



Thinking beyond borders: Management of extended business travelers – Armenia

January 2025

Contents

1	Key message	4
2	Income Tax	6
3	Social Security	10
4	Compliance obligations	14
5	Immigration	16

01

Key message

1 Key message

The Armenian tax legislation specifies that Armenian-sourced income consists of income directly paid by Armenian entities as well as income resulting from activities performed in Armenia.

02

Income tax

2 Income Tax

The Republic of Armenia (RA) Tax Code (hereinafter Tax Code) was adopted by RA National Assembly on 4 October 2016 and entered into force on 1 January 2018, except for some of articles which came into force on 1 January 2020. Some provisions of RA Tax code came into force in 2017 January 1. The Tax Code replaced the laws on different types of taxes including Law “On income tax” existing before.

At the same time there is a funded pension scheme in Armenia, which has voluntary and mandatory components. The mandatory part became effective starting from 2014 and is mandatory for individuals born in/after 1974.

2.1 Liability for income tax

Income taxpayers are resident and non-resident individuals of RA.

For the purposes of the Tax Code, an individual that, during tax year (from 1 January to 31 December inclusive) has been residing in the RA for a total duration of 183 days or more, or whose center of vital interests is in the RA, as well as an individual in the civil service of the RA who is temporarily working outside the territory of the RA, shall be considered a resident.

The center of a person’s vital interests is the place where a person’s family or economic interests are located. Interests of a person shall be deemed, in particular, to be located in the RA, provided the house or apartment where the person’s family resides is therein, or the principal personal or family property, as well as the principal place of implementation of the economic (professional) activity is located therein.

For residents, taxable income received within or outside the territory of the RA is considered the object of taxation. For a non-resident, taxable income received from Armenian sources is considered the object of taxation.

2.2 Tax trigger points for employment income

The Armenian tax legislation places no minimum threshold with respect to when the individuals begin to have tax obligations in the country/jurisdiction. Thus, from an Armenian perspective, personal income tax is levied from the first day during which work is performed in Armenia. In the case of income received from tax agents, it is taxed at the source of payment. For residents receiving income from non-tax agents, income tax is paid annually based on declaration.

2.3 Types of taxable income

Generally, all types of income (monetary and/or nonmonetary) are subject to personal income tax in Armenia unless specifically exempted. In view of this the following categories of income will be treated as taxable:

- employment income (including salary payments and all additional bonuses provided by the employer)
- income based on civil contracts
- interest income
- dividends
- royalty
- income from other economic activity

- capital gains from the sale of property (with some exemptions for personal property)
- rental income, and others.

2.4 Tax rates

Wages and salaries

From 1 January 2020, a FLAT RATE of income tax on salaries was established, which has been gradually decreased to 20 percent in 2023:

Period	Income tax rate
From 1 January 2020	23%
From 1 January 2021	22%
From 1 January 2022	21%
From 1 January 2023	20%

Interest income

Starting from 01.01.2023 income tax rate on interests received from bank deposits and publicly offered deposits, as well as from debt securities traded in a regulated market is 10%. For other interests' general 20% income tax rate applies.

Dividends

Starting 1 January 2017 dividends received by foreign citizens are subject to 10 percent Income tax (applicable to dividends generated after 1 January 2017 and before 31 December 2019) and for Armenian citizens dividends received are subjected to 5 percent income tax starting 1 January 2018 (applicable to dividends generated after 1 January 2018).

Starting 1 January 2020 dividends received from Armenian sources both by foreign citizens and by Armenian citizens are subject to 5 percent Income tax (applicable to dividends generated after 1 January 2020).

At the same time the Tax Code provides an opportunity to refund from the state budget tax amounts paid to the state budget from dividends, in case during the year these dividends are received they are invested according to the procedure established by the legislation in the charter or share capital of the same RA resident entity that pays dividends.

Royalty

The income tax on royalties should be calculated at a 10 percent.

Capital gains from the sale of property

Incomes received from the tax agents as a result of the sale of the property are subject to 10 percent Income tax, except for income from the alienation of a building, its apartments or other areas by a developer, when income tax is calculated at a 20 percent rate.

The income received from the alienation of the land after 1 January 2020 is not subject to income tax.

Rental income

The income tax on rentals shall be calculated at a 10 percent. In case the total amount of the rentals received during the tax year exceeds AMD60 million, an additional income tax at a 10 percent rate shall be calculated for the exceeding part.

