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## **Armenia: Law & Practice**

Aram Orbelyan, Narine Beglaryan, Artur Hovhannisyan,  
Lilit Karapetyan, Sarkis Knyazyan and Shushanik Stepanyan  
Concern Dialog



# ARMENIA



## Law and Practice

### Contributed by:

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### Concern Dialog

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**Concern Dialog** is a top-tier, full-service law firm, headquartered in Yerevan, Armenia. It has been a trusted partner for businesses and individuals seeking legal counsel and representation since 1998. The firm is renowned for its work in the areas of corporate law, labour law, competition law, tax law, contract law, family law (including child abduction cases), and regulatory issues. Concern Dialog has extensive experience in regulatory matters in TMT, mining, energy, utilities, banking and finance, medical services, real

estate, and not-for-profit sectors. In addition to its renowned consulting and transaction practice, the firm's litigation practice is regarded as one of the leaders in Armenia for landmark litigation and arbitration cases. Concern Dialog's membership of TagLaw and Nextlaw networks, as well as its co-operation with individual law firms from various jurisdictions, allow the firm to provide services to its Armenian clients virtually worldwide. Members of the law firm are identified as "top tier" by Chambers and Partners.

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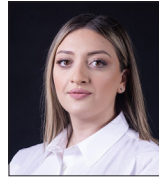
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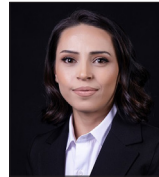
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## 1. Legal System

### 1.1 Legal System and Judicial Order

Armenia is a unitary parliamentary republic (based on the Constitution, as amended in 2015). Armenia belongs to the (continental) civil law system. The Civil Code is based on the Napoleonic Code, while administrative law was developed based on the German model.

In Armenia, only courts are authorised to administer justice. The following courts operate in Armenia:

- the Constitutional Court (responsible for constitutional justice);
- the Court of Cassation (the highest court outside of constitutional justice; it ensures the uniform application of legislation and eliminates the fundamental violations of human rights and freedoms);
- the criminal, civil, administrative and anti-corruption courts of appeal (these are responsible for reviewing the judicial acts of the courts of first instance; they mostly act as courts of law, with a limited capacity to act as courts of fact – mostly in administrative and criminal proceedings);

- the courts of first instance of general jurisdiction;
- the Administrative Court;
- the Court of Bankruptcy (with jurisdiction to manage bankruptcy cases); and
- the Anti-corruption Court.

The Administrative Court has jurisdiction over all cases arising from public relations (both those between public bodies and those between public bodies and individuals), including disputes relating to public or alternative service and disputes between administrative bodies not subject to settlement by order of precedence. The Administrative Court is the body empowered to review fines and other administrative acts. Starting from 1 January 2025, cases related to disputes concerning entering into public or alternative service, performing such service, exemption from service, and being subjected to disciplinary liability will be examined not by the Administrative Court, but by the first instance courts of general jurisdiction.

The Court of Bankruptcy is responsible for managing bankruptcy cases.

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The Anti-Corruption Court has criminal and civil jurisdiction. The criminal jurisdiction covers criminal cases with corruption-related charges. Within the civil jurisdiction, the court deals with civil forfeiture cases and recovery of damages to state and other public entities caused by crimes.

The courts of first instance of general jurisdiction have jurisdiction over all other cases which are not subject to other courts.

## 2. Restrictions on Foreign Investments

### 2.1 Approval of Foreign Investments

The Law on Foreign Investments defines a foreign investor as a foreign state, a foreign legal entity, a foreign citizen, a stateless person, a citizen of Armenia permanently residing outside of Armenia, or any international organisation that engages in investment in Armenia according to the legislation in force. Foreign investment is further defined as any property, including financial resources and intellectual values, directly invested by a foreign investor as defined above in commercial or other activities in Armenia to gain profit, revenue or any other benefit.

Based on the practice established by Armenian courts, only those assets which are invested in the company's equity (via relevant corporate decisions) shall be considered as investments.

As a general remark, Armenian law in this area does not determine requirements for pre-approval or approval of such foreign investment by any state body. Accordingly, besides the generally applicable processes for carrying out business in Armenia, the law does not determine any such pre-approval requirements.

That being said, in specific sectors, approval of the investment plan assures incentives and other benefits to the investor.

For example, according to the Land Code of the Republic of Armenia (RA), property owned by the state or community can be donated for social or charitable purposes or for implementing investment plans approved by the government of the RA. Such a decision of the government and the donation agreement indicate the sole purposes for which the donated land can be used.

Furthermore, investors can be entitled to specific tax or customs incentives in specific cases if the government approves the granting of incentives per a submitted investment plan under the particular decree of government specifying the incentives. For example, investors might apply for a five-year exemption from customs duties during the implementation of their investment plan.

Furthermore, investments in public service sectors can be considered by the Public Services Regulatory Commission (PSRC) when determining tariffs for public services. However, obtaining an operational permit in these sectors is not contingent on the submission of an investment plan.

In general, the stated cases concern benefits to and incentives for the investor rather than a pre-approval process to protect the investment or for the investment to be qualified as a foreign investment.

### 2.2 Procedure and Sanctions in the Event of Non-Compliance

As described in **2.1 Approval of Foreign Investments**, there is no mandatory regulation of pre-approval mechanisms for investment plans; ie, there is no requirement to invest with prior

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approval of state bodies. As a general rule, there is no procedure or sanction regarding the supervision or fulfilment of an investment plan as well. However, once incentives are granted under a government-approved investment plan, the investment plan will be subject to reporting to the government, and failure in fulfilment thereof may cause or will cause liabilities depending on the type of incentive granted and the conditions of the government decree on approval of the investment plan under which the incentives are granted. For instance, in the case of incentives for land purchase, the consequence may be the judicial cessation of ownership rights over the land plot should the land plot be used for purposes other than those granted.

## 2.3 Commitments Required From Foreign Investors

The applicable legislation indicates no such specific commitments. However, under the law on public-private partnerships, the government may agree with the investor on specific commitments on a case-by-case basis. As a matter of practice, such commitments can be imposed under the government decree on approval of the investment plan.

## 2.4 Right to Appeal

There is no specific process applicable to the appeal of government decisions concerning failure to approve an investor's investment plan. Theoretically, however, the generally applicable administrative litigation processes concerning the appeal of administrative bodies' decisions would apply. The recipient of a decision not to grant consent to the investment plan can bring a claim to challenge the decision before the Administrative Court. Such a claim must be brought within two months of receipt of the decision.

