companies can deduct 200% of their employees' salaries from their gross income.
- Additionally, under specific investment programmes approved by the government, it is possible to postpone VAT payments relating to the importation of machinery for three years from the date of importation.

Organisations and individual entrepreneurs operating in Armenia are granted exemption from customs duties for the import of technological equipment, their components and accessories, raw materials, and supplies within the framework of an investment programme implemented in a priority sector. The following sectors are considered priority:

- Agriculture.
- Tourism.

- Transport.
- ICT.
- Energy.
- Healthcare.
- Vehicle maintenance and repairs.

This is not the full list of available incentives. The full is published on the State Support [Program Information Platform](#).

Foreign Investors

There are no grants or incentives that are exclusively available to foreign investors, but equally foreign investors have no specific restrictions with regards to grants or incentives.

Business Vehicles

6. What are the most common forms of business vehicle used in your jurisdiction?

Main Business Vehicles

The most common business vehicles are the:

- Limited liability company (LLC).
- Joint stock company (JSC), mostly private, that is, a close joint stock company.

The LLC has a simple management structure. A JSC may be preferable if the company wishes to go public and be listed on a stock exchange at a later stage or if the company requires more sophisticated corporate governance.

The law also establishes mechanisms for concluding a shareholder agreement between the shareholders of a JSC.

It is possible to establish investment funds. There are many different forms of funds, and private equity funds can serve as a good alternative to a trust or other similar structures. The trust, as a concept, is not available under Armenian law.

Business Vehicle Most Commonly Used by Foreign Companies

Both LLCs and JSCs are widely used by foreign companies. Based on the differences indicated above, the foreign companies choose the company form more acceptable for their needs.

7. What are the main formation, registration and reporting requirements for the most common corporate business vehicle used by foreign companies in your jurisdiction?

Registration and Formation

The State Register of Legal Entities of the Ministry of Justice of Armenia (State Register) is responsible for registering legal entities (other than specific financial institutions, which are subject to registration by the Central Bank of Armenia). The State Register has published guidelines and samples for registration of legal entities on its official [website](#).

The State Register registers the rights of participants over their shares in a LLC, while the rights of shareholders of a JSC is subject to registration by the [Central Depository of Armenia](#). The registration of rights over the shares is made through an authorised account holder, which later serves as an agent for other share transactions.

The founder or director or another authorised person must submit the following to the State Register for registration:

- The application for registration.
- The founder(s) resolution on the establishment of the legal entity.
- The legal entity's charter, as approved by the founders.
- Proof of payment of the state fees (where applicable).
- Information about the director and a copy of their passport.
- Where the legal entity is established by a foreign legal entity, verified, apostilled and translated documents proving the status of the foreign legal entity.
- Where a foreign individual establishes the legal entity, a verified copy of the individual's passport (with translation).
- Preferred trade name of the legal entity, and consents for its use (if applicable, for example, if a city name is being used).

The registration generally takes no more than two working days after the submission of the complete package. If the founders decide to use

a pre-approved standard form of documents, the registration is immediate (but the documents will be in Armenian only, and the founder and the director must be present at the registry office in person).

Trade name registration is made simultaneously with the registration of the entity. The suitability of a presented trade name is checked immediately and, if there are grounds to reject the registration, the founder can choose another name (no additional fee needs to be paid).

Reporting Requirements

The ultimate beneficial owner (UBO) declaration of a legal entity must be submitted to the State Register within 40 days after its registration. Further on an annual basis (until 20 February) or if there have been changes, within 40 days since the change, the relevant UBO's declaration must also be submitted. The limited information about the UBO will then become publicly available on the webpage of the [State Register](#).

Changes to a company's executive bodies, shareholders and charter (including the registered address) must be reported to and registered at the state authority.

Some companies may have additional reporting rules under banking and capital market legislation.

Share Capital

There are no general mandatory maximum or minimum requirements in relation to a company's share capital. However, some mandatory minimum requirements are imposed for companies in specific sectors, such as banks and insurance companies.

