

# THE LAW OF THE REPUBLIC OF ARMENIA

## ON COMPENSATION FOR DAMAGES CAUSED TO LIFE OR HEALTH OF ARMED SERVICEMEN DURING THE DEFENSE OF THE REPUBLIC OF ARMENIA

*Accepted on 15.12.2016*

The purpose of this law is to introduce a special system providing compensation for damages caused to the life or health of servicemen during the defense of the Republic of Armenia, participating in combat operations or performing combat duty or special tasks in the line of contact with the enemy (hereinafter referred to as combat operations).

### CHAPTER 1 GENERAL PROVISIONS

#### ***Article 1. The object of regulation of the law***

1. This law regulates relations related to compensation for damage caused to the life or health of servicemen as a result of combat operations, as well as defines the procedure and conditions for the creation and operation of the compensation fund.

#### ***Article 2. Beneficiaries, cases of compensation, bases and scopes of compensation payment***

1. According to this law, those servicemen whose life or health were harmed as a result of combat operations are considered beneficiaries. In terms of this article:

1) the death (death) or disappearance of a serviceman shall be considered as harm caused to the life of a serviceman;

2) the loss of the serviceman's ability to work as a result of injury or mutilation is considered damage caused to the health of a serviceman.

2. Soldiers are considered:

1) A person undergoing compulsory or contractual military service in the Armed Forces of the Republic of Armenia and/or other troops, or participating in military operations and taking part in military operations in accordance with the law.

2) a person who is involved in territorial defense and participated in combat operations or who is not in military service and volunteered to participate in combat operations and participates in combat operations or participated in combat operations (hereinafter referred to as a volunteer).

3. In the case of the death of a serviceman or being recognized as missing, the following are considered beneficiaries of the serviceman:

1) the husband.

2) the child (children).

3) the parent(s).

4) a sister and brother of a student under the age of 18 or recognized as incapacitated or under the age of 23 studying with day education, as well as a disabled sister and brother aged 18 and older

under the care of a serviceman, if they were recognized as disabled before the age of 18 the end of the year. In addition, the brother and sister are considered beneficiaries if their parents or the only parent are dead or have at least the third degree of limitation of the ability to engage in work activities.

4. In the absence of the beneficiaries mentioned in part 3 of this article, another person is also considered a beneficiary, if it has been confirmed by a court order that:

1) as of the date of the compensation incident, that person was under the care of a serviceman and had the right to a disability or labor pension;

2) took care of the serviceman until his 18th birthday.

5. A case of retaliation (hereinafter referred to as a case of retaliation) is considered to be damage to the life or health of a serviceman during combat operations that took place after January 1, 2017. An incident of retaliation is considered to have occurred if:

1) the serviceman was killed (died) during combat operations or within five years after the end of combat operations, due to an injury or mutilation received as a result of combat operations;

2) the serviceman was recognized as missing as a result of his disappearance during combat operations, and six months have passed since the legal entry into force of the court act, if the serviceman has not been found before the beginning of payment of compensation, or

3) the serviceman received a disability of the first or second group as a result of an injury or mutilation received during combat operations.

6. According to this law, the case when the death (death) or disability of a serviceman is a consequence of a deliberate crime committed by him is not considered a case of retaliation.

### ***Article 3. The indemnity payer***

1. The compensation funds provided by this law are paid by the compensation fund established in accordance with this law (hereinafter referred to as the Fund).

## **CHAPTER 2:**

### **PAYMENT AMOUNTS, PAYMENT TERMS AND PAYMENT PROCEDURES**

#### ***Article 4. Amounts of compensation and terms of payment***

1. Reimbursement amounts are paid for Reimbursement cases that occurred after January 1, 2017 in the following minimum amounts:

1) in case of being killed (dying) or recognized as missing:

a. 82,000,000 drams for an officer soldier involved in the activities carried out within the framework of contractual or compulsory military service or reservist training.

b. 70,000,000 drams to non-commissioned and rank-and-file servicemen involved in activities carried out within the framework of contractual military service or reservist training, or to a person involved or volunteered in territorial defense,

c. 58,000,000 drams for the junior non-commissioned officer and rank-and-file soldiers of mandatory military service.

2) as a result of damage to health:

a. in the case of the first group of disability of an officer soldier involved in the activities carried out within the framework of contractual or compulsory military service or reservist training - 82,000,000 drams,

b. in the case of the first group of disability of a non-commissioned officer and non-commissioned officer involved in activities carried out within the framework of contract military service or reservist training, or a person involved or volunteered in territorial defense: 70,000,000 drams,

c. in the case of the first group of disability of a junior non-commissioned officer and non-commissioned officer of compulsory military service: AMD 58,000,000,

d. in case of the second group of disability of an officer soldier involved in the activities carried out within the framework of contractual or compulsory military service or reserve training - 53,000,000 AMD,

e. in the case of the second group of disabilities of non-commissioned and non-commissioned servicemen involved in activities carried out within the framework of contract military service or reservist training, or persons involved or volunteered in territorial defense: 41,000,000 drams,

f. in case of disability of the second group of junior non-commissioned officers and regular servicemen in mandatory military service - 29,000,000 AMD.