However, the grounds and scope for potential arguments are limited. The government enjoys considerable discretion in approving investment plans, with no specific criteria for rejection outlined. Technically, an appeal can be filed for procedural violations or breaches of equality requirements, where administrative bodies are required by law to treat similar cases consistently.

In any case, it is important to reiterate that no prior authorisation for foreign investment is required, and the involvement of the government (and other state bodies) is necessary only for additional incentives or where there is a general licensing or permission procedure (not linked to the specific status as a foreign investor).

## 3. Corporate Vehicles

### 3.1 Most Common Forms of Legal Entity

The most common business vehicles are limited liability companies (LLCs) and joint-stock companies (JSCs).

In both cases, the liability of shareholders (or, in the case of LLCs, participants) is limited. Furthermore, no requirements for the minimum share capital or a minimum number of shareholders are determined. However, minimum capital requirements are envisaged in several sectors (mainly for financial institutions).

Both LLCs and JSCs are governed by the meeting of shareholders (participants), which is the highest governing body. The sole director, in the case of LLCs or, in the case of JSCs, a sole director (CEO) or a collegial executive board (directorate), carries out the company's ongoing management. The establishment of a board (board of directors) is possible in either type,

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with the Law on JSCs regulating specific requirements and the scope of authorities of such a board. In contrast, the Law on LLCs is silent on most of these issues, allowing the companies to determine the scope at their discretion.

The main differences between the two types of entities are as follows.

LLCs are preferred when the shareholding and management structures are straightforward and less complex. For JSCs, it is possible to have multi-layered, complex management structures (including the collegial executive body) and regulate the relationships between the shareholders, including through shareholders' agreements, etc.

Furthermore, in LLCs, the participant has a right to exit from the company without the consent of the other participants and request the company to pay the market value of its share. The participant with 10 or more percent in the charter capital may bring a claim to remove the participant from the company if that participant hinders the company's activities.

Finally, a significant difference to consider is that the information on the participants of LLCs is open to the public; however, in the case of JSCs, the information on shareholders is maintained by private registry keepers and is not provided to third persons without the company's consent. At the same time, since 2023 all the companies are obliged to disclose their UBOs, and that information on UBOs is publicly and freely available on the webpage of the State Registry of Legal Entities. Therefore, irrespective of the corporate type, the information on the UBOs of any company is publicly available.

## 3.2 Incorporation Process

The process of incorporation of both LLCs and JSCs is fairly straightforward. The registration of both types of entities before the Agency for State Register of Legal Entities of the Republic of Armenia (the "Agency") is free of charge. However, JSCs must engage private entities (account operators) licensed by the Central Depository for share registry keeping, incurring additional expenses compared to LLCs.

The process of registration itself takes no more than two working days after submitting the necessary package of documents. For JSCs, the registry-keeping process may be longer, as account operators conduct KYC and due diligence procedures before entering into registry keeping agreements. Foreign investors should consider the following nuances in the incorporation process.

### Template (Pre-approved) Package-Based Registration of LLCs

If the founder(s) of an LLC is an individual, and both the director and the founder(s) are in Armenia, the establishment process is relatively quick. They can simply visit the Agency with their passports (and verified translations if applicable) and answer basic questions from an Agency employee. The employee will provide a standard, pre-approved template package (in Armenian), and the company can be registered in under half an hour, free of charge.

### The Standard Process of Establishment and Registration of LLCs

As an alternative, the founding and governing documents of the LLC (founding decision, charter) can be drafted to meet the specific needs and requirements of the founders, including preparing multilingual versions (the Armenian version shall still prevail), establishing specific

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governing mechanisms, and thus not following pre-approved standard documents.

It must be noted that although the founding package (founding decision, charter) does not need any verification by a notary under Armenian law, the documents or copies thereof related to a foreign founder (in the case of a legal entity – charter and excerpt from the register or equivalent; in the case of an individual – passport) and a foreign director (passport) must be verified by a notary and legalised (consular or by an apostille) and subsequently translated into Armenian with the verification of an Armenian notary.

### Establishment of a JSC

The process of establishment of a JSC consists of two stages. The first stage is the preparation of the founding documents and submission thereof to the Agency (similar to the registration of an LLC). The second stage is the registration of the company's shares with the Central Depository through one of the account operators (to ensure the quality of services and competition, the Central Depository does not provide services to the public directly, only through the account operators who are acting based on the agreement signed with the Central Depository).

In either case, within 40 days of registration, the companies shall submit declarations on their ultimate beneficial owners (UBOs), disclosing the full ownership structure up to the beneficial owner. Such declaration shall also include the notarially verified translations of the UBOs' passports if the UBO is a foreign national.

## 3.3 Ongoing Reporting and Disclosure Obligations

### Changes of Management

According to the general rules of Armenian legislation, only the head of the executive body is

subject to registration with the Agency. Hence, the company needs to disclose a change in the executive body (CEO, general manager, general director, etc).

Depending on the company's business activity, there may be exceptions to the general rules described above. For example, the executive body of a bank, including the chief accountant, deputy directors, chief compliance officers and compliance officers, chief auditor and auditors, as well as the board of directors, is subject to certification and registration by the regulator, in this case, the Central Bank of Armenia. Thus, practically any change in the bank's management needs to be filed and approved by the regulator.

### Amendments to Articles of Incorporation (Charter)

In case of amendment of articles of incorporation in part or in whole (new edition of articles of incorporation/charter), the amendments must be filed for registration with the Agency. The company needs to change its articles of incorporation when, for instance, it changes its firm name, address, charter capital or corporate governance process.

The process and requirement for registration of amendments to the articles of incorporation/charter may have some peculiarities depending on the reasons for and the content of such amendments. For example, in the case of amendments to the articles of incorporation/charter due to investment into the company (ie, an increase of the company's charter capital), the company needs to submit proof of payment of the investment for registration. There may be some differences, depending on the company's business activity, when the Central Bank, instead of the Agency, is responsible for registra-

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tion (mostly typical for legal entities that provide financial, insurance and investment services, and investment funds).

## Change of Shareholder

Participation in the share capital of an LLC needs to be registered with the Agency (open to the public). In contrast, participation in a JSC (ownership of shares) is recorded by the Central Depository, while the proceeding is carried out through account operators). Information on the participation of commercial co-operatives is not recorded by the Agency or in any outsourced registers.