Non-Cash Consideration

In general, the share capital of a business partnership or company can be paid in through:

- Money (cash).
- Commercial paper and securities.
- Other property or property rights.
- Other rights with a monetary value.

Rights Attaching to Shares

Restrictions on rights attaching to shares. As a general rule, the participants of a LLC have the same rights; for some cases the right is granted to a participant with a certain percentage of participation.

The rights of shareholders of a JSC may vary depending on the type or class of stocks if it is prescribed under the JSC's charter; for example, it is possible to grant up to a maximum of ten votes to the owners of ordinary shares as per class of the shares.

The company cannot guarantee the payment of dividends for ordinary shares. Preference shares do not grant voting rights unless this is provided for in the company statutes.

Automatic rights attaching to shares. The participant of an LLC as well as the owner of ordinary (common) shares of a JSC have the right to:

- Participate in the company's management (mainly by exercising their right to participate and vote at general meetings).
- Receive information on the activity of the company.
- Take part in the distribution of profits.
- Receive, in case of liquidation, property or value left after settlement with creditors.
- Alienate their shares.

Shareholders are entitled to leave an LLC at any time and do not need the consent of other shareholders. When a shareholder announces their intention to leave the company, the LLC is obliged to compensate for the market value of the shares within six months of such notification. The shareholder of a JSC does not have such a right and therefore a JSC does not have a similar obligation to compensate for the market value of the shares.

As a general rule, in both LLCs and JSCs, the existing shareholders have a right of first refusal if other shareholders decide to sell their shares.

Environment

8. What are the main environmental regulations and considerations that a business must take into account when setting up and doing business in your jurisdiction?

The Law on Environmental Impact Assessment and Expert Examination is the main legislation relating to environmental protection. The law applies to those carrying out proposed activities that may have an impact on the environment and human health. Therefore, whenever the action of a company falls

within the scope of activities indicated under the law, they must be aware of the requirement to carry out an environmental assessment and expert examination.

Additionally, depending on the nature of the business and the sector of operations, the following may also be applicable (amongst others):

- The Law on Waste.
- The Water Code the law on Protection of Atmospheric Air.

Employment

Laws and Contracts

9. How is the employment relationship established and regulated within your jurisdiction?

According to Article 14, Part 1 of the Labour Code of the Republic of Armenia (Labour Code), there are two ways to establish an employment relationship in Armenia:

- Through a written employment contract concluded in accordance with procedures defined by labour law.
- Through an of acceptance of employment with the consent of the parties, through the employer appointing an employee in a particular employment position.

Main Terms

Article 84 of the Labour Code requires the employment contract to include the following terms:

- The year, month, date, and place of acceptance and conclusion of the employment contract.
- The employee's full name, including first name, last name, and patronymic.
- The employer's name, or, if the employer is an individual, their first name, last name, and patronymic.
- The employee's workplace.
- The specific office, branch, or division where the employee will work, if applicable.
- The start date of employment (year, month, and date).
- Job title and/or job functions, or a reference to a document that outlines the functions associated with the position.

- Basic salary (including applicable taxes, social contributions, and other mandatory deductions) and how it is calculated (hourly, daily, piece-rate, or monthly).
- Any allowances, bonuses, or supplementary pay provided to the employee.
- The duration of the contract.
- If a probation period applies, the length and conditions of the probation.
- The working time regime (either the normal duration of working time or part-time/shorter working hours, or record of cumulative hours worked).
- The type and duration of annual leave (standard, additional, or extended).
- The position, name, and surname of the individual signing the individual legal act or employment contract.
- The methods for the employer and employee to notify each other regarding employment-related matters.

By mutual agreement of the parties, additional terms may also be included in the individual legal act on employment or the written employment contract.

Mandatory Rules

Armenian legislation does not allow for the parties to choose an applicable law for the contract. The Labour Code exhaustively states the cases where Armenian legislation will apply and imposes certain mandatory labour laws that are applicable to all employees. These mandatory rules include:

- **Minimum wage and compensation.** Employees must be paid at least the national minimum wage, and salary payments should comply with local taxation and social contribution laws.
- **Working hours and rest periods.** Standard working hours, overtime limits, and rest periods (such as daily breaks, weekly rest, and annual leave) are regulated and must meet the Labour Code's requirements.
- **Health and safety standards.** Employers are required to ensure a safe and healthy working environment for employees that meets national health and safety standards.
- **Anti-discrimination and equal treatment.** Employees must not be discriminated against based on their gender, race, religion, nationality, or other protected characteristics.