2. The amounts specified in part 1 of this article are paid under the following conditions:

1) 10,000,000 drams from the amount specified in sub-points "a", "b" and "c" of point 1 and point 2 of part 1 of this article will be paid in one lump sum, and the remaining amount will be paid in equal monthly payments over a period of 20 years. .

2) 5,000,000 drams from the amount specified in sub-points "d", "e" and "f" of point 2 of part 1 of this article will be paid once, and the remaining amount will be paid in equal monthly payments over a period of 20 years.

3. If the serviceman has three or more children under the age of 18 or children under the age of 23 studying in day school or disabled children aged 18 or older, if they were recognized as disabled before the age of 18, this an additional 100 thousand drams per month is added to the equal monthly fee paid in accordance with part 2 of the article. The payment of the additional amount specified in this part shall be stopped from the 1st of the month following the termination of the basis giving the right to receive the additional amount specified in this part, as well as the expiration of the period of payment of compensation amounts or the termination of the month of the termination of the basis for payment of compensation amounts. The provisions of this part are also applied in case when the basis giving the right to receive the additional amount specified in this part arises after the date of the Compensation Event. For the purpose of applying this part:

1) The Government of the Republic of Armenia (hereinafter referred to as the Government) establishes the procedure for identifying, collecting, processing, and providing information on the basis for the right to receive the additional amount specified in this part and their change to the relevant state bodies and the Fund, as well as in accordance with point 3 of this part "a", "b" and "c", the list of documents to be submitted for the purpose of confirming the facts and the order of submission, the order of making a decision based on the submitted documents.

2) The Fund establishes the procedure for recording information on the grounds that give the right to receive additional money specified in this part;

3) if the case of Retribution mentioned in Clause 1 of Article 2, Part 5 of this Law has occurred in connection with the serviceman, then in the event that the court has not proven otherwise, it is

considered that the serviceman has three or less than 18 years of age. more child, also in the case when all the circumstances mentioned in sub-points "a", "b" and "c" of this point exist at the same time, or the circumstance mentioned in sub-point "d" of this point exists:

a. the third child was born alive during the nine months following the month including the day on which the Retributive Event occurred,

b. it follows from the medical diagnosis data that the born child was fertilized before the day of the incident of Retribution,

c. The child's mother was the serviceman's wife for no less than nine consecutive months prior to the day of the incident of retaliation, and as of the date of the incident of retaliation, the marriage between the mother of the child and the serviceman was not terminated on the basis of divorce, and during the nine months following the day of the incident of retaliation, during any period, the child's mother was not remarried,

d. if there are all other grounds for paying compensation money, defined by this law, the circumstances mentioned in sub-points "a", "b" and "c" of this clause or one of them are absent, but the court's legally binding judgment confirmed that the child born is the child of a serviceman.

4. The amounts of compensation mentioned in this article may be increased by the decision of the Fund's Board based on the results of indexation, depending on the results of the Fund's financial activities.

5. Depending on the results of the Fund's financial activity, the Board of Trustees of the Fund may make a decision:

1) regarding continuing the payment of compensation amounts also after the end of the 20 years specified in part 2 of this article. In the case specified in this part, the amount of compensation and payment terms are determined by the Board of Trustees of the Fund.

2) to pay compensation in certain ways (payment of funds, in-kind aid, other ways) and within the deadlines also for the cases of compensation that happened before January 1, 2017.

6. If after assigning the indemnity payment, there is a change in the Indemnity event defined by this law in relation to the same serviceman, the difference between the amounts payable to the beneficiary (beneficiaries) based on the new Indemnity event and the amounts already paid based on the previous Indemnity event shall be recalculated as determined by the Foundation Board. in order. If the results of the recalculation specified in this part reveal that:

1) the amount of the amount paid to the beneficiary (beneficiaries) in the previous Indemnification event is equal to or exceeds the amount payable in the new Indemnification event, then the indemnity amount payable in the new Indemnification event is considered paid, and no payment is made in the new Indemnification event;

2) the amount of the amount payable in the case of the new Compensation exceeds the amount of the amount already paid to the beneficiary (beneficiaries) in the case of the previous Compensation, then the beneficiary (beneficiaries) shall be paid the difference between the amounts payable in the case of the new Compensation and the amount already paid in the case of the previous Compensation :

7. According to part 6 of this article, a change in the case of compensation is considered:

1) the death of a serviceman with the first or second group of disabilities within the period and for the reason specified in Article 2, Part 5, Clause 1 of this law;

- 2) ceasing to consider a serviceman as missing and recognizing that serviceman as a person with a first or second group of disabilities;
- 3) change of serviceman's disability group.