While changing the participation in an LLC, the articles of incorporation must be changed as far as it is mandatory to include that data in the articles of incorporation and keep them up to date.

Information about shareholders of a JSC is not required to be included in its articles of incorporation except at the stage of incorporation of the company (ie, the initial registration of the articles of incorporation). Thus, a shareholder change must only be recorded in the company's shareholders register by the account operators.

## UBO

There is an obligation to submit a declaration to the Agency in the case of a change of UBO.

The legal entity shall submit the following report/information to the Agency by 20 February of each year:

- confirmation that the information on the UBOs submitted to the Agency in the last declaration was still accurate as of 31 December of the previous year; or
- changes in the information on the legal entity's UBOs.

In the case of a change of data regarding real beneficiaries, the change must be declared immediately after the disclosure to the legal entity but not later than 40 days after the change.

The declaration on the UBOs and further changes in the declaration are submitted to the Agency through the website [bo.e-register.am](http://bo.e-register.am) (see the procedure for filling out the application below). In this case, the declaration shall be signed via electronic signature accepted by the government. Completion of the declaration is possible through an authorised person, in which case a power of attorney is required.

The liability for the failure to submit a declaration on UBOs within the period prescribed by law by an entity obliged to submit such a declaration, as well as for presenting it in violation of the law or inadvertently presenting incorrect or incomplete data in the declaration, according to the RA Law on Administrative Offences, can be a warning or a fine of up to AMD100,000. In addition, if the declaration on the UBOs contains false information or lacks information which should have been included, and the person submitted the false information wilfully, they can be held criminally liable.

In addition, if the obligation to submit confirmation or amended information on UBOs is violated each year for three years in a row, as well as in cases of repeated or gross violation of the rules regarding submitting a declaration, the Agency may apply to the court to dissolve the legal entity.

## Approval of Financial Statements

Companies need to submit financial statements to the State Revenue Service:

- annually for profit taxes;

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- monthly for VAT and taxes on the income of individuals (if income is reported by an individual themselves, then the reporting is done annually);
- quarterly for turnover tax (if the company operating within a turnover tax regime/simplified system for small businesses); and
- annually for micro-taxes (if the company pays taxes under this special regime).

As a general rule, there is no requirement for companies to disclose their financial statements. Depending on the type of business activity or size of the company, the law may specifically mandate companies to publish financial statements and financial audit reports. For instance, medium-sized or large companies, banks, insurance companies, and investment fund managers must meet this requirement.

Starting from the year 2024, resident individuals of Armenia (in the beginning, only certain groups of individuals, and from the year 2026, all resident individuals) will be obliged to submit a simplified income tax calculation to the State Revenue Service.

## 3.4 Management Structures

### General Notes on Management Structure

The highest governing body of the company is its general meeting of shareholders (participants). All companies need to have at least one executive body.

There are specific cases defined in the law when the company must have a board of directors. Open JSCs or companies with activities in specific areas, such as banking and insurance, must have a board of directors. The board of directors of an open JSC must have an audit committee under it.

Under its articles of incorporation, the company may declare and set forth the collective executive body.

### The Powers of the General Meeting

The general meeting approves the amendments to the articles of incorporation, decides on reorganisation and liquidation of the company, approves final, interim and liquidation balance sheets, and appoints the liquidation committee. The general meeting approves the number of board members, elects board members, terminates their powers and appoints and dismisses the executive body (unless these authorities are delegated to the board of directors). Increasing and reducing charter capital, approving the company's annual report, distributing dividends, and approving significant transactions and transactions with conflicts of interest are powers of the general meeting as well.

### The Board of Directors

The Law on LLCs does not explicitly define the powers of the board of directors, allowing flexibility for these powers to be outlined in the articles of incorporation or charter. However, the board cannot exercise powers exclusively reserved for the general meeting or executive body. Conversely, the Law on JSCs provides a specific list of exclusive powers for the board of directors. It stipulates that, in the absence of a board of directors, these powers are exercised by the general meeting – except for those relating to the organisation of the general meeting itself, which then fall under the competence of the executive body.

The board of directors of a JSC determines and approves the strategy of the company, decides on using the reserve fund and other funds of the company, and approves (i) internal documents regulating the activities of the company's

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governance bodies; (ii) the administrative and organisational structure of the company; and (iii) a list of the company's staff positions. It also establishes branches and representative offices and exercises the powers related to convening the general meeting and other powers defined in the law.

## The Executive Body

The single-person executive body or head of the collegial executive body is responsible for the company's day-to-day activities and has the authority to represent the company without requiring a letter of authorisation. The director is entitled to issue letters of authorisation, conclude agreements and contracts, perform banking operations, issue orders, directives, and binding instructions, supervise their implementation, decide on employment and dismissal, apply incentives, and impose disciplinary action on employees.

## 3.5 Directors', Officers' and Shareholders' Liability

### Liability of Board Members and Executive Body

Both the Law on LLCs and the Law on JSCs (the latter consists of more detailed regulation on the matter) determine the liability of board members and the executive body.

The rules are the following: the board members and executive body must act for the benefit (in the interest) of a company in good faith and reasonable manner and avoid actual and possible conflicts of interest while exercising their rights and performing their obligations (fiduciary duty). The Law on JSCs also forbids a person who may, by virtue of participation in the charter capital of the company or other circumstances, have a material impact on the decisions of the company from inducing board members or the

executive body to make decisions that contradict the interests of the company or the legitimate interests of shareholders who cannot have a material impact on the decisions of the board.

The board members and executive body may be released from liability if (i) there is no damage caused by their fault (applicable only to LLCs), (ii) they voted against the decision, (iii) they did not participate in the meeting, or (iv) they acted in good faith – ie, did not know or could not have known that the company would incur losses as a result of their actions or omissions (applicable only to JSCs). The resignation, recall or dismissal of a board member or the executive body does not exempt them from liability for the damage caused to the company.

If the damage was caused to the LLC by one of its board members or the executive body, any shareholder (participant) of the company and the company may apply to court on behalf of the company against that board member or executive body and claim damages. If the damage was caused to the JSC by one of its board members or the executive body, the claim for compensation of damages against that board member or executive body might be brought against the company or its shareholder(s) (jointly) owning 1% or more of the placed common (ordinary) stocks of the company. A breach of fiduciary duty might cause criminal liability for a board member or executive body if their actions or omissions cause essential damages.

