

Special microbusiness tax regime for natural persons who are not registered as Individual Entrepreneurs (IE)

1.1 General Description

A natural person who is not an individual entrepreneur can work under microbusiness tax regime if he implements one of the activities mentioned in the table below based on orders from population and without usage of external labor force to fulfil the order.

	Activity Types
1.	Based on the orders from population:
1.1	Production and repair of shoes and leather haberdashery accessories
1.2	Production and repair of clothes
1.3	Production and repair of hats
1.4	Production and repair of carpets and carpet products
1.5	Production and repair of wooden items, furniture
1.6	Production and repair of non-precious jewelry
1.7	Repair and maintenance of computers, televisions, washing machines, air conditioners and other household appliances
1.8	Production and repair of bicycles, wheelchairs, other household products
1.9	Production of decorative ceramics
1.10	Production of porcelain and earthenware
1.11	Production of sheet metal
2.	Repair of watches, timers, musical instruments
3.	Provision of courses for acquiring narrow professional knowledge
4.	Language courses
5.	Preparatory courses for admission to the higher education institutions
6.	Teaching dance and singing
7.	Teaching performing arts, auxiliary activities in the field of performing arts
8.	Creative activities
9.	Showman activities
10.	Educational activities and Extracurricular education in the field of gymnastics and sports
11.	Providing services in private households (without differentiation)
12.	Forgery activities
13.	Providing hotel services through B&Bs and hostels

Note: If you are a natural person who is not registered as Individual Entrepreneur and is implementing one of the above-mentioned activities it's not obligatory for you to register as business entity and purchase a cash register. You can carry out your activity as an individual.

Important: As a natural person/individual implementing one of the above mentioned activities you are not allowed to cooperate with companies, you can implement the works and provide services solely based on the orders of population.

1.2 Tax obligations

Tax exemption is applied to natural persons who are not registered as IE:

1. who implement one of the above mentioned activities;
2. Revenues from the sale of goods or services for all types of activities during the previous year did not exceed 24,000,000 AMD;
3. who do not use the work of other individuals to carry out their activities;
4. who are not parties to the joint venture agreement¹
5. who (only in case of being registered as IE) do not have 20% and more shares in another company²

Thus, if you are a person [who carries out one of the above-mentioned activities and meets the 5 conditions, you can be considered a self-employed microbusiness and be exempt of all state taxes payable](#) to the RA budget for those types of activities. Keep in mind that if you import goods to the territory of the Republic of Armenia, you have to pay customs duties on them at the border, as well as value added tax. See details on taxes and due payments in the tables below:

¹ For example, suppose Jack signed a joint venture agreement with Nancy, according to which Jack is engaged in tea production, and Nancy is engaged in tea packaging, branding and sales. In this case, Jack and Nancy can not be considered self-employed micro-businesses and be exempt from all types of business taxes. However, if Jack is registered as an individual entrepreneur (IE) and hires Nancy as an employee, it will be possible to be exempt of all types of business taxes under the microbusiness tax regime.

² Suppose you have registered as Jack Pitt Individual Entrepreneur (IE), at the same time you have opened Drops LLC with your friends, where you have 30% of the company. In this case, Jack Pitt IE can not apply to work under the microbusiness tax regime. It should be noted that if Drops LLC submits an announcement to the tax authority to terminate its activity, Jack Pitt can apply to work under the microbusiness tax regime from the next day after submitting the announcement.

	Value Added Tax (VAT)	Profit Tax	Personal Income tax
Non-IE Natural person	EXEMPT		
Individual Entrepreneur			

	Social Payment	Army Insurance Fund
Non-IE Natural person	NO PAYMENT	
Individual Entrepreneur		

1.3 [Application procedure for the given tax regime](#)

To work under the microbusiness tax regime, one needs to fill in and submit «258. Application to be considered to work under microbusiness tax regime» in the Section of «Reports» of the State Revenue Committee electronic platform here: <https://file-online.taxservice.am> . The latter must be done within 20 days after registration. If more than 20 days have passed since the registration, it will not be possible to appear in microbusiness tax regime for the given year. The application must be submitted in the period from January 1 to February 20 of each year, regardless of the fact that it was previously registered in that system.

1.4 [Tax Reporting and Deadlines of Tax Payments](#)

Self-employed microbusinesses that have received a tax exemption do not submit reports to the tax authorities on the types of activities prescribed by law.