#### **Article 5. Procedure for payment of compensation amounts**

1. In the event of retaliation, the Ministry of Defense of the Republic of Armenia or the Ministry of Emergency Situations of the Republic of Armenia or the National Security Service under the Government or the Police of the Republic of Armenia under the Government (relevant state body in this law) to determine (confirm) the harm to the life or health of the serviceman in accordance with the law. within one month from the date of the order established by the Government

1) in accordance with the requirements of this law, determines who is considered the beneficiary (beneficiaries) in the case of the given Compensation;

2) The foundation presents the name, surname, patronymic of the serviceman, as well as the beneficiary (beneficiaries), identity document data, public service number plate data or the information of the reference about not having a public service number plate, address, as well as the case of compensation and Article 4 of this law. Documents confirming the circumstances provided for in part 3, the amount of the amount to be compensated.

2. Based on the information mentioned in part 1 of this article, the Fund:

1) within three working days after receiving the information specified in part 1 of this article:

a. transfers the lump sum specified in points 1 and 2 of part 2 of article 4 of this law to the bank account opened for the beneficiary (beneficiaries),

b. makes the first payment of equal monthly payments specified in points 1 and 2 of part 2 of article 4 of this law and the first payment of the amount specified in part 3 of article 4 of this law to the bank account specified in subparagraph "a" of this point , if that amount, according to this law, is subject to payment.

2) up to and including the last working day of each month, to the bank account specified in sub-item "a" of point 1 of this part, from the monthly equal payments specified in points 1 and 2 of part 2 of article 4 of this law, for the given month the equal payment for the month and the payment of the amount specified in part 3 of Article 4 of this law for the given month, if that amount is subject to payment according to this law.

3. The payment terms specified in part 2 of this article may be postponed for a period of up to three months based on the need to ensure the financial stability of the Fund by the decision of the Board of the Fund.

4. The bank account mentioned in subparagraph "a" of point 1 of part 2 of this article:

1) opens the Fund in the name of the beneficiary (beneficiaries) in one of the banks selected according to the competitive procedure established by the Fund Board. The right to manage funds transferred to the bank account opened in accordance with this law in accordance with this law belongs to the beneficiary (beneficiaries) in whose name the bank account was opened;

2) It is a special bank account provided for in Chapter 50.1 of the Civil Code of the Republic of Armenia.

#### **Article 6. Specifics of payment of compensation amounts in case of recognition of servicemen as missing**

1. In case of recognition of a military serviceman as missing, compensation amounts are paid in accordance with the procedure established by Article 5 of this law and in the amounts established by Article 4 of this law.

2. If the serviceman has ceased to be considered missing, then in accordance with Article 4 of this law, in the form of one-time and equal monthly payments, as well as the amounts paid in accordance with Article 4, Part 3 of this law, until the serviceman is no longer considered missing return, except for the cases specified in part 5 of this article.

3. If the serviceman is no longer considered missing:

1) on the basis of the court recognizing that serviceman as dead, then:

a. on the basis of declaring the serviceman dead, sums specified in part 2 of Article 4 of this law are not paid,

b. the payment of amounts to be paid in the form of equal monthly payments continues.

2) as a result of finding that serviceman and that serviceman was recognized as a person with a disability of the first or second group, then on the basis of having a disability of the first or second group, according to this law, the amount payable to the serviceman is recalculated in accordance with part 6 of Article 4 of this law .

3) as a result of finding that serviceman and the circumstances specified in point 2 of this part are absent, then the payment of compensation amounts, as well as the amount specified in part 3 of article 4 of this law, shall be suspended from the 1st of the month following the month when the serviceman ceases to be considered missing. :

4. The provisions defined by points 1 and 2 of part 3 of this article do not apply if one of the cases mentioned in part 5 of this article exists.

5. The sums of compensation paid to the beneficiaries in the form of one-time and (or) equal payments on the basis of recognizing the serviceman as missing are subject to return by the beneficiaries, if it is found that:

1) the serviceman is missing:

a. to voluntarily leave the military unit or place of service or

b. desertion or

c. to surrender voluntarily or

d. as a result of voluntarily leaving the battlefield, and

2) the circumstances specified in Clause 1 of this part have been confirmed by a legally binding court verdict.

6. The duty of the court to return compensation amounts by a legally effective act can also be imposed on a serviceman who is missing and considered alive under the circumstances specified in point 1 of part 5 of this article.

7. The compensation amounts are returned to the court in the manner and within the time limits established by the legally effective act.

**Article 7. Determining the persons entitled to compensation money**

1. In case of disability of a serviceman, the amount of compensation is paid to that serviceman or to the person specified in the application submitted by him to the relevant state body specified in Article 5, Part 1, Clause 1 of this law, except for the case specified in Part 2 of this Article. The form of the application mentioned in this part and the procedure of submission are defined by the Government.

2. In the case of the death of a serviceman or the recognition of the serviceman as missing, or in the case when the serviceman cannot submit the application specified in part 1 of this article as a result of mental or mental incapacity caused by injuries received in combat operations:

1) the compensation amount is paid to the beneficiaries through the beneficiary determined by the agreement of the beneficiaries;

2) in the absence of an agreement between the beneficiaries, the amount of compensation to be paid shall be divided among the beneficiaries in accordance with the procedure established by Part 3 of this article and paid to each of them separately.