### Shareholders' Liability

Under Armenian law, the separation of liability of a legal entity from its shareholders' liability is determined.

Armenian legislation allows for the "piercing of the corporate veil" in specific cases of activi-

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ties between parent and daughter or dependent companies (subsidiaries). The daughter company must not be liable for the obligations of the parent company, but the parent company must bear joint and several liabilities with the daughter company if the parent company (i) has the right to give binding instructions to the daughter company and (ii) transactions are concluded in pursuance of that instruction.

Other shareholders of a daughter company also have a right to claim from the parent company compensation for any damages caused to the daughter company by the fault of the parent company – ie, when the damage is caused by the execution of binding instructions given by the parent company.

The parent company must bear subsidiary liability for the debt of the daughter company in the case of bankruptcy of the latter if the bankruptcy is caused by the fault of the parent company – ie, when the damage is caused as the result of the execution of binding instructions given by the parent company.

## 4. Employment Law

### 4.1 Nature of Applicable Regulations

The primary sources regulating labour relations in Armenia are the Labour Code and relevant international treaties. Specific regulations of the Civil Code and legislation regulating different types of state service (civil service, military and diplomatic service, etc) regulate particular types of labour relations. Finally, specific aspects of labour relations are regulated by the Law on Foreigners, the Law on Labour and Collective Agreements, and internal and individual legal acts of the employer.

### 4.2 Characteristics of Employment Contracts

The Labour Code mandates that employment contracts should be concluded or issued in writing and should contain specific terms, such as:

- the date, month, year and location of adopting an individual legal act or concluding an employment contract;
- the employee's first and last name, as well as their patronymic name;
- the name of the organisation or, if applicable, the first and last name of the employer as an individual, and their patronymic name;
- the place of work;
- the organisational unit within the company, if applicable;
- the date, month and year when the employment begins;
- the job title and/or job responsibilities, or a reference to the document defining the functions stemming from the position;
- the base salary amount (including taxes, social payments, or other mandatory payments stipulated by law) and/or the method used to determine it (hourly, daily, piecework, or monthly rate);
- additional allowances, bonuses, subsidies, etc, which are/shall be provided to employees according to established procedures;
- the duration of validity for the individual legal act or employment contract if required;
- the duration and conditions of the probationary period (where applicable);
- the work schedule (normal working hours, part-time, reduced working hours, or cumulative working time) and the weekly duration (excluding cumulative working time);
- the type and duration of annual leave, including minimum, additional or extended vacation;

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- the position, first name and last name of the person signing the legal act on behalf of the organisation; and
- the methods by which the employer and employee shall notify each other regarding employment-related matters.

Parties to the contract can agree to include additional conditions in the employment contract or individual legal act, but these conditions must be no less favourable than what is established by law.

### Fixed-Term Contracts

Generally, an employment contract is intended to be of indefinite duration. However, it is also possible to conclude an employment contract with a fixed term if labour relations cannot be defined for an indefinite period, considering the conditions or the nature of the work to be done. The Labour Code specifies certain circumstances in which an employment contract may be concluded for a fixed term. These include the following cases:

- with employees holding elected positions for the specified term;
- with employees appointed for a duration prescribed by law;
- with employees performing seasonal work;
- with individuals engaged in temporary work lasting up to two months;
- with an employee who is filling in for a temporarily absent employee;
- with learners undergoing practical workplace training and performing specific work within the framework of work-based learning under a vocational education and training programme; and
- with foreigners for the duration of validity of a work permit, in cases when a work permit is required for employment by RA legislation.

### 4.3 Working Time

Under Armenian legislation, the regular working hours must not exceed 40 hours per week and eight hours per day (exceptions are specified by the Labour Code, other laws or legal acts).

Certain categories of employees, such as those working in healthcare organisations with continuous duty, guardianship organisations, children's educational institutions, specialised energy, gas and heat supply organisations, specialised communication and emergency response services, etc, may have 24-hour continuous work shifts. The specific list of such occupations is determined by the government of the Republic of Armenia.

Any work performed beyond the specified limits shall be classified as overtime work and must be compensated according to the following rate: for each hour of overtime, in addition to the regular hourly rate, a supplement of no less than 50% of the hourly rate must be provided.

The total working hours, including overtime, must not exceed 12 hours per day (including breaks for rest and meals) and 48 hours per week.

### 4.4 Termination of Employment Contracts

An employment contract can be terminated through various means. The most common cases are:

- termination at the employee's initiative;
- mutual agreement;
- expiration of the contract; or
- termination at the employer's initiative.

The employment contract can also be terminated by the force of law. For example, when

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the employer fails to notify the employee of the termination of an employment contract that was originally agreed upon for a specific period, and the parties also do not sign the appropriate individual legal act to terminate such a contract, and the employment relationship does not continue in practice, then in such cases, the law can intervene to legally terminate the contract.

The Labour Code provides an exhaustive list of reasons that entitle an employer to terminate an employment contract. This implies that an employee cannot be dismissed by the employer for any arbitrary reason. The grounds for termination specified in the Labour Code are as follows:

- in the case of:
  - (a) the liquidation of a company (termination of the activity of an individual entrepreneur);
  - (b) reduction in workforce or positions resulting from changes in workload, economic or technological conditions, work organisation, or production-related needs;
  - (c) non-compliance of the employee with the position held or the work performed;
  - (d) reinstatement of the employee at their previous job;
  - (e) periodic non-fulfilment by an employee (without a valid reason) of the duties assigned to them by an employment contract or internal regulations;
  - (f) loss of trust in the employee;
  - (g) the employee's long-term incapacity for work (if the employee has been temporarily incapacitated for more than six consecutive months or for more than 180 days within the last twelve months, excluding days of maternity leave);
  - (h) an employee's refusal or evasion of mandatory medical examinations; and

- (i) the residence status of a foreign worker being recognised as invalid;
- if the employee:
  - (a) is in the workplace under the influence of alcohol, narcotic drugs or psychotropic substances;
  - (b) fails to show up for work for no valid reason during the entire working day; and
  - (c) is excluded from work for more than ten consecutive working days or more than 20 working days during the previous three months because of their failure to submit the necessary documents required to attend work during isolation declared in relation to the COVID-19 pandemic.

According to the Labour Code, the employer is obliged to give notification prior to dismissal to employees in cases specified by the Labour Code. For example, when the employment contract is terminated due to the liquidation of the company or a reduction in the staff, the employer must provide employees with two months of prior notice.