03

Social Security

3 Social Security

Starting from 1 January 2013 there are no social security taxes. Instead, currently social payments are withheld from salaries of certain group of employees, falling under the law requirements.

The base for calculation of the social payment is the basic income, which is salary and other payments equal thereto which are subject to taxation by income tax.

The Employer, as a tax agent, is obliged to withhold the amount of social payment as well as submit monthly personalized reports to the tax authorities on calculated income, amounts of tax and social payments withheld from individuals within the terms established by the RA Tax Code.

The social payment rates are as follows:

Period	Basic monthly Income*	Social payment
2021	Up to AMD500,000	3.5 %
	More than AMD500,000	10 % - AMD32,500
2022	Up to AMD500,000	4.5 %
	More than AMD500,000	10 % - AMD27,500
2023	Up to AMD500,000	5 %
	More than AMD500,000	10 % - AMD25,000

Starting 01.01.2023 the maximum monthly threshold of the calculation basis for social payment is AMD1,125,000. This means that the maximum amount of the Social Payment starting from 01.01.2023 should be capped at AMD87,500

04

Compliance obligations

4 Compliance obligations

4.1 Employee compliance obligations

The resident individuals receiving income from sources other than Armenian legal entities (tax agents) shall pay the income tax through self-declaration and submit an Annual Income Tax Declaration by 1 May of the following year.

No reporting obligations for employees related to income received from tax agents.

4.2 Employers reporting and withholding requirements

Employers are required to calculate and withhold income tax and social payments on a monthly basis from their employees' salaries and transfer these amounts to the state budget, no later than the 20th day of the month following the month of calculation.

Employers submit reports on income tax only electronically on a monthly basis.

For individuals who received only passive income or who do not have residence status in RA, tax agents shall submit to the tax authorities personal data (except for bank or insurance secrets) about such income paid and income tax calculated and withheld during previous tax year, by 1 May of the tax year following each tax year.

According to the RA Law "On compensation for fallen or damaged servicemen during the defines of the Republic of Armenia" RA resident individuals who work on the RA territory or outside the RA territory and non RA residents who work on the RA territory shall pay to the state budget a stamp fee for each month starting 1 January 2017. Starting from 1 January 2021 stamp fee amounts for individuals are as follows:

Basic income (monthly)	Stamp fee
Up to AMD 100,000	AMD 1,500
AMD 100,001 – 200,000	AMD 3,000
AMD 200,001 – 500,000	AMD 5,500
AMD 500,001 – 1,000,000	AMD 8,500
Over AMD 1,000,001	AMD 15,000

The stamp fee is withheld by employer/tax agent on a monthly basis from their employees' salaries and transferred to the specified bank account.

05

Immigration

5 Immigration

5.1 General Overview

As a rule, a visa is required for visiting Armenia. There is a quite large list of countries/jurisdictions, which Armenia has a non-visa regime with on a basis of bilateral or multilateral agreements. Citizens of foreign countries/jurisdictions for whom a visa-free regime is set can stay on the territory of the Republic of Armenia for no more than 180 days for 1 year if no other term is defined by the international agreements of the Republic of Armenia.

Where a visa is required, it must be applied for before the individual enters Armenia (in consulate bodies or electronically), or on the crossing points of the Armenian border (e.g., airport). The lists of the countries/jurisdictions whose nationals can obtain visa on the crossing points is available in the official website of the Ministry of Foreign Affairs of Armenia (www.mfa.am). Documents required for a visa and the type of visa depends on the individual's country/jurisdictions of citizenship and the purpose of the individual's entry into Armenia. Entry visas entitle the person to stay in Armenia for 120 days with the option to extend its term for 60 days. To stay in Armenia for longer periods, a residence permit should be obtained.

Work Permit - An electronic confirmation entered by the authorized state body in the field of migration on a unified electronic platform, which allows a foreigner to obtain temporary residence status and work in the Republic of Armenia.

Employers of Armenia shall be entitled to conclude an employment contract (contract on delivery of services) with a foreign worker and use their work based on the work permit issued for the foreign worker by the authorized body. Employer may apply to the authorized body for issuing a work permit for this specific foreigner for period, specified by the labor agreement.

The work permit, in its turn, is a basis for obtaining residence permit for 1 year, which can be extended due to circumstances.

[Back to top](#)

Disclaimer

All information contained in this publication is summarized by KPMG Armenia LLC the Armenian member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee, based on the applicable provisions of the

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.