3. In the case specified in point 2 of part 2 of this article, the compensation amount is divided according to the procedure established by the Government according to the following principles:

1) the total amount of compensation is divided by the number of beneficiaries defined by parts 3 and 4 of Article 2 of this law;

2) if one of the beneficiaries dies, the amount of compensation payable to that person is not included in the inheritance and is divided equally among the remaining beneficiaries.

4. If the beneficiaries defined by parts 3 and 4 of Article 2 of this law are absent, then the compensation amounts defined by this law are not paid.

5. If the sole beneficiary defined by parts 3 and 4 of Article 2 of this law dies, the amount of compensation payable to that beneficiary is not included in the inheritance, and the obligation to pay that amount ceases.

6. If a serviceman recognized as a beneficiary on the grounds specified in Article 2, Part 5, Item 3 of this law dies, and the circumstances specified in Article 4, Part 7, Item 1 of this Law do not exist, then the deceased serviceman's compensation the right to receive money is not included in the inheritance and ceases.

7. In order to ensure the implementation of the provisions of this article, the Government defines the procedure for determining the range of beneficiaries, the procedure for justifying the presence, absence or change of agreement between the beneficiaries, the procedure for providing information about the changes made in the range of beneficiaries to the relevant state bodies and the Fund.

### ***Article 8. Tax privileges***

1. The sums of compensation paid to the beneficiaries are not subject to taxation by income or any other tax or deduction by any other fee paid to the state or municipal budget.

## **CHAPTER 3:**

### **STAMP FEES**

### ***Article 9. Meaning of terms used in this chapter***

1. For the purpose of applying the provisions of this chapter:

- 1) a label issued electronically by the Foundation is considered a stamp;
- 2) the residency, non-residency of an individual, as well as the income received from the sources of the Republic of Armenia is determined according to the tax legislation of the Republic of Armenia;
- 3) for natural persons mentioned in clauses 1, 2, 5 and 6 of part 1 of Article 11 of this law, the accounting period is the calendar month, and for individual entrepreneurs and notaries, the calendar year;
- 4) a tax agent shall be considered a legal entity that pays income to natural persons specified in points 1, 2, 5 and 6 of part 1 of Article 11 of this law (including foreign legal entities) a person's institution, a branch or representative office of a foreign legal entity), an individual entrepreneur, a notary, a state administration or local self-government body, an institution.

**Article 10. Definition of "Stamp Fee".**

1. The stamp fee is a mandatory fee paid to the state budget of the Republic of Armenia in order to ensure compensation for damages caused to the life and health of servicemen in the manner and in the amount specified by this law. The duty to pay is to purchase a stamp in the amount specified in Article 12, Part 1 of this law in each reporting period. through

**Article 11. Stamp duty payers**

1. Must pay stamp duty (stamp duty payers are considered):

- 1) natural persons who are residents of the Republic of Armenia working in the territory of the Republic of Armenia or outside the territory of the Republic of Armenia under an employment contract, except for the persons specified in part 2 of this article;
- 2) natural persons who are not residents of the Republic of Armenia working in the territory of the Republic of Armenia under an employment contract, except for the persons specified in part 2 of this article;
- 3) Individual entrepreneurs registered and carrying out business activities in the Republic of Armenia.
- 4) notaries.
- 5) civil-legal contracts of the Republic of Armenia for the performance of works or the provision of services  
natural persons receiving income in the territory or outside the territory of the Republic of Armenia who are residents of the Republic of Armenia, except for the persons mentioned in part 2 of this article;
- 6) natural persons who are not residents of the Republic of Armenia receiving income from the sources of the Republic of Armenia under civil-legal contracts for the performance of works or the provision of services, except for the persons specified in part 2 of this article.

2. They do not pay stamp duty for the given reporting period

- 1) the persons mentioned in points 1, 2, 5 or 6 of part 1 of this article who do not have accrued income to be received for the given accounting period;
- 2) the persons mentioned in points 3 and 4 of part 1 of this article, who did not receive income from entrepreneurial or notary activities or on other grounds during the given reporting year.



3. Those persons mentioned in point 1 or 2 of part 1 of this article who work only under one employment contract and the salary received after deducting taxes and other mandatory fees (including stamp duty) from that employment contract do not pay stamp duty. does not exceed the amount of the minimum salary established by the legislation of the Republic of Armenia. Stamp fees are paid on behalf of the persons mentioned in this part:

1) from the state budget of the Republic of Armenia instead of persons working in the state bodies of the Republic of Armenia.

2) instead of persons working in local self-government bodies, from the budget of the relevant municipality;

3) instead of persons working for other employers, by the employer paying the salaries of the given persons at his expense.

4. Each person has the right to pay stamp duty through the Foundation or independently, in the amount of his choice, by purchasing the necessary amount of stamps electronically (voluntary donation). The Foundation has the right to organize fundraisers to encourage voluntary donations.

