

Armenia Tax Knowledgebase

Employee personal income tax

Tax residence

Individuals are considered tax residents in Armenia if they meet any of the following criteria:

1. They are physically present in Armenia for 183 days or more during the tax year (January 1 to December 31).
2. Their centre of vital interests is in Armenia.
3. They are in the civil service of Armenia.

Conditions for the obligation to file the PIT

Individuals who receive income that has not been subject to Armenian tax at source are required to file a personal tax return by 20 April of the following year.

Tax report in question (Form name)

Personal income tax and social contribution calculation declaration - <https://self-portal.taxservice.am/en/sign-in/>

Tax year

Armenia's tax year aligns with the calendar year: January 1 to December 31.

Tax rates

Tax and social security rates in Armenia are as follows:

- Personal income tax rate: 20%
- Sales tax rate (VAT): 20%
- Social security rate: 10%
- Social security rate for companies: 5%
- Social security rate for employees: 5%

Tax returns and payment of tax

Filing deadline: The deadline for submitting the previous year's income declaration is November 1 of the current year, extended from the usual May 1 deadline due to delays in issuing new ID cards necessary for the electronic filing system.

Penalties for non-compliance: Failure to file the declaration by the deadline may result in a warning and, if not rectified, fines ranging from 5,000 to 50,000 AMD. Repeated violations may lead to higher penalties.

Reimbursement for social expenses: If you have made social expenses, such as purchasing health insurance or paying tuition fees, you may be eligible for a tax refund of up to 100,000 AMD. Ensure you have the necessary invoices to claim this reimbursement.

Personal deductions (salary)

Armenia's income tax system does not provide standard personal exemptions or deductions for dependents. Instead, the tax structure offers specific tax credits, such as those for mortgage interest, which are not tied to the number of dependents.

While there is no general personal deduction for dependents, taxpayers may be eligible for certain social expense refunds related to family members, provided they meet specific criteria.

Tax allowances

1. Health insurance premiums paid by the employer on behalf of the employee are generally non-taxable. This includes both individual and family coverage.

2. Transportation benefits: If an employer provides transportation services or reimburses an employee for commuting expenses (e.g., public transport costs), these are typically not subject to personal income tax. The transportation benefit must be directly related to the employee's work and not used for personal purposes.

3. Gifts on special occasions: Gifts provided by the employer on special occasions (e.g., birthdays, holidays, work anniversaries) may be non-taxable, provided the value does not exceed a certain limit set by the tax authorities. This can include items such as vouchers or small presents.

4. Social security contributions: Employer contributions to mandatory social security on behalf of the employee are not subject to tax. These include the employer's share of social security premiums, which are part of the employee's overall compensation package.

Additional tax reliefs (not mentioned above)

Deductions from gross income for employees may include the following:

Paid benefits, except benefits defined by the Law of Armenia on temporary disability benefits.

Native Teams

All types of paid pension benefits, except pension benefits paid within the framework of participation in voluntary funded pension plans in accordance with the established procedure.

Insurance benefits, except benefits (including pensions) to be received in accordance with the established procedure at the expense of voluntary funded pension insurance contributions made by a taxpayer on one's own behalf and/or by a third person (including employer) for a taxpayer on conditions of voluntary funded pension insurance, in accordance with the procedure defined by the legislation of Armenia.

Insurance premiums paid by employers for their hired employees' health insurance, at a maximum of AMD 10,000 per month.

Amounts of single-sum assistance in case of an employee's or a family member's death. The assets, works, and services received free of charge from non-commercial organisations.

The monetary prizes and benefits in kind received at competitions, up to AMD 50,000 per prize.

How to submit the tax return

1. Check if you must file

You need to file if you had income, are a public official, shareholder of a large company, got a large loan, or are a beneficial owner.

2. Get an electronic signature

Required to file online. You can get it via:

- Mobile ID (mID) from your mobile provider
- Electronic ID (eID) using an ID card and a card reader

3. Access the online portal

Go to <https://self-portal.taxservice.am> to log in and file.

4. Complete and submit the declaration

Enter your income and deductions, then submit the form electronically.

5. Pay any taxes due

If you owe taxes, pay by November 1, 2025 (for 2024 returns).

6. Keep records

Save a copy of your return. Late filing can lead to fines.

Others

The monetary prizes and benefits in kind received at competitions, up to AMD 50,000 per prize, are non-taxable.