According to the Labour Code, it is possible for an employer to provide pay in lieu of notice, which is calculated by multiplying the employee's average daily salary by each day of notice.

## 4.5 Employee Representations

The Labour Code allows the establishment of employees' representatives, such as a trade union or works council elected by the assembly (conference) of workers. Apart from that, the Law on Trade Unions regulates and guarantees the activities of trade unions.

A works council is elected if the organisation does not have a trade union (or any trade unions) or if any existing trade unions do not unite more than half of the organisation's employees. At the

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same time, the presence in the organisation of works councils elected by employees should not interfere with the exercise of the trade unions' functions.

Employees' representatives have the power to develop charters, conduct negotiations, propose organisational improvements and participate in decision-making processes. They also oversee labour law implementation, have access to employee information, and can propose measures for better working conditions and fair compensation. They can organise lawful strikes and appeal to the court against violations. Employees' representatives play a crucial role in protecting workers' rights and promoting collaboration between employees and employers.

If an employee's representative violates the rights of the employer or breaches legislation or agreement norms, the employer has the option to seek legal action through the appropriate procedures defined by the legislation, requesting the cessation of the representative's unlawful activities.

Employee representation is not a widespread practice in Armenia. There are some single cases of the practice, and it is expected to develop in the future.

## 5. Tax Law

### 5.1 Taxes Applicable to Employees/Employers

Employees pay income tax on their employment remuneration.

Employers act as tax agents for their employees. They calculate their employees' income tax due every month and pay it by the 20th day of the

following month. So effectively, employers bear liability for any wrong calculation or late payment of those taxes and payments.

According to the Tax Code of Armenia, the income tax rate for employees has been 20% since 1 January 2023.

Besides income tax, employees must also pay a mandatory social security (pension) payment with the following rates:

- 5% on salary up to AMD500,000; and
- AMD25,000 plus 10% on salary above AMD500,000, but not more than AMD87,500 (total cap).

### 5.2 Taxes Applicable to Businesses

The following tax regimes apply in the RA.

- **General Taxation:** In this case, taxpayers generally calculate and pay VAT and profit tax.
- **Special Taxation Regimes:**
  - (a) **Turnover Tax:** Taxpayers calculate and pay turnover tax, which replaces VAT and/or profit tax.
  - (b) **Micro-Enterprise Taxation System:** The taxpayer, by carrying out the relevant activities defined by law, is exempt from all types of state taxes related to the enterprise.
- **Profit Tax:** The object of taxation is the taxable profit, which is the gross income less expenses, and the profit tax rate is:
  - (a) 18% for residents and non-residents that have a permanent establishment in Armenia (including a branch); and
  - (b) 20% for non-residents who do not have a permanent establishment in Armenia.
- **VAT:** The VAT rate in Armenia is 20%.
- **Turnover Tax:** Only resident entities and individual entrepreneurs can pay turnover

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tax, which is 5% of income received from trade activities or rendering services; the entity can become a turnover taxpayer only if its turnover last year did not exceed AMD115 million. The following entities cannot be considered turnover tax payers: banks, credit organisations, insurance companies, insurance agents, insurance brokers, investment companies, specialised participants of the securities market, pawnshops, entities engaged in foreign currency exchange operations, investment funds, fund managers, payment and settlement organisations, entities engaged in organising casinos, games of chance, totalisators and internet totalisators, entities engaged in organising lotteries, notaries, audit organisations, and providers of legal services. Additionally, starting from 1 July 2025, this also applies to those engaged in legal and accounting activities, head office activities, management consulting services, temporary employment services, and other labour supply activities.

- **Micro-Enterprise:** Resident entities and individual entrepreneurs whose sales turnover for all types of activities without VAT during the previous calendar year did not exceed AMD24 million can be considered micro-enterprises, which do not pay any taxes.
- **Dividends:** Dividends received by natural persons are taxable at 5%. Dividends received by entities are added to the taxpayer's tax base.
- **Interest Paid:** Interest paid to shareholders is taxed at 10%.
- **IP Royalties:** Royalties paid to shareholders are taxed at 10%.

### 5.3 Available Tax Credits/Incentives

All taxpayers involved in agricultural production are exempt from income tax until the end of the year 2026.

Taxpayers who are dealing with handmade carpet production are also exempt from paying income tax.

### 5.4 Tax Consolidation

There is no tax consolidation prescribed in Armenian tax legislation.

### 5.5 Thin Capitalisation Rules and Other Limitations

There are no thin capitalisation rules in Armenia. At the same time, there are some limitations on the deductibility of interest expenses. The following are not deductible from gross income:

- interest on loans and credit exceeds twice the settlement rate set by the Central Bank of Armenia (currently, the deductible interest rate is capped at 24%); and
- annual interest on loans received from non-bank and non-credit entities that, according to fiscal year results, is above:
  - (a) the two-fold positive amount of the equity of the taxpayer (excluding banks and credit organisations) on the last day of the fiscal year; and
  - (b) the nine-fold positive amount of the equity of a taxpayer that is a bank or credit organisation on the last day of the fiscal year.

### 5.6 Transfer Pricing

Under the Tax Code, transfer pricing rules are applicable for a taxpayer if the amount of all supervised transactions of the taxpayer exceeds AMD200 million for the current year.

According to the Tax Code, there are several transfer pricing methods allowed:

- the comparable uncontrolled price method – where the price of the object of a controlled

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transaction is compared with the price of the object of a comparable uncontrolled transaction;

- the resale price method – where the mark-up derived from the resale of an object of a controlled transaction is compared with the mark-up derived from the resale of an object of a comparable uncontrolled transaction;
- the cost-plus method – where the mark-up on the direct and indirect costs incurred during the supply of an object of a controlled transaction is compared with the mark-up on the direct and indirect costs incurred during the supply of an object of a comparable uncontrolled transaction;
- the transactional net margin method – where the net profit realised from a controlled transaction relative to an appropriate base – in particular, costs, sales and assets – is compared with the net profit realised from a comparable uncontrolled transaction relative to the same base; and
- the profit split method – where each of the related taxpayers participating in a controlled transaction receives the share of the profit generated or loss incurred from the transaction in question, which a person not considered as related would anticipate when participating in a comparable uncontrolled transaction (within the meaning of this point, the profit generated from the transaction shall mean the positive difference between the income generated and the costs incurred within the scope of the transaction in question).