5. The parent, spouse and/or child(ren) of a serviceman who is in mandatory military service or who has died (deceased) have the right to submit an application to the Fund during the first two months of each year for the tax they have paid (from their income) during the year preceding the date of submitting the application. held by the agent) with a request to refund the stamp duty in whole or in part. If an application is submitted after the deadline specified in this part, the Fund rejects the application, notifying the applicant in writing within one working day. Attached to the application are submitted the certificate issued by the relevant state body about the serviceman's presence in the mandatory military service or his death (deceased). as well as the information about the amount of stamp duty paid during the year preceding the date of submitting the application. In accordance with this part, the forms of the application submitted to the Fund, the forms of references provided by the relevant state body and the tax authority, as well as the procedure for providing references and returning the stamp duty shall be determined by the Government.

6. Within two working days after the application and the attached references mentioned in the 5th part of this article are entered in the Fund, the Fund transfers to the bank account specified in the application the amount indicated in the reference about the amount of stamp duty paid submitted attached to the application.

7. Within two working days after the date of applying for the certificate to be provided by the relevant state bodies, specified in this part, shall be provided by:

1) the certificate regarding the serviceman's stay in compulsory military service - the military commissariat that carried out the conscription of the serviceman;

2) the certificate regarding the death (death) of the serviceman - the relevant state body that carries out the registration of the death (death) serviceman.

8. Within two working days after the date of application, the information on the amount of paid stamp duties specified in this part shall be provided by:

1) with respect to persons working under a labor contract in the relevant state bodies or receiving income from the relevant state bodies under a civil-legal contract for the performance of works or provision of services, the relevant state body where they work under a labor contract or from which they receive income under a civil-legal contract for the performance of works or the provision of services the given person.

2) for persons not mentioned in item 1 of this part, the tax authority.

### **Article 12. Amount of stamp duty**

1. For each reporting period, the natural persons mentioned in points 1, 2, 5 and 6 of part 1 of Article 11 of this law pay the stamp duty in the amount of 1000 drams, and individual entrepreneurs and notaries - in the amount of 12,000 drams.
2. If the same natural person simultaneously works under an employment contract and is an individual entrepreneur, notary and (or) receives income under a civil law contract for the performance of works or the provision of services, then that natural person has the right defined in part 5 of Article 11 of this law to apply to the Fund in the order and time frame to get back the stamp duty paid on more than one basis, specified in this part.
3. If the same natural person receives income in the same reporting period under more than one civil law contract for the performance of works or the provision of services concluded with different persons, then that natural person has the right to apply to the Fund in the manner and within the time limits specified by Article 11, Part 5 of this Law: to recover stamp duty paid on more than one basis specified in this Part.
4. If the same natural person works for more than one employer under an employment contract, that natural person has the right to apply to the Fund in accordance with the procedure and within the time limits specified in Article 11, Part 5 of this Law, to receive back the stamp duty paid on more than one basis, specified in this part. for:
5. In the cases defined by parts 2-4 of this article, the Fund returns the stamp duty within the terms defined by part 6 of article 11 of this law.

### **Article 13. Payment of stamp duties**

1. If the persons mentioned in clauses 1, 2, 5 and 6 of part 1 of Article 11 of this law receive income from the tax agent, then these persons pay the stamp duty exclusively through the tax agent.
2. The persons mentioned in points 3 and 4 of part 1 of article 11 of this law, as well as points 1, 2, 5 and 6 of part 1 of article 11 of this law persons receiving income from a person who is not considered a tax agent, mentioned in points, pay the stamp duty independently.
3. The obligation to pay stamp duty in the amount specified in Article 12, Part 1 of this Law for the given reporting period by the persons mentioned in Article 11 of this Law is considered fulfilled, and stamps in the corresponding amount are acquired by those persons through a tax agent or independently from the date of transferring the amount specified in part 1 of Article 12 of this law to the state budget.
4. In case of delay in the payment of stamp duty obligations, the tax authority shall make a decision to collect the unpaid amount from the stamp duty payer (if, according to this law, the stamp duty must be paid through a tax agent, then from the tax agent) and duly notify about it to the stamp duty payer (tax agent). Until the decision regarding the levy of the amount becomes unappealable, the tax authority may impose a ban on the property of the liable person or apply a restriction in the cases and in the manner defined by the tax legislation of the Republic of Armenia.

### **Article 14. Payment of stamp duty through a tax agent**

1. Each month, tax agents calculate the amount of stamp duty for a given month in accordance with the amounts specified in Article 12 of this law, based on the number of employees included in the monthly summary calculation of income tax and social contribution submitted to the tax authorities for the given month, for whom accrued in the given month are revenues.

2. For each month, tax agents transfer the stamp duty amount calculated in accordance with part 1 of this article to the state budget up to and including the 20th of the month following the month of stamp duty calculation.

3. The amount of the stamp duty calculated for each person for the given month is kept by the tax agent from the accrued income to be received by the person in the given month from that tax agent.

4. The reduction of the number of employees included in the specified monthly summary calculation of the income tax and social contribution submitted by tax agents to the tax authorities is not taken into account for the calculation of the stamp duty.