Apart from PIT, employers are also responsible for deducting social security payments. The rate for these payments is 5% for income up to 500,000 AMD (approximately \$1,309) and 10% for income exceeding this threshold, with a minimum rate of 25,000 AMD.

It's important to be aware that there's a maximum salary limit for social security payments, currently capped at 1,125,000 AMD per month (equivalent to 15 times the minimum monthly wage of 75,000 AMD).

Military taxes are withheld in the following manner:

- 1,500 AMD (\$4) for salaries of up to 100,000 AMD (\$261)
- 3,000 AMD (\$8) for salaries of 100,000-200,000 AMD (\$523)
- 5,500 AMD (\$14) for salaries of 200,000-500,000 AMD (\$1,309)
- 8,500 AMD (\$22) for salaries of 500,000-1,000,000 AMD (\$2,619)
- 15,000 AMD (\$39) for salaries in excess of 1,000,000 AMD (\$2,619)

It's important to note that social security payments and military taxes are obligations that exclusively apply to Armenian citizens and residents (i.e. individuals holding residence permits). Generally, those born before 1974 are exempt from Social Security payments.

For instance, in the tax year 2024, consider an employee earning a monthly salary of AMD 600,000 (equivalent to \$1,571). This individual will be subject to a flat income tax rate of 20% on their entire income, resulting in an income tax of approximately AMD 120,000 (\$314).

Furthermore, the employee will be liable for social security payments totalling 35,000 AMD (around \$91) and an additional military tax of 8,500 AMD (approximately \$22). Consequently, the after-tax income for this individual will be AMD 436,500 (calculated as $600,000 - 120,000 - 35,000 - 8,500$), which is equivalent to \$1,143. This results in an overall tax burden of approximately 27%.

Employee taxation of income (int, div, royalties)

Interest income: Tax rates

Regular interest income is generally taxed at a 20% flat income tax rate. However, interest from government securities and bank deposits is exempt from tax.

Native Teams

Other interest income may be subject to a 10% withholding tax. – e.g., corporate/private debt instruments: taxed at 10% (WHT)

Dividend income: Tax rates

Dividends received by non-residents are subject to a 5% income tax, consistent with the rate applied to Armenian residents.

Capital gains: Tax rates

Armenia does not impose a capital gains tax. However, there are specific tax rules for certain types of income:

- **Income from property sales:** If an individual receives income from the sale of property through a tax agent, it is subject to a 10% income tax.
- **Income from the sale of buildings or real estate by developers:** Income derived from the alienation of buildings, apartments, or other premises by developers is subject to a 20% income tax.
- **Income from the sale of land:** Income from the sale of land is not subject to income tax.

Royalty income: Tax rates

Income in the form of royalties and interest (unless exempted) is taxed at 10%.

Withholding

Withholding tax on interest: Rates

Tax rates:

- **Residents:** Interest income is subject to a flat 10% income tax.
- **Non-residents:** Interest income from Armenian sources is subject to a 10% withholding tax.

Withholding tax on dividends: Rates

Dividends paid to resident individuals are subject to a 5% withholding tax, while non-resident individuals are also taxed at 5%, unless a reduced rate applies under an applicable tax treaty.

Withholding tax on capital gains: Rates

In Armenia, residents are exempt from capital gains tax on securities. Income from real estate sales is taxed at 10% or 20%, depending on the buyer, and is exempt when sold to

another individual. Non-residents face an 18% withholding tax on securities, with similar real estate tax rates as residents, but are exempt when sold to another individual.

Withholding tax on royalties: Rates

Royalty income is taxed at a flat rate of 10% for both resident and non-resident individuals, with residents being taxed on their worldwide income and non-residents only on income sourced from Armenia. The tax is withheld at the source if royalty payments are made by an Armenian tax agent.

Fees for technical services:

In Armenia, the withholding tax on technical services provided by non-residents without a permanent establishment is typically 20%. This applies to income from services rendered to Armenian sources. However, if a Double Taxation Avoidance Agreement (DTAA) exists between Armenia and the service provider's country, the tax rate may be reduced to 10% or 5%, depending on the terms of the agreement. Note that Armenia applies the general 20% rate for "other income," which includes technical services.

Employee tax - Special regimes to apply

Double taxation agreements (link website)

Double taxation agreements:

https://minfin.am/hy/page/krknaki_harkman_hamadzaynagrer/