## 5.7 Anti-Evasion Rules

The Armenian legislation envisages liabilities provided by the Code on Administrative Offences of the Republic of Armenia, Tax Code of the Republic of Armenia and Criminal Code of the Republic of Armenia.

- The Code on Administrative Offences of the Republic of Armenia provides an administrative liability for failure to register with the tax authorities within the specified period (Article 170.4) and failure to report information to tax authorities within the specified period or reporting incorrect information (Article 170.6). For these offences, the Code envisages liability for the taxpayer in the form of a fine.
- The Tax Code of the Republic of Armenia envisages tax liability for the taxpayer for tax evasion, which can be expressed by delaying the payment of tax beyond the prescribed time limits, by submitting or not submitting the tax calculation after the prescribed time limit, by understating the amount of tax, by overstating the tax loss, by not keeping the accounting records in the prescribed order or by not submitting the accounting data to the officials who check the accounting data.
- Apart from the liability for the taxpayer legal entities, during 2023-2025, the income declaration system will be implemented in a phased manner, as a result of which natural persons (individuals) will also be obliged to declare their income, from which the relevant income tax should be calculated. The Tax Code provides tax liability in the form of fines, penalties and interests for taxpayers who have committed the abovementioned tax offences.
- Concerning criminal liability, it should be mentioned that since the new Criminal Code of the Republic of Armenia entered into force (1 July 2022), a criminal liability for tax evasion will be applied if the amount of unpaid taxes is more than AMD10 million (approximately USD26,000) (Article 290 of the Criminal Code). The envisaged punishment for this crime is a fine or even imprisonment for up to eight years. With the new Criminal Code, criminal liability is envisaged also for the legal

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entities. The criminal liability of the natural person does not exclude the criminal liability of the legal entities. The applicable coercive measures are a fine, temporary suspension of the right to engage in a certain type of activity, compulsory liquidation, and a ban on carrying out activities in the territory of the Republic of Armenia (for non-resident legal entities only).

## 5.8 Tariffs

In the Republic of Armenia, a state fee of AMD200,000 is set for obtaining a licence for each importation of up to 100 tonnes of cement. This measure is aimed at creating fair competition between cement importers from the Islamic Republic of Iran and cement producers in Armenia. Amendments have been adopted in the first reading of the law, according to which the above-mentioned fee of AMD200,000 is proposed to be increased to AMD800,000. The final adoption of this law is expected in June 2025.

Armenia, like many countries around the world, encourages the import of electric vehicles. Therefore, importers of such vehicles are exempt from the obligation to pay 20% VAT. Currently, a draft law is under discussion that proposes that, starting from 2026, the VAT exemption will apply only to vehicles that are up to two years old.

## 6. Competition Law

### 6.1 Merger Control Notification Concentrations

Mergers and acquisitions are subject to notification to the Competition Protection Commission (the Commission) if they are notifiable concentrations under the Law on the Protection of Economic Competition. According to the law, the following actions are considered concentrations:

- acquisition and merger of business entities registered in the RA;
- acquisition of assets of an economic entity registered in the RA by another economic entity if the value of those assets solely or together with the assets already acquired from that economic entity during the last three years equals or exceeds 20% of the value of the total assets of the selling economic entity at the moment of submitting the declaration of concentration;
- acquisition of shares of an economic entity registered in the RA by another economic entity if the amount of those shares solely or together with the shares already owned by that economic entity equals or exceeds 20% of the total shares of the first economic entity;
- acquisition of the right to use an object of intellectual property, including the means of individualisation, as a result of which the economic entity can gain influence on the competitive situation in any product market in the RA;
- any transaction, action, reorganisation or behaviour of economic entities through which an economic entity can directly or indirectly influence the decision-making or competitiveness of another economic entity, or can directly or indirectly influence the decision-making or competitiveness of another person, or can influence the competitive situation in any product market in the RA; and
- establishing a legal entity in the RA by more than one economic entity, which shall act independently/separately.

### Notification

A concentration must be declared before the Commission and shall not be completed prior to receiving the Commission's consent in the following cases:

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- where the applicable financial thresholds are met, specifically:
  - (a) income thresholds (based on the previous financial year):
    - (i) the combined income of the parties to the concentration is at least AMD4 billion; or
    - (ii) the income of at least one of the parties is at least AMD3 billion.
  - (b) asset thresholds (based on the previous financial year or at the time of filing the declaration):
    - (i) the combined asset value of the parties is at least AMD4 billion; or
    - (ii) the asset value of at least one of the parties is at least AMD3 billion.
  - (c) These thresholds also apply where one or more participants were not active in the previous financial year or have been active for less than 12 months.
- where one of the participants in the concentration holds a dominant position in any product market in Armenia.

In all such cases, the transaction is subject to mandatory prior declaration, and may not be implemented or closed until clearance is granted by the Commission.

## 6.2 Merger Control Procedure

The concentration of economic entities is subject to notification before it takes effect. For the assessment of a concentration, the participants submit an application and declaration. The declaration should contain the following information: (i) the purpose of the concentration and (ii) information about the participants (name, address, annual financial statements of the activity, volumes of goods sold during the previous year, etc).

## Duration of Assessment

The Commission's concentration assessment process lasts three months. Based on the Commission's reasoned decision, the three-month period may be extended to another three months.

In addition, there is a simplified assessment procedure for mixed concentration and concentration within a group of persons. In this case, the assessment procedure lasts one month.

## Liability

Failure to declare the concentration as stipulated by the Law on the Protection of Economic Competition shall lead to the imposition of a fine of up to AMD5 million.

The fine imposed for enacting a prohibited concentration shall be up to 10% of the turnover of the preceding financial year.

Also, enacted prohibited concentrations shall be subject to liquidation (annulment, cessation) according to the procedure defined by the legislation.

## 6.3 Cartels

The Law on the Protection of Economic Competition prohibits restrictive agreements and practices. According to this Law, anti-competitive agreements are those transactions concluded between economic entities; their oral or written agreements; direct or indirectly agreed actions or behaviour; and decisions made by business associations that lead to or may lead to restriction, prevention or prohibition of competition.

Restrictive agreements and practices can be:

- between economic entities that are potential or actual competitors operating in the same

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- product market if the agreement relates to the given product market (horizontal agreement);
- between economic entities that are not competitors and act as acquirers and sellers in the same product market if the agreement relates to the given commodity market (vertical agreement); and/or
- between economic entities operating in related or different product markets, which directly or indirectly lead to or may lead to the prevention, restriction or prohibition of competition (other agreement).