#### **Article 15. Self-payment of stamp duty**

1. Persons receiving income from a person who is not considered a tax agent mentioned in points 1, 2, 5 and 6 of part 1 of Article 11 of this law shall pay the stamp duty for the given reporting period independently until the given reporting period, including the 20th of the following month.

2. Individuals who pay stamp duty independently, specified in points 3 and 4 of part 1 of Article 11 of this law, pay the stamp duty during the income tax payment periods, based on the fact that income is reflected in the income tax calculation submitted for each reporting period. :

#### **Article 16. Lists of persons who have paid stamp duty and submission of a transfer order, allocation of funds from the state budget to the Fund**

1. The tax authority:

1) within five working days following the date of submission of the monthly summary calculation of income tax and social contribution by each tax agent and the payment of the entire amount of the stamp duty based on it, the Fund shall transfer to the Fund the list of the employees of the given tax agent for whom stamp duties were paid in the given reporting period;

2) within five business days after the deadline for paying stamp duty for self-payers of stamp duty for each reporting period, the Foundation shall transfer the list of self-payers of stamp duty for the given reporting period, who have fully paid stamp duty in the given reporting period;

3) within two working days, after paying the full amount of the stamp duty for the given reporting period by persons paying stamp duty (in the cases defined by this law, through a tax agent), an authorized body of the Government in the field of finance submits a transfer order for the given reporting period (hereinafter referred to as Transfer instruction) on transferring money to the Fund from the amount of stamp duty paid by the persons mentioned in this point, specifying the amount to be transferred. Moreover, in the Transfer Order submitted by the tax authority for the given reporting period, the tax authority indicates the amount of the paid stamp duty,

2. The authorized body of the Government in the field of finance, within one working day after receiving the Transfer Order, transfers the amount specified in the Transfer Order to the special account specified in Article 20, Part 7 of this Law.

3. If the amount of stamp duty actually paid by the given tax agent or the person making the payment of the stamp duty independently for the given reporting period exceeds the amount specified in the Transfer Order, the authorized body of the Government in the field of finance by the given tax agent (the person making the payment of the stamp duty independently) the status of the amount of actual paid stamp duty exceeding the amount specified in the Transfer Order is determined by the procedure established by the Government.

4. The form of the lists and the transfer order mentioned in the 1st part of this article, the procedure for transferring and providing these documents by the tax authority to the Fund and to the authorized body of the Government in the field of finance, respectively, is defined by the Government.

### **Article 17. Issuance of stamps**

1. Stamps are issued by the Foundation in electronic form through an electronic system.
2. Stamps issued may have different denominations.
3. The procedure for issuing, recording, acquiring stamps, the nominal value of the stamps to be issued, as well as the procedure for the operation of the electronic system necessary for issuing stamps shall be determined by the Board of the Foundation.

## **CHAPTER 4:**

### **THE FUND FOR COMPENSATION OF DAMAGES CAUSED TO THE LIFE OR HEALTH OF ARMED SERVANTS**

### **Article 18. Legal status of the Foundation**

1. The Foundation is a non-profit legal entity endowed with state functions, established in accordance with this Law and the Law of the Republic of Armenia "On Foundations", whose founder is the Central Bank of the Republic of Armenia (hereinafter referred to as the Central Bank).
2. The fund can perform only functions provided by this law.
3. The Fund may be liquidated, reorganized or declared bankrupt only upon passing a law on liquidation, reorganization or bankruptcy of the Fund.
4. The fund is released from the obligation to pay profit tax, value added tax and other taxes provided by the law of the Republic of Armenia, state and local duties, as well as any payment to the state or municipal budget.

### **Article 19. Functions and powers of the Fund**

1. The Foundation performs the following functions:
  - 1) possesses, uses and disposes of the assets of the Fund in ways not prohibited by the law, in order to achieve the goals defined by this law;
  - 2) In the event of a compensation event, ensures the payment of compensation amounts to the beneficiaries.
  - 3) performs other functions defined by this law.
2. In order to carry out the functions mentioned in part 1 of this article, the Foundation is authorized to:
  - 1) to conclude transactions aimed at the implementation of its functions;
  - 2) to receive loans, loans, guarantees.
  - 3) to invest its funds in the assets specified in this law;
  - 4) bonds and other securities to be issued in the Republic of Armenia or abroad, expressed in Armenian drams and (or) foreign currency;

5) perform other factual and legal actions related to his functions and aimed at their implementation.

#### **Article 20. Fund resources**

1. The funds of the Fund are formed from the initial funds of the Fund and other funds of the Fund received from sources not prohibited by this law.

2. The initial funds of the Fund are formed from the property allocated to the Fund by the founder at the time of establishment, the amount of which is 10 million AMD.

3. The nominal value and interest of the securities issued by the Fund in accordance with Clause 5 of Part 4 of this Article shall be repaid in accordance with the procedure established by the Board of Trustees of the Fund.

4. The funds of the fund can also be formed from the following sources:

1) from the sums of stamp duties collected in accordance with this law;

2) from involved loans and borrowings.

3) from the sums of donations, donations, grants;

4) from income from investment of funds.

5) From the funds received from the allocation of debt securities issued by the Fund.

6) from other sources not prohibited by law.

5. Fund funds can be used only:

1) for the purpose of paying compensation.

2) in order to meet the Fund's expenses within the permissible limits determined in accordance with Article 22, Part 3 of this Law;

3) in accordance with this law, for the purpose of fulfilling the obligations assumed by the securities issued by the Fund, involved loans and borrowings.

6. The funds of the Fund cannot be confiscated, injunctive or any other restrictions imposed on any claim, except for damages to life or health, as well as claims arising from salary and equivalent funds, creditor, loan agreements, securities issued by the Fund, as well as the claims of beneficiaries. :

7. The initial accounting of funds addressed to the Fund is done in a special account (accounts) opened in the Central Bank. After being recorded in the special account(s) opened in the Central Bank, the funds are managed according to the directions established by this law.

#### **Article 21. Fund expenses**

1. Fund expenses are:

1) operating costs:

a. expenses related to the payment of compensation amounts,

b. accrued interest for loans received,

- c. Expenses related to the management of the fund's assets,
- d. Fees related to the receipt of banking services by the Fund,
- e. Fees for audit and consulting services of the Fund, as well as expenses related to publishing reports and information prescribed by law.

2) administrative costs:

- a. The salary paid to the employees of the fund and the fees equal to it.
- b. Other expenses necessary to ensure the proper functioning of the Fund.

2. The Fund's Board of Trustees sets the annual allowable limit of the Fund's expenses. Moreover, the Fund's annual administrative expenses cannot exceed 0.5 percent of the Fund's total assets of the previous year.

**Article 22. Fund management**

1. Fund funds are managed by the Fund. The Fund can entrust the management of its funds to an external, independent, specialized manager of assets selected in accordance with the order and criteria set by the Board of Trustees of the Fund, or manage them independently.

2. Fund funds can be invested exclusively in the following financial assets:

- 1) in the state securities of the Republic of Armenia, in the securities of the Central Bank.
- 2) in the Central Bank and (or) banks with a high rating as a bank deposit and (or) bank account;
- 3) in the securities of governments and (or) central banks of high-rated countries;
- 4) approved by the decision of the Board of Trustees of the Fund, in other assets corresponding to the structure of the Fund's investment portfolio.

3. The total costs of fund management cannot exceed two percent of the value of managed funds. Fund management costs are the remuneration paid to the members of the executive committee specified in Article 23, Part 2 of this law, and in the case of entrusting the management of funds to an external specialized manager, the fee paid to the manager.

**Article 23. Management bodies of the Fund**

1. The management bodies of the fund are:

- 1) The Board of Trustees of the Foundation.
- 2) The Director of the Foundation.
- 3) The Executive Committee of the Fund, in the cases defined by this article.

2. In the event that the Fund manages its funds independently, an executive committee consisting of three to seven members shall be established by the decision of the Board of Trustees of the Fund, whose function is the professional management of the Fund's assets. The persons included in the executive committee must have professional experience in the field of asset management. The Director of the Foundation is an ex-officio member of the Executive Committee.

3. The procedures for formation, activity and liquidation of the Executive Committee are defined by the decision of the Board of Trustees of the Fund.

4. The fund may also have other bodies provided by its charter.

#### **Article 24. Board of Trustees of the Fund**

1. The Board of Trustees of the Fund (hereinafter referred to as the Board) is the highest governing body of the Fund.

2. The Council consists of nine members. Council members are appointed (elected) for a period of five years. From the members of the Council:

1) three are appointed by the Government.

2) three are appointed by the Board of the Central Bank.

3) three are elected by non-governmental organizations engaged in the protection of the interests of servicemen.

3. In the event of a vacancy among the members of the Board specified in clauses 1, 2 and (or) 3 of part 2 of this article, the Director of the Fund shall notify the authority and (or) organization authorized to appoint the relevant member ( organizations). Occurred in the vacant place:

1) The Government or the Central Bank appoints its member within ten days following the day of receiving the notification of the Director of the Fund;

2) non-governmental organizations engaged in the protection of the interests of servicemen appoint their member within one month following the date of receiving the notification of the Director of the Fund. If the non-governmental organizations engaged in the protection of the interests of servicemen do not appoint their member of the Council within the period specified in this point, then the remaining members of the Council shall appoint the non-appointed member within 10 days after the expiration of the one-month period specified in this part.

4. Board members must have knowledge and at least five years of experience in the fields of management and finance. They should be respected by the society and have an impeccable reputation.

5. The Council has a president, who is elected by the members of the Council from among themselves, for a term of five years.

6. Council members participate in the work of the Council on a public basis.

7. The exclusive jurisdiction of the Council includes:

1) Approval of the Fund's budget, as well as definition of the annual permissible limit of the Fund's expenses.

2) Appointment of the members of the Executive Committee of the Fund, approval of the procedures for formation, operation and liquidation of the Committee, and in the cases defined by the Charter of the Fund, the formation of other bodies of the Fund and the definition of their powers.

3) Appointment of the director of the fund.

4) Selection of the fund audit organization.

- 5) The procedure, form and approval of quarterly reports by the Foundation.
  - 6) adopts the procedures and decisions, the adoption of which is reserved to the authority of the Council by this law or the Foundation's charter;
  - 7) defining the procedure for paying compensation amounts to the beneficiaries;
  - 8) Carrying out corporate control over the activities of the Fund.
  - 9) adoption of decisions mentioned in parts 4 and 5 of article 4 of this law.
  - 10) definition of the minimum rating threshold of high-rated foreign governments, central banks and/or banks, specified in parts 2 and 3 of Article 22 of this law.
8. Other competences of the Board are defined by the Charter of the Foundation.

#### **Article 25. Director of the Fund**

1. The Director of the Fund is the highest official in charge of the current activities of the Fund.
2. The Director of the Fund is appointed by the Council.
3. The director's powers are defined by this law and the Foundation's charter.
4. Director of the Foundation:
  - 1) ensures the normal operation of the Fund;
  - 2) acts on behalf of the Fund without a power of attorney;
  - 3) issues power of attorneys.
  - 4) signs contracts on behalf of the Foundation, including labor contracts;
  - 5) hires and fires employees of the Fund, applies incentives and disciplinary measures to them;
  - 6) submits the limit of operational and administrative expenses of the Fund for the approval of the Board;
  - 7) exercises other powers assigned to him by the Charter of the Foundation.

#### **Article 26. Fund audit, accountability and activity control**

1. Every year, the activities of the Fund are checked by an external, independent, internationally recognized auditing organization. Auditing, as well as accounting in the Fund, are carried out in accordance with international standards.
2. The Fund publishes quarterly reports on its activities in the order, form and content established by the Board.
3. Within the framework of the report submitted to the National Assembly for each year, the Government presents information on the activities of the Fund.
4. The Central Bank supervises the activities of the Fund. In order to carry out control, the Central Bank is endowed with the authority authorized by the Law of the Republic of Armenia "On Funds" and



the Central Bank by the Law of the Republic of Armenia "On Guaranteeing the Compensation of Bank Deposits of Individuals".

## **CHAPTER 5:**

### **TRANSITIONAL PROVISIONS AND ENTRY INTO FORCE OF LAW**

#### ***Article 27. Establishment of the Fund***

1. Within two weeks after the entry into force of this law, the Board of the Central Bank shall adopt a decision to establish the Fund, approve the Fund's charter and ensure the state registration of the Fund in accordance with the law of the Republic of Armenia.
2. Within one month after the date of state registration of the Foundation, the state bodies and non-governmental organizations mentioned in part 2 of Article 24 of this law appoint their members of the Council.
3. If, within one month after the state registration of the Foundation, the public organizations mentioned in point 3 of part 2 of Article 24 of this law do not appoint their members or one of them to the Council, then the non-appointed members (members) shall have the one-month period mentioned in this part. within 10 days after its expiration, appoint the members of the Council specified in clauses 1 and 2 of part 2 of article 24 of this law.
4. After appointing all members of the Council, within two weeks:
  - 1) the chairman of the Council is elected.
  - 2) all the legal acts which, according to this law, are subject to adoption by the Council are adopted;
  - 3) the appointments of all those officials of the Fund are made, and all the bodies of the Fund are formed, the appointment or formation of which, according to this law, is reserved to the authority of the Council.
5. After the state registration of the Fund, within three working days, the Central Bank opens the Fund's bank accounts defined by this law in the name of the Fund and transfers to the Fund the amount specified in Article 20, Part 2, Clause 1 of this Law.

#### ***Article 28. Issuance of stamps in electronic form and implementation of the electronic system***

1. The electronic system must be implemented and the issuance of stamps in electronic form must begin within one year of the entry into force of this law.
2. Prior to the introduction of the electronic system and the beginning of the issuance of stamps in electronic form, the procedure for issuing, recording, and acquiring stamps for the purpose of attracting voluntary donations shall be established by the Council.

#### ***Article 29. Adoption of sub-legislative legal acts arising from this law***

1. Within two weeks after the entry into force of this law, the state administration bodies of the Republic of Armenia shall adopt the sub-legislative normative acts arising from this law, the adoption of which is reserved to these bodies by this law.

#### ***Article 30. Commencement of origin of obligation to pay stamp duty***

1. The obligation to pay the stamp duty established by this law arises from January 1, 2017.

**Article 31. Other provisions**

1. Within five years after the date of entry into force of this law, the proper operation of the Fund shall be ensured through the employees of the Central Bank on a public basis. Within the period specified in this part, the Fund cannot make the expenses mentioned in Article 21, Part 1, Clause 2 and Article 22, Part 3 of this law, except for the expenses related to handing over the management of the Fund's funds to an external specialized manager. The provisions of this part do not apply to relations related to ensuring the activities of the Council.

**Article 32. Entry into force of the law**

1. This law enters into force on the tenth day following the day of its official publication.

**PRESIDENT OF THE REPUBLIC OF ARMENIA  
: S. SARGSYAN**

**30.12.2016  
HO-245**