



Prepared by
Armenian British Business Chamber
and GPartners law firm

General Editor
Sargis Grigoryan

General Manager
Armine Israyelyan

Subscriptions
49 Nalbandyan Street (8)
Yerevan, Armenia
[e-mail: israyelyan@abbc.am](mailto:israyelyan@abbc.am)
[e-mail: grigoryan@gpartners.am](mailto:grigoryan@gpartners.am)
Tel: +374 10 52 27 54
Fax: +374 10 52 27 54

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from the editor ...

Welcome to our first issue of LEX BIT@E jointly prepared by Armenian British Business Chamber and GPartners.

It is an integral part of our business to alert our members and clients to new legislation and case law that may affect their business and to keep the members up to date with legal developments in their area.

We do hope you enjoy this issue and we wish you the best of luck in your business.

New approaches in commercial regulation of business names

(amended on 19 March 2012)

The Civil Code laid down more significant regulation of business names as compared to the previous one; particularly the Code has already defined the concept of business name - the name under which trade organisations operate and differentiate themselves from other legal entities.

It has been clearly established that provision of services by legal entities and conducting financial transactions, acquiring rights and obligations under the business name shall be considered the use of a business name. Even, if a legal entity resembles the business name on its sign-boards, blank forms, prospectuses, products and their packing, in this case also the business name will be used.

The exclusive right to a business name originates upon the state registration of the legal entity or making any record of the change of the business name of the legal entity in the Unified State Register of Legal Entities.

A new electronic publication method has been introduced

Law of the Republic of Armenia on Licensing

(amended on 19 March 2012)

The provision laid down years ago is now applicable. A person wishing to post an announcement shall post the text of the announcement in electronic format on the Armenian official website for public announcements www.azdarar.am.

The official website for public announcements was planned to operate still in 2007 under the Law of the Republic of Armenia on Internet Public Announcements, but only recently it has been called into practice. Such an amendment was respectively envisaged by other legal acts as well, which enables a person to search information by key words.

No regulation for the violation of the permission for outdoor advertising

Law of the Republic of Armenia on Advertising

(amended on 21 March 2012)

The Mayor of Yerevan is vested with full authority under the legislation to impose penalty, where pursuant to the city rules of Yerevan the advertiser avoids to fulfill or fails to timely fulfill the requirements laid down in the notifications on the failure to observe the requirements of the permission for outdoor advertising or when places outdoor advertising in the city of Yerevan without having a relevant permission.

The Mayor is entitled to impose penalty on them in the amount of 100-fold of the minimum salary defined.

Having of an identity card is the will of the citizen

Law of the Republic of Armenia on Identification Cards

(amended on 20 March 2012)

Identity cards will contain the digital signature of the citizen which will enable to carry out transactions in the republic. The citizen having attained the age of 16 and after being issued a passport as envisaged in Decision of the Government of the Republic of Armenia No 821 of 25 December 1998, shall have the right to receive an identity card, but the citizen may choose to have identification card or not.

The citizen equally has the right not to obtain an identity card unless he or she wishes so. In addition, the citizen is entitled to replace the passports envisaged by Decision of the Government of the Republic of Armenia No 821 of 25 December 1998. In parallel to identity cards passports containing biometric data will also be introduced.

The presence of the seal is hereinafter not mandatory

Law of the Republic of Armenia on Business Names

(amended on 19 March 2012)

A number of legal acts do not provide for any requirement for the documents to be sealed and the legal entity chooses whether or not to seal the document.

Currently, the law does not require the organisations to obtain a seal at the moment of registration; however the organisations seek to obtain a seal, for it may be required for the further operations of the organisation (e.g. in case of bank transactions).

As a comparison

Under the UK Company Act there is no requirement for documents to be signed under seal. In fact there is no requirement in law for a company to have or use a seal at all. Any document formerly requiring the official seal of the company can be signed "as a deed" by two officers of the company, or where there is only a director and no company secretary, the director's signature must be witnessed by an independent person.

However, a company may elect to use a seal if it prefers. Some companies prefer to do this so as to execute documents in a more formal manner. There may also be circumstances when a seal can be required, especially if conducting business overseas, or entering into contracts with overseas customers. It is possible that foreign lawyers or local regulations may require that a company execute documents under an official seal particularly on legal documents, contracts or lease agreements.

Many companies as a matter of choice still use a seal for executing documents in the UK such as formal contracts and lease agreements. Use of a seal helps to prevent any question of irregularity in the execution of a document as there is usually only one seal available to the signatories and its use is closely controlled by the directors or the company secretary.

DRAFT LEGAL ACTS

The procedures for the operational significance of transit needs to be simplified

Decision No 887 on the Procedure for transit transportation of goods and means of transport through the customs territory of the Republic of Armenia and cases of mandatory customs support

(draft)

Currently, the customs transit formalities at the crossing points are improperly delayed and the formalities are performed within two days. The transit procedures are not affordable which causes additional administrative costs and are time consuming for businesses.

The transportation of goods and means of transport in transit through the customs territory of the Republic of Armenia by the "Customs Transit Regime" is recommended to conduct by customs guarantees unless the customs guarantees are impossible to apply to goods and means of transport in transit or other cases provided for by the legislation.

After the relevant customs authority accepts the declaration and relevant documents and information provided for by the legislation of the Republic of Armenia, the customs authority, for the purpose of carrying out customs control (customs points of entry into, transit and exit from the territory of the Republic of Armenia) in cases of transportation of goods and means of transport by "Customs Transit Regime, shall be obliged to conduct the customs formalities within three hours unless otherwise provided for by the legislation.

Thus, the customs transit procedures will be simplified, the steps will be reduced and the volumes of transit cargo through Armenia will increase. From the perspective of business it is the best way to eliminate the barriers.

Generated receipts are valid

Decision on Introduction and Operation of State Electronic System of Payments

(draft)

The obligation of natural or legal persons to pay the state duty or local duty or the charge levied for the services provided by state or local self-governing bodies shall be considered fulfilled when their payment is made through the state electronic system of payments.

In all cases when the legislation of the Republic of Armenia requires receipt of payment of state duty or local duty or any document proving the payment of the charges levied for the services provided by state or local self-governing bodies or payment of administrative penalties, it is considered paid by natural or legal entities if either the receipt generated by the state electronic system of payments or 20-digit password of the receipt is presented.

The relevant staff of the republican executive and territorial government bodies, in case of receiving the receipt generated by the state electronic system of payments under this decision or 12-digit password of the receipt, check whether the payment indicated in the given receipt was made or not, whether the payment amount complies with the state duty envisaged for the given service or action defined by the legislation of the Republic of Armenia or local duty or payment rate charged for the service or the amount of the administrative penalty, as well as repayment through the electronic system, etc.

The Treasury of the Ministry of Finances of the Republic of Armenia will have an opportunity to check the payment made through the system, as well as receive reports. It is planned to provide information to the Ministry of Finances of the Republic of Armenia on the application of the state electronic system of payments and if necessary organize trainings.