Restrictive agreements and practices, among other things, relate to the following:

- distribution or division of markets or supply sources;
- setting unfair prices; and
- restricting other economic entities from entering the market.

The actions or behaviour of economic entities in foreign countries, when such actions or behaviour may prevent, restrict or prohibit economic competition or harm the interests of consumers in the RA, may also be considered as restrictive agreements within the meaning of the Law.

## 6.4 Abuse of Dominant Position

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;
- not authorising the use of transmission networks, other distribution networks or other

- infrastructure for a reasonable fee or condition; and
- imposing conditions for membership or participation in professional or other unions.

## 7. Intellectual Property

### 7.1 Patents

Patents can be granted for technical solutions that concern a product or a method. There are three conditions for the patentability of an invention:

- novelty;
- inventive step (non-obviousness); and
- industrial applicability (utility).

Patents are registered by the Intellectual Property Office of Armenia. The Office's website has guidance on the procedure and samples of the necessary forms.

If the object of the protection is a product, the right-holder has an exclusive right to prohibit any third party from manufacturing the product, using it, introducing it to the market, offering it for sale, or importing or obtaining the product for any of those purposes. Similar prohibitions can be imposed if the object is a method. The infringement of a patent can result in civil and criminal liability.

Patents are protected for 20 years from the filing date or ten years in the case of short-term patents.

### 7.2 Trade Marks

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. There are very detailed regulations on the absolute and

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relative grounds of refusal of trademark registration, such as:

- non-distinctiveness;
- descriptiveness or genericism; or
- being against public order or morals, etc.

Trade marks are registered by the Intellectual Property Office of Armenia. The Office's website has guidance on the procedure and samples of the necessary forms.

The right-holder of a registered trade mark has the right to prohibit:

- the use of a mark that is identical to its trade mark for the same products and/or services;
- the use of an identical or similar mark for identical or similar goods and/or services if there is a likelihood of consumer confusion; and
- the use of an identical or similar mark for different goods and/or services if the trade mark is declared as well known in Armenia and the use of the mark may cause damage to the interests of the owner of the well-known trademark.

The length of protection is ten years from the filing date and can be renewed indefinitely every ten years.

### 7.3 Industrial Design

An industrial design protects the unique and new appearance of an object.

In the RA, the following are protected by the law:

- a licensed (registered) industrial design, the right to which is approved by a patent;
- an industrial design with international registration in accordance with the law; and

- an unregistered industrial design if it has become public, in accordance with the law.

Designs are registered with the Intellectual Property Office of Armenia. The Office's website has guidance on the procedure and samples of the necessary forms.

A right-holder has the right to prohibit use of a design without permission. Infringement can result in civil liability.

The length of protection is five years from the filing date, and may be renewed every five years, but for no more than 25 years in total.

### 7.4 Copyright

Copyright protects the unique outcome of a creative activity in the domain of science, literature and art created individually or jointly with other authors, which are expressed in spoken, written or any other objectively perceivable manner, including those stored either permanently or temporarily in electronic format, regardless of the scope, significance, merits and purpose of creation. Subject matters of copyright are:

- literary, scientific works, as well as computer programs;
- works of painting, sculpture, graphics, design and other works of fine arts;
- dramatic and dramatico-musical works, scenarios, scenario sketches, librettos, and other works created for staging;
- choreographic and pantomimic works;
- musical works with or without words;
- audiovisual works (cinematographic, television films, animation films and cartoon films, musical clips, advertisement, documentary and fact-documentary, and other films);
- works of applied decorative art and stage graphics;

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- photographic works and works created by analogous modes, which comply with the provisions of the law;
- works of urban planning, architecture, landscaping and their solutions both in whole and separate parts thereof;
- maps, plans, sketches and plastic works related to geography, topography, geology, urban planning, architecture and other sciences;
- derivative works (translations, adaptations of works, changes, arrangements and rearrangements, stage versions, audiovisual adaptations and other transformations of works in the scientific, literary and art domain, which are in compliance with the law; collections of works (encyclopedias, anthologies), databases and other composite works, which are, by reason of the selection and (or) arrangement of their contents, results of a creative work; parts (titles, personages, etc) of a work, which are in compliance with the law and can be used separately;
- fonts; and
- other works in compliance with the law.

Copyright does not require registration.

Authors have the exclusive right to use their creations as they wish and to prohibit or authorize their use by third parties. The infringement of copyright can result in civil and/or criminal liability.

Authors' economic rights are protected during the authors' lifetimes, plus 70 years after their death. The intangible (moral) rights are inalienable and non-transferable and are not subject to exhaustion with the exception of the right to withdrawal, which runs for the life of the author.

## 7.5 Others

There are no specific regulations for the protection of software; software is subject to copyright protection under general rules.

According to the Law on Copyright and Related Rights, a "database" means a collection of works, data or other independent materials arranged in a systematic or methodical way, the individual elements of which shall be separately accessible by electronic or other means, and the acquisition, verification or presentation thereof shall require a substantial qualitative and/or quantitative contribution.

The maker of a database shall be deemed any person by whose initiative and on whose own responsibility a substantial qualitative and/or quantitative contribution is made for the acquisition, verification or presentation of the content of the database.

The rights of a database developer shall arise from the moment of completing the development of the database and shall have effect for 15 years.

## Trade Secrets

There is no specific definition of "trade secret" in the Armenian legislation. Article 141 of the RA Civil Code provides a definition and protection for "Information Constituting an Employment, Commercial, or Banking Secret".

Information constitutes an employment, commercial, or banking secret, when such information has an actual or potential commercial value by virtue of it being unknown to third persons when there is no free access thereto on a legal basis, and when the holder of the information takes measures for the protection of its confidentiality.

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Persons having illegally obtained information that constitutes a trade secret shall be obliged to compensate the damages caused. This obligation shall also be imposed on parties to a contract that have disclosed and/or used a trade secret in violation of a civil law or employment contract.

## 8. Data Protection

### 8.1 Applicable Regulations

#### The Regulation of Data Protection

Under the Armenian Constitution, the right to the inviolability of private and family life and the right to protection of personal data are declared as basic human rights, which may only be legally suspended or restricted during a state of emergency or under martial law.

Armenia has ratified the Convention for the Protection of Human Rights and Fundamental Freedoms 1950. This means that Armenia applies personal data protection in its jurisdiction as it is stipulated under Article 8 of this Convention. Armenia has also ratified the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (Strasbourg, 28 January 1981), including the Protocol amending the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (Strasbourg, 10 October 2018).

The main internal legal act related to data protection in Armenia is the Law on Protection of Personal Data, which was adopted in 2015 (Data Protection Law). The Data Protection Law stipulates that the following separate laws indicate specific rules for processing the defined particular personal data:

- bank secrecy regulated by the Law on Banking Secrecy;

- notarial secrecy regulated by the Law on the Notarial System;
- insurance secrecy regulated by the Law on Insurance and Insurance Activities;
- legal professional privilege regulated by the Law on the Profession of Advocate;
- personal data use during operations concerning national security and defence regulated by a number of legal acts relating to the national security service and military forces;
- personal data use in preventing and detecting money laundering and terrorism financing regulated by the Law on Combating Money Laundering and Terrorism Financing;
- operational intelligence activities regulated by the Law on Operational Intelligence; and
- proceedings regulated by the Criminal Procedural Code of Armenia, the Civil Procedural Code of Armenia, the Administrative Procedural Code of Armenia, and the Law on Compulsory Enforcement.

There are some other laws that regulate personal data protection in specific areas, such as the Labour Code.

#### Principles of Data Protection

The Data Protection Law specifies the principles of personal data protection, which are as follows:

- principle of lawfulness;
- principle of proportionality;
- principle of reliability; and
- principle of minimum engagement of data subjects.

The principle of lawfulness requires the processing of personal data to be in compliance with the law as well as with the data subject's consent. Under the principle of proportionality, the law mandates that:

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- the processing must pursue a legitimate purpose, and the measures to achieve it must be suitable, necessary and moderate;
- the volume of personal data processed needs to be the minimum necessary for achieving a legitimate purpose;
- processing needs to comply with its purpose or be compatible with it; and
- processing should be depersonalised if the purpose of processing may be achieved without personalisation of the data subject.

Compliance with the principle of reliability means that personal data being processed needs to be complete, accurate, simple and, where necessary, kept up to date. The principle of minimum engagement of a data subject is mostly applicable to the public authorities when the latter must collect data necessary for exercising their powers from the official sources available rather than request that a data subject regularly provide the same information.

### Data Processing Framework

Data processing should be performed with the data subject's consent unless the law allows the processing without it – eg, in the case of a court order to disclose personal data. The data subject has basic rights such as the right to access personal data, the right to erasure, the right to rectification, and the right to object.

The data processor should notify the data subject prior to the processing of their personal data by indicating the purpose of processing, the list of data processing, the category of processors and other information defined under the law. There is no mandatory requirement to approve a privacy policy.

The transfer of personal data to third parties needs to be performed with the data subject's

consent, as well as the transfer of personal data abroad. The transfer of personal data abroad is subject to the preliminary approval of the Personal Data Protection Agency of the Republic of Armenia if the data needs to be transferred to a state without a sufficient level of data protection.

### 8.2 Geographical Scope

The Data Protection Law and the powers of the Personal Data Protection Agency of the Republic of Armenia are limited to the territory of Armenia.

If the personal data is collected (stored) by a legal entity – or a branch or representative office of a legal entity – established in Armenia, the collection and further processing will have to be performed under the Data Protection Law, and the Personal Data Protection Agency of the Republic of Armenia will be entitled to enforce its powers over this data processing.

### 8.3 Role and Authority of the Data Protection Agency

The Personal Data Protection Agency of the Republic of Armenia is part of the Ministry of Justice of Armenia. However, the Data Protection Law declares that the Agency operates independently.

Among other authorities listed under the law, the Agency is entitled to do the following:

- apply administrative sanctions prescribed by law in the case of violation of the requirements of the Data Protection Law;
- require the blocking, suspension or termination of the processing of personal data violating the requirements of the Data Protection Law;
- require the rectification, modification, blocking or destruction of personal data;

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- prohibit completely or partially the processing of personal data;
- recognise electronic systems for processing the personal data of legal persons as having an adequate level of protection and include them in the register;
- ensure the protection of rights of the data subject; and
- consider applications of natural persons regarding the processing of personal data and deliver decisions within the scope of its powers.

## 9. Looking Forward

### 9.1 Upcoming Legal Reforms

#### Amendments of Corporate Legislation

The RA Law on Limited Liability Companies and Joint Stock Companies, as well as related legislation, is undergoing active revision. A significant recent amendment to both the Law on Limited Liability Companies and Joint Stock Companies, which has passed two readings in the National Assembly, has established the possibility of convertible loans. Currently, shareholders cannot convert shareholder loans into shares of the company. Once the amendments enter into force, companies will be able to enter into convertible loan agreements, however several limitations shall still be applicable (in practice the loan shall be considered as convertible from the moment of conclusion of the agreement and debt-to-equity swap is still not allowed).

#### Amendments of Bankruptcy legislation

Armenia is introducing a series of reforms to its bankruptcy legislation, some already in force and others set to take effect in 2025. Key upcoming changes include the launch of electronic systems for enforcement proceedings; updates to moratorium rules in threat-of-bankruptcy cases;

clarified timelines for financial recovery plans; stricter control over a debtor's asset management during recovery, etc.

#### Amendments to Consumer Protection and Competition Legislation

Amendments to the Law on Consumer Protection and Competition Protection are currently underway. The proposed changes aim to improve and tighten consumer protection legislation overall. They include an expanded definition of consumer deception, enhanced powers for the Commission for the Protection of Competition to supervise compliance, and stronger enforcement mechanisms to hold economic entities accountable for violations. These reforms reflect a broader effort to strengthen safeguards for consumers and ensure fair market practices.

#### The Draft Law on Cybersecurity

The draft law on cybersecurity and amendments to the relevant laws are at the public discussion stage. The intention is to establish requirements for companies as regards compliance with international cybersecurity standards, and also to establish the governmental and law enforcement authorities and powers thereof for preventing and acting in case of cybersecurity incidents.

#### Amendments to the Labour Code

The RA Law HO-525-N, adopted on 4 December 2024, introduces a digital system for electronically signing employment contracts, integrated into the State Revenue Committee's platform. From 1 July 2025, use of this system will be voluntary, becoming mandatory by 1 January 2026, requiring all employment contracts to be signed, amended, or terminated digitally using an electronic digital signature. The system aims to enhance transparency, prevent illegal employment practices, and strengthen employees' ability to monitor their rights.

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