- **Termination protections.** The grounds for termination are strictly regulated by the Labour Code, requiring valid reasons and due process, including notice and, in certain cases, severance pay.
- **Leave entitlements.** Employees are entitled to a minimum amount of paid annual leave, as well as maternity, paternity, and sick leave, which cannot be waived or reduced.

Armenia is not an at will jurisdiction, meaning employers cannot terminate employment at their discretion. The Labor Code provides an exhaustive list of permissible grounds for termination, and for each of these grounds, there are procedures that must be followed, such as giving notice or, in some cases, providing severance to the employee (see Question 10).

Termination, Dismissal and Employment Law Protection Rules

10. On what basis can employees be dismissed? What are the main employment law protection rules in place?

Termination

Article 109, Part 1 of the Labour Code, provides for termination of the employment contract. An individual employment contract may be terminated:

- By mutual agreement of the parties.
- Upon the expiration of the employment contract.
- At the initiative of the employee.
- At the initiative of the employer.
- When the employee is called up for mandatory military service.
- If a court decision that has entered into legal force imposes a form of responsibility on the employee that prevents the continuation of work.
- If, in accordance with the law, the employee loses the rights required to perform certain types of work.
- If the employee is under 16 years of age, and a parent, guardian, adoptive parent, custodian, or the relevant guardianship agency requests termination of the contract based on the advice of a doctor monitoring the child's health or an inspection body.
- In the event of significant changes to the terms of employment.

- Upon the employee's death.
- If, at the time of hiring, the employee provided false information as specified in Article 89, Part 1, Points 3–5 of the Labour Code.
- Based on the results of a probationary period, as agreed upon by the employee and employer.
- By operation of law:
 - if the employer fails to notify the employee of the termination of a fixed term contract and does not issue an individual legal act regarding its termination, and the employment relationship does not continue (Article 111, Part 2, Labour Code);
 - if the employee fails to notify the employer of the termination of a fixed-term contract and does not report to work the day after the last working day stated in the contract, and the employer does not issue an individual legal act regarding the termination (Article 111, Part 4), Labour Code);
 - employees can terminate their employment contracts with written notice. The standard notice is 30 days, but exceptions exist for health or legal violations, which reduce the notice period to five days. If the employer fails to formally acknowledge the termination after the notice period, the contract is automatically considered terminated the day after the notice period ends (Article 112, Part 3.2, Labour Code); or
 - in the event of the death of the employer (Article 128, Part 1, Labour Code).
- If the employee concealed their prohibition from performing certain types of work at the time of hiring.
- If the employee fails to provide the licence or certificate required for continuing professional activity within the period and in the manner prescribed by the legislation of the Republic of Armenia.

Fair Dismissal

Under the Labour Code, a dismissal at the employer's initiative will be unfair unless it is justified under one of the following grounds:

- The organisation is liquidated (the activity of the private entrepreneur is terminated, and the organisation's registration ceases to be in force or is invalidated).
- Production volumes, economic, technological or work conditions are changed or conditioned by production necessity requiring a reduction in employees or production.

- The employee is unsuitable for the position held or work performed.
- The employee is reinstated in a previous job.
- The employee regularly fails to perform their work duties prescribed by the employment contract or by internal disciplinary rules, with no good reason.
- The employer's confidence in the employee has been lost.
- The employee is subject to disability/incapacity meaning the employee does not report for work for more than six consecutive months or 180 consecutive days during the last 12 months (excluding maternity leave).
- The employee is found in the workplace under the influence of alcohol or narcotic or psychotropic substances.
- The employee is absent from work for an entire working day (shift) for no good reason.
- The employee refuses or evades a compulsory medical examination/check-up.
- The revocation or invalidation of a foreign employee's residence status.
- Non-compliance with Article 108, Part 1.1 of the Labour Code. If, during a state of emergency or quarantine due to infectious diseases, the employee fails to submit documents required by sanitary-epidemiological regulations for workplace attendance, and this prevents them from attending the workplace and/or fulfilling their duties. In this case, the employee will not be paid until the required documents are provided. If this situation leads to the employee failing to perform their duties for more than ten consecutive working days (shifts) or for more than 20 working days (shifts) within the last three months, the employer may terminate employment.

