

THE BOARD OF THE CENTRAL BANK OF THE REPUBLIC OF ARMENIA

RESOLUTION

06/12/2011

No 336-N

APPROVAL OF REGULATION 10/14 “ON PROCEDURE OF CALCULATION OF NET ASSET VALUE FOR DETERMINING TAXABLE PROFIT”

With the view to ensuring unified principles for valuation of the assets of investment funds for taxing purposes, based on Article 6 of the Law of the Republic of Armenia “On Profit tax”, and pursuant to Clause “e” of Article 20 of the Law of the Republic of Armenia on the Central Bank of the Republic of Armenia, and Article 16 of the Law of the Republic of Armenia On Legal Acts, the Board of the Central Bank of the Republic of Armenia hereby decides:

1. To approve Regulation 10/14 “On procedure of calculation of net asset value for determining taxable profit”, in accordance with the attached Appendix.
2. This resolution shall enter into force on the tenth day after promulgation.

Approved by the Central
bank Board resolution
No 336-N as of 6th of December, 2011
Chairman of the Central bank of
Armenia Artur Javadyan

Consented by decree of the Minister of Finance
No 1126-N as of December 30, 2011
Minister of Finance of Armenia
Vache Gabrielyan

REGULATION 10/14

“ON PROCEDURE OF CALCULATION OF NET ASSET VALUE FOR DETERMINING TAXABLE PROFIT”

CHAPTER 1. SCOPE OF APPLICATION

1. This regulation establishes the procedure of calculation of net asset value of investment funds, including non-publicly traded funds, (hereinafter: fund) for taxing purposes.
2. The concepts used in this Regulation have the meanings stipulated by the laws of the Republic of Armenia “On Investment funds” and “On Profit tax”.

CHAPTER 2. CALCULATION OF THE NET ASSET VALUE OF A FUND FOR TAXING PURPOSES

3. To calculate the taxable profit of the publicly-traded fund net asset value of the fund (taxable income) is calculated in accordance with following formula:

$$\mathbf{TNAV = TNAV_1 + TNAV_2 \dots + TNAV_p}$$

Where TNAV is the net asset value, calculated to compute the taxable income of the fund.

TNAV_i is the net asset value of the fund calculated to compute the taxable income as of the day information, which is found by following formula:

$$\mathbf{TNAV}_i = (\mathbf{NAV}_i + \mathbf{D}_i) / \mathbf{P},$$

Where:

NAV_i is the net asset value of the fund, calculated in accordance with the chapter 14 of the board of the Central Bank of the Republic of Armenia resolution of 6th of December, 2011 No 335-N on approval of regulation 10/04 “On the procedure of calculation of net asset value of investment funds” as of day i,

D_i is the amount of funds distributed to the unit-holders (shareholders) in the form of dividends or other any other form for the first day of the year until day i, inclusive,

P is the periodicity of calculation of the net asset value of the fund during the year (the number of calculations of net asset value of the fund). Moreover, if the net asset value of the fund is calculated on a daily basis, then P is equal to 365, