

Incorporating in Armenia

By Nerses Isajanyan

Laws

Armenia enacted investor friendly incorporation laws which have been regularly amended. The main act regulating most of the aspects of corporate formation and activities is the Law on Corporations dating from 2001. Armenian law provides for fast incorporation, low maintenance fees and use of corporate form to engage in any legitimate business, such as investing, trading, and property holding. Unlike foreign natural persons, corporations are allowed to own interest in land.

Limited Liability

Armenian corporations enjoy limited liability and are not responsible for debts of their shareholders. Shareholders, in their turn, are not responsible for debts of the corporation, and the doctrine of corporate veil piercing is not applicable in Armenia.

Formation

A corporation is formed by filing a statute (articles of incorporation) with the State Registry. Armenian law provides for same day company incorporation and the whole process can take as little as 30 minutes. Moreover, it is possible to submit all necessary documents online. It is therefore not necessary for incorporators to come to Armenia as long as they have a local agent in Armenia or a proper e-signature certificate. Articles of incorporation must be filed in Armenian but the use of parallel languages is not restricted. A single shareholder is sufficient to create a corporation. It is not necessary for a corporation to have directors but it must have an executive officer who can be the shareholder himself. Shareholders and the executive officer can be corporate entities. The corporation must maintain a registered office (legal address) in Armenia but no local secretaries are required. The corporation's life can be specified in the articles of incorporation. Armenia is party to the Apostille convention and incorporation documents are eligible for an apostille. Registration fees do not depend on the value of share capital and amount to approximately \$45. Armenian law does not recognize migration of domicile.

Trade Name

Trade names are registered in Armenian but it is lawful to use their translations into other languages. Corporations are required by law to use endings stating the limited liability. Trade names shall not contain words like "bank" or "insurance," unless the corporation has a proper license. Words "Armenia" or "Armenian" can be used only after a formal authorization by the Government is granted. It is possible to check the availability of names online.

Share Capital Requirements

Corporations may issue shares in variety of forms and classifications: preferential or common, voting or non-voting. Bearer shares and no par value shares are not authorized. There are no minimum or maximum limits on the amount of share capital. Indeed, there are no requirements for any paid in capital. Share capital can be paid in Armenian currency or

by transferring other non-cash assets. Share register must be kept and maintained by a licensed registry other than the corporation.

Privacy and Confidentiality

Nominal shareholders are allowed, and particulars of beneficial or nominal shareholders and directors are not part of public record. However, articles of incorporation, information on executive officer, local address and share capital are available to public.

Maintenance and Administration

A corporation must at least have an executive officer. Company staff, local directors and secretaries are not required. The executive officer and directors can be corporate entities. Officers, directors and employees can be foreign citizens and residents of any country. Registration fees are paid only once, and no annual fees are payable to the Registry. Books and records must be maintained but there are no requirements for filing them with the Registry, except for amendments to articles of incorporation and changes of executive officers. There are no requirements for annual audits. Annual meetings can be anywhere in the world, and shareholder can be represented by proxies.

Taxation

Entities incorporated in Armenia are taxed on their worldwide income, and the standard corporate tax rate is 20%. Foreign tax credits are available. Incomes and expenses are recognized on accrual basis. As a general rule, dividends are exempted from taxation.

This article is provided only for informational purposes and does not constitute legal advice.

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