A dismissal is considered fair if it follows the specific, legally defined grounds in the Labour Code and adheres to the required procedures (such as notice periods and documentation). Notice is required to terminate an employee in most cases.

Statutory minimum notice. Notification and other procedural requirements vary depending on the ground of dismissal. For instance, if the employment contract is terminated for the reasons above relating to the employee's breach, the employer can terminate the contract without notification and no severance fees are due.

In most cases, if the termination initiated by the employer violates the employer's obligations

regarding the employment termination process, a notice must be provided 14 to 60 days in advance, depending on the employee's length of service at the workplace".

Severance payment. Different amounts of severance fees must be paid for terminations for reasons of redundancy, unsuitability, reassignment, incapacity. No matter how many days the penalty is paid for, the penalty to be paid for each overdue notice period is calculated based on the employee's average daily wage.

The employer must make a final settlement with the terminated employee on the day of termination, unless another period is prescribed in the employment contract.

Unfair Dismissal

A dismissal will be unfair unless specified as one of the grounds under the Labour Code (see above). According to the Article 114, Part 4 of the Labour Code, grounds for unfair dismissal can include:

- Membership in a trade union or participation in trade union activities outside working hours, or during working hours with the employer's consent.
- Having previously served as a workers' representative.
- Presenting claims to the employer regarding violations of laws, other regulatory acts, or the collective agreement.
- Dismissal based on personal characteristics such as gender, race, skin colour, nationality, language, origin, citizenship, social status, religion, marital or family status, beliefs or views, membership in political parties or public organisations, or any other factors unrelated to the employee's professional abilities, except in cases specified by the Labour Code or other Armenian laws.

Competition

11. Are restrictive agreements and practices regulated by competition law? Is unilateral (or single-firm) conduct regulated by competition law?

Restrictive Agreements and Practices

The Law on the Protection of Economic Competition prohibits restrictive agreements and practices. The

law defines restrictive agreements and practices as those that indirectly result or may result in the restriction, prevention or prohibition of competition, including:

- Contracts and agreements between economic entities.
- Direct or indirect joint actions or behaviours.
- Concerted practices.
- Decisions made by unions of economic entities.

Restrictive agreements and practices can include, among other things:

- The distribution or division of markets or supply sources.
- Setting unfair prices.
- Restricting other economic entities from entering the market.

The Law on the Protection of Economic Competition sets substantial fines for the implementation of restrictive agreements and practices. An economic entity can be fined up to 10% of the income received during the preceding year. The Criminal Code of Armenia also sets out criminal liability for setting unfair monopoly prices and for agreements and practices that restrict competition.

The regulations are applicable to foreign companies that operate in the Armenian market (such as by establishing an Armenia-resident company, using a permanent establishment in Armenia or by other means). If an Armenian-resident economic entity owned by a foreign company is engaged in restrictive agreements, the legal consequences may also be applicable to the foreign company, as these two entities may be regarded as a single “group of persons”.

Unilateral Conduct

The Law on the Protection of Economic Competition prohibits the abuse of a dominant or monopoly position, including:

- Charging unreasonably high or low prices.
- Obstructing competitors in the market.
- Refusing to deal with certain customers or offering special discounts to customers who buy all or most of their supplies from the dominant company.

The Law on the Protection of Economic Competition sets substantial fines for the abuse of a dominant position. An economic entity can be fined up to 10% of its income received during the previous year.

12. Are mergers and acquisitions subject to merger control?

Transactions Subject to Merger Control

Mergers and acquisitions are subject to merger control if they qualify as notifiable concentrations. Notifiable concentrations must obtain consent from the Commission of Protection of Competition (CPC) under the Law on the Protection of Economic Competition. Concentrations include the following:

- Consolidation and merger of business entities.
- Acquisition of assets of an economic entity registered in Armenia by another economic entity, if the value of those assets together with the assets already owned by that economic entity equal 20% or more of the total assets of the first economic entity.
- Acquisition of shares of an economic entity registered in Armenia by another business entity, if the amount of those shares together with the shares already owned by that economic entity equal 20% or more of the total shares of the first economic entity.
- Acquisition of the right to use an object of intellectual property, including as a means of identification.
- Any transaction, action, reorganisation or conduct of an economic entity which results in the entity:
 - influencing the decision-making or competitiveness of another economic entity (directly or indirectly);
 - influencing the decision-making or competitiveness of another economic entity (directly or indirectly); or
 - having an impact on the competitive situation in any goods market.
- Establishment of a legal entity in Armenia by more than one economic entity.

For details of the latest jurisdictional thresholds see, [Merger Control Quick Compare Chart: Armenia](#).

To compare jurisdictions, see the [Merger Control Quick Compare Chart](#).

For details of the latest thresholds from the Armenian competition authority, see: www.competition.am

Foreign-to-Foreign Acquisitions

Whether foreign-to-foreign mergers and acquisitions are defined as a concentration (and therefore whether there is an obligation to submit a declaration) depends on whether they are operating in the Armenian market and what impact they have in general to Armenian market. The regulations are applicable if foreign companies operate in the Armenian market (such as by establishing an Armenia-resident company, using a permanent establishment in Armenia or by other means). There is no distinction between resident and non-resident companies when defining the notion of economic entity, so the main test for deciding whether the concentration must be notified is whether the foreign entity operates in the Armenian market.

Specific Industries

The Subsoil Code envisages limitations to the transfer of subsoil use rights. Particularly, an application to the relevant authority must be made for getting the consent to finalise the transaction. If these requirements have not been complied with, the relevant authorities may seek a judicial declaration of the unlawful transaction as null and void. Furthermore, such pre-closing limitations are also a factor in the energy sector. The Law on Energy provides that the consent of the Public Services Regulatory Commission (PSRC) must be obtained prior to the conclusion of a transaction that deems the alienation or pledge of shares of a licensed entity. Failure to comply with this requirement, or the requirements provided by the PSRC, may result in the imposition of penalties. Moreover, the PSRC may seek a judicial declaration of the unlawful transaction as null and void.

The Law on Electronic Communications also determines certain pre-closing limitations. The law obliges the person who wishes to provide public electronic communications services, except for services that require the possession and operation of an electronic communications network, to notify the regulator in writing of the activity. Where (after the notice and hearing) the regulator finds that a licensee has failed to comply with any of the provisions of the law, the regulator is authorised to order the breaching licensee to pay a penalty between AMD2million and AMD4 million. Where the regulator finds that such violation has been committed intentionally or with the licensee's knowledge, or where the violation has been committed more than once within one year, it may order the offending licensee to pay an additional fine or penalty of AMD4 million.

Intellectual Property

13. What are the main IP rights that are recognised in your jurisdiction?

Patents

Definition and legal requirements. Patents can be granted for technical solutions in any domain that concerns a product, use or method. There are three conditions for the patentability of the invention:

- Novelty.
- Inventive value.
- Industrial usefulness.

Registration. Patents are registered by the [Intellectual Property Office of the Republic of Armenia \(AIPO\)](#).

Enforcement and remedies. The right holder of a patented invention has the exclusive right to prohibit any third party from manufacturing, using, reducing to practice, offering for sale, or importing/exporting the invention for any purpose. A patent infringement may result in civil liability.

Length of protection. Regular patents are protected for a period of 20 years from the application date. Short-term patents are protected for a period of ten years from the application date.

Trade Marks

Definition and legal requirements. A trade mark is a mark that is used to distinguish the products and/or services of one person from the products and/or services of another.

Protection. Trade marks are registered by the AIPO. Unregistered trade marks are not subject to legal protection. However, the AIPO can refuse registration of a trade mark where there may be confusion between the filed trade mark and the unregistered trade mark being in use.

Enforcement and remedies. The right holder of a registered trade mark has the right to prohibit others from using identical, confusingly similar or deceptive trade marks, by filing oppositions, appealing decisions of the AIPO, or filing court actions.

Length of protection and renewability. Trade marks are registered for a period of ten years and may be renewed indefinitely, every ten years.

Registered Designs

Definition. An industrial design is a new and original (unique) design of a product.

Registration. Designs are registered by the AIPO.

Enforcement and remedies. A right holder has the right to exclude others from using the design without right holder's permission. Infringement may result in civil liability.

Length of protection and renewability. Registered industrial designs are protected for a period of five years and may be renewed up to five times.

Unregistered Designs

Definition and legal requirements. An unregistered design is a design that is protected by law even though it is not registered.

Enforcement and remedies. No specific remedies are explicitly prescribed by law for unregistered designs. However, there is general protection under unfair competition or other general concepts.

Length of protection. Unregistered designs are protected for a period of three years from the moment of their disclosure.

Copyright

Definition and legal requirements. Copyright protects unique results of creative work that are both:

- Created by the author alone or together with other authors in the fields of literature, science and art.
- Expressed in oral, written or other objective form, regardless of the form of creation, its value or the purpose of its creation.

Protection. Armenian law does not require formal registration of a copyright or related right and there is no state authority that registers such rights.

Enforcement and remedies. Authors and owners of related rights have the exclusive right to exclude others from using their works without permission. The infringement of copyright or related rights may result in civil and/or criminal liability.

Length of protection and renewability. The tangible rights of the author are protected during their lifetime and for 70 years after their death. The intangible (personal) rights do not have any time limit for protection.

Marketing Agreements

14. Are marketing agreements regulated?

Agency

Under an agency agreement, the agent undertakes an obligation to conduct legal or other actions in accordance with instructions given by the principal in return for remuneration, either on their own behalf but at the principal's expense or on behalf of the principal and at the principal's expense. There is no restriction on the nationality of the parties. The agency agreement can be exclusive or non-exclusive. It must have a written form. There is no obligation for notary verification or registration.

Distribution

The Civil Code of Armenia does not specifically regulate distribution agreements.

Franchising

Under a franchising agreement, a right holder allows its exclusive rights to be used by another party in its commercial activities. The parties must be commercial organisations or sole proprietors. There is no restriction on their nationality. There is no legal requirement to register a franchise agreement. If the agreement concerns the use of an object protected by a patent or trade mark, the permission for use must be registered by the authority that registers patents and trade marks in the relevant jurisdiction (this is the AIPO). Franchising agreements can be exclusive or non-exclusive.

E-Commerce

15. Are there any laws regulating e-commerce?

In Armenia, there are several laws that regulate e-commerce:

- The Civil Code prescribes the general rules relating to e-commerce, including the grounds of responsibility for the operator of electronic commercial platforms and general rules relating to the content of contracts that are signed digitally.
- The Law of Armenia on Trade and Services prescribes requirements for the content and

communication while trading and rendering services through the signing of digital contracts.

- The Law of Armenia on Protection of Consumer Rights provides the minimum information that must be present with regards to electronic platforms (webpages, digital applications or similar) which allows for the signing of digital contracts. For example, the following information must be disclosed:
 - address and telephone number of the seller;
 - general terms and conditions of the contract; and
 - price, including all taxes, delivery costs, and the payment method
- The Law of Armenia on Advertising defines a few special rules relating to marketing through electronic means. However, the marketing of e-commerce generally needs to comply with the same rules as other commercial activities.

SPAM is not regulated by the Law on Advertising or similar.

The Armenian Law on Protection of Personal Data applies to e-commerce regarding the processing of personal data of consumers.

16. Are online platforms regulated in relation to their use for marketing/sales purposes?

An operator of a website or an electronic application serving as a platform for third parties to conclude and implement contracts (electronic trading platform operator) will not be liable for obligations arising from contracts concluded between third parties (Article 416.2, Civil Code). This is unless otherwise provided for by law, under the contract concluded between the electronic trading platform operator and the third party.

There is no specific legislation addressing e-commerce with regards to competition and consumer protection matters apart from those specified in *Question 15*.

In a general sense, it can be said that the competition legislation, consumer protection rules and marketing regulations are applicable to the e-commerce.

Advertising

17. How is advertising and sales promotions regulated in your jurisdiction?

The issues related to the creation and dissemination of advertising in Armenia are regulated by the Law on Advertising.

Digital Advertising

The Law on Advertising allows advertising on digital media. However, there are no specific rules with respect to the digital advertising.

Direct Marketing

The Law on Advertising also applies to direct marketing. The Law on Advertising sets out requirements on the content of advertisements and their circulation. There are restrictions in relation to, among other things, the advertising of:

- Alcohol, tobacco, and drugs.
- Weapons.
- Gambling and casinos.
- Medicines, medical services and pharmaceutical activities.

Advertisements must be either in Armenian, or accompanied by Armenian translation, except for trade marks and registered brands.

In 2019, the Law on Advertising was amended by lottery regulations, according to which TV lottery broadcasts are only allowed between 10pm and 7am.

Sales Promotions

An offer, containing all the essential conditions of a contract, which imply the will of an offeror to enter into a contract with each offeree on the conditions specified in the offer, will be deemed to be a public offer (Article 453, Civil Code).

Sale promotions are also regulated by this rule and there are no specific regulations.

Data Protection

18. Are there specific data protection laws? If not, are there laws providing equivalent protection?

Data Protection Laws

Regulation (EU) 679/2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation (GDPR)) is not applicable in Armenia. However, Armenian data

protection legislation reflects most of the GDPR's main principles and rules.

Armenia has ratified the Convention for the Protection of Human Rights and Fundamental Freedoms 1950 (European Convention on Human Rights). Therefore, Article 8 of the European Convention on Human Rights applies to personal data protection in Armenia.

The Constitution of Armenia protects the right to protection of personal data. General rules concerning the processing of personal data are set out in the Armenian Law on Protection of Personal Data (Data Protection Law), which was adopted in 2015. There are also several sectoral-specific data protection laws:

- Law on Banking Secrecy, which aims to protect data collected by banks.
- Law on Insurance and Insurance Activity, which protects data transferred to insurance companies and intermediaries.
- Law on Combating Money Laundering and Terrorism Financing, which regulates data protection issues in connection with money laundering and terrorism financing prevention.
- Law on Circulation of Credit Information and Activities of Credit Bureaus, which defines special rules for the collection, processing, registration, maintenance and use of credit information in Armenia.
- Labour Code, which protects employees' personal data.
- Law on Electronic Communications, which protects electronic communications service providers' clients' data.

Moreover, the Data Protection Law does not apply to the following, which are subject to their own separate regimes:

- State and official secrets.
- Banking, notarial, and insurance secrecy.
- Legal professional privilege.
- Personal data use during operations concerning national security or defence.
- Personal data use in preventing and detecting money laundering, terrorism financing, and operational intelligence activities and proceedings.

The Code on Administrative Offences imposes administrative liability for violating the general rules on personal data protection and processing and

defines the relevant administrative offences. The Criminal Code imposes criminal liability for violating the general rules on personal data protection and processing and defines the relevant criminal offences.

Consumer Privacy Laws

There is no specific consumer privacy law in Armenia.

However, some laws regulate specific business activities with regards to the processing of consumer personal data. For example:

- The Law of Armenia on Electronic Communications specifically addresses consumer protection, including defining the rules on the processing of consumer data.
- The Law of Armenia on Medical Aid and Services which ensures the medical secrecy of patients.

Product Liability

19. How is product liability and product safety regulated?

The Law on Protection of Rights of Consumers grants consumers the right to safe products and services. A consumer has a right to full compensation for damages, regardless of whether the consumer was in direct contractual relations with the seller or service provider. The consumer can demand reparation of damages caused by product defects from the seller or the manufacturer. Damages caused by defects in works and services must be compensated by the seller or provider.

Regulatory Authorities

20. What are some of the key regulatory authorities relevant to doing business in your jurisdiction?

Competition

Main activities. The State Commission for Protection of Economic Competition:

- Gives consent to concentrations that require reporting.
- Carries out supervision over compliance with competition related norms, including anti-competition practices.

- Initiates proceedings.
- Implements penalties and gives mandatory instructions (if applicable).

Environment

Main activities. Environmental regulation is carried out by the [Ministry of Environmental Protection](#) and [Inspectorate for Natural Protection and Subsoil](#). The former manages the creation of and compliance with state policies with respect to the environment. This includes preparing drafts of changes to the legislation and solving further sector-based general issues. The Inspectorate further ensures compliance of applicable environmental protection and sector-related legislation, initiates inspections for monitoring compliance with applicable legislation and exercises penalties and other sanctions towards the breaching entities.

Financial Services

Main activities. The [Central Bank of Armenia](#) issues licences to companies in the financial sector, including banks, insurance companies, investment funds and other financial institutions. It adopts legal acts regulating the financial sector, including activities of entities licensed in the sector and carries out supervision towards compliance with legislation and legal acts in the sector.

Other

Main activities. The [Public Services Regulatory Commission](#) issues licences to entities operating in certain sectors, including water, energy, telecommunication and postal services. It also adopts legal acts regulating these sectors and carries out supervision towards compliance thereof.

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- From 2011 to 2014 held the position of the Deputy Minister of Justice of the Republic of Armenia (responsible for reforms to the State Register Agency of Legal Entities, Civil Status Acts Registry Office, notary system, advocacy, civil procedural and civil legislation).
- Lectures at the School of Advocates of Armenia and at the French University in Armenia.

Languages. Armenian, Russian, English, German

Publications

- *Enforcement of Judgments in Civil and Commercial Matters in Armenia, Legal 500, 2024.*
- *Doing Business In Armenia, Chambers and Partners, 2024.*
- *Competition Litigation in Armenia, Legal 500, 2023.*
- *Dispute Resolution in Armenia, Lexology Getting the Deal Through, 2023.*

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- Managed equity participation transactions in Armenian companies, including the implementation of legal audit prior to those transactions.
- Responsible for banking and financial consulting services (one of the current projects is advising shareholders on the acquisition of shares of one of the Armenian banks).

Languages. Armenian, Russian, English

Publications

- *Complex Commercial Litigation in Armenia, Lexology, Panoramic, 2025.*
- *Data Protection and cybersecurity in Armenia, Legal 500, 2024.*
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- From 2013 to 2016, First Deputy Chairman of The Chamber of Advocates of the Republic of Armenia responsible for legal drafting of the Acts and Decisions of the Chairman and the Council of Advocates, drafting legal opinions on the draft legal acts submitted to the Chamber of Advocates by state bodies, and co-ordination with the Public Defender's Office.
- From 2002 to 2013, Artur Hovhannisyan worked in the Ministry of Justice and held different positions from specialist to the head of department. During this term he implemented and coordinated several major reforms, including judicial two major judicial reform, e-gov implementation,

penitentiary reform and establishment of probation system, anti corruption reform and implementation of human rights policies and many others.

Areas of practice. Administrative law, administrative law litigation, tax law, governmental relations (legislation drafting and concept development).

Languages. Armenian, Russian, English

Publications

- *Transfer pricing Armenia, Lexology, Panoramic, 2024.*
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- *Construction in Armenia, Lexology, Getting the Deal Through, 2024.*

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- *Doing Business In Armenia (co-author), Chambers and Partners, 2024.*
- *Meger Control in Armenia, Chambers and Partners, 2024.*
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Publications

- *Employment in Armenia, Chambers and Partners, 2024.*
- *Labour and Employment in Armenia, Lexology, Getting the Deal Through 2023.*
- *Litigation in Armenia Chambers and Partners, 2023.*

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