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LAW OF THE REPUBLIC OF ARMENIA

ON

PRESUMPTIVE PAYMENTS FOR TOBACCO PRODUCTS

Article 1. Subject of Regulation of the Law

1. This Law determines unified presumptive payments of value added tax and excise tax and Customs duty for cigars, cigarillos and cigarettes (hereinafter – tobacco products) imported into the Republic of Armenia, and unified presumptive payments of value added tax and excise tax for tobacco products produced in the Republic of Armenia, and the procedure of their calculation and payment.
2. This Law shall not apply to tobacco products exported from the territory of the Republic of Armenia by sellers-producers of tobacco products in the Republic of Armenia.

Article 2. Payers of Presumptive Payments

1. For the purposes of this Law physical and legal entities importing tobacco products into the Republic of Armenia and producing tobacco products in the Republic of Armenia (hereinafter - payers) shall be considered to be payers of presumptive payment.
2. Citizens importing tobacco products shall be considered to be payers for tobacco products in excess of 400 cigarettes or cigarillos and 10 cigars.

Article 3. Presumptive Payment Rate

1. Irrespective of results of economic activity of payers presumptive payments shall be calculated and paid at the following rates:

Classification Code according to the Tariff Book	Name of the Goods	Presumptive Payment Rate (in drams equal to USD – for 1000 units)	
		For imported tobacco products	For tobacco products of domestic production
2402 10 001	Cigars	3000	2200
2402 10 009	Cigarillos	30	22
2402 20 900	Filter cigarettes	11	8
2402 20 910	Non-filter cigarettes	6.0	3.5 ¹

¹ Last two lines of the table in Article 3 – with amendment according to RA Law "On Amendments in RA Law "On Presumptive Payments for Tobacco Products"" in force from 01.01.2002

2. Value share of value added tax in the total amount of presumptive payments for tobacco products imported into the Republic of Armenia shall be 15%, and for Customs duty – 8.5%.
3. Value share of value added tax in the total amount of presumptive payments for tobacco products produced in the Republic of Armenia shall be 20%.

Article 4. Accounting

1. Sales of tobacco products in the Republic of Armenia shall be VAT exempt.
2. Payers shall:
 - a) run separate accounting for import, production and sales of tobacco products;
 - b) calculate and pay other taxes specified by the legislation in terms of that part of activity, as well as taxes and other compulsory payments specified by the legislation for other types of activities;
 - c) clear amounts of VAT allocated in tax accounts of other suppliers, received for buying goods and services in terms of production of tobacco products produced by payers within the Republic - from presumptive payments calculated according to point 1 of Article 3 of this Law;
 - d) be exempt from the duty to submit calculations of value added tax and excise tax to Tax bodies of their place of registration.
3. Tax privileges established by legislation in terms of Customs duty and/or value added tax and excise tax shall be suspended for payers in terms of import, production and sales of tobacco products.
4. Payers, as well as entities selling tobacco products within the territory of the Republic that are not considered payers according to this Law shall not indicate the rate and amount of VAT in accounting documents written out in terms of sales of tobacco products imported into the Republic of Armenia and produced in the Republic. In case of separation of the tax amount value added tax subject to payment to the budget shall be calculated and paid according to specified general procedure, irrespective of payment of presumptive payments.
5. Entities selling tobacco products within the territory of the Republic that are not considered payers according to this Law add amounts of VAT paid for goods (material resources, fuel, works and services referring to turnover costs) in terms of sales of tobacco products to the price paid for goods (turnover costs) – in amount corresponding to the unit weight of sales turnover of tobacco products in total sales turnover.

Article 5. Payment of Presumptive Payments

1. Presumptive payments for tobacco products imported into the Republic of Armenia shall be paid within ten days from the day of importation, according to procedure established by the Government of the Republic of Armenia.
2. Presumptive payments for tobacco products produced in the Republic shall be paid based on monthly results, before the 25th of the next month. Payers shall submit a calculation of presumptive payments to the Tax body of their place of registration, in the form specified by the Ministry of State Revenues of the Republic of Armenia.

3. Presumptive payments shall be paid in Armenian drams; for tobacco products imported into the Republic of Armenia - based on AMD-USD exchange rate set by the Central Bank of the Republic of Armenia on the day of importation; for tobacco products produced within the Republic – based on average AMD-USD exchange rate for the reporting month, registered by the Central Bank of the Republic of Armenia and provided by the Ministry of State Revenues of the Republic of Armenia before the 15th of the month following the reporting month.

Article 6. Departmental-normative Acts Referring to Application of the Law

Departmental-normative acts referring to application of this Law shall be adopted by the Ministry of State Revenues of the Republic of Armenia in agreement with the Ministry of Finance and Economy of the Republic of Armenia.

Article 7. Liability for Violation of the Law

Violation of this Law involves liability according to procedure specified by legislation.

Article 8. Entry of the Law into Force

This Law enters into force from April 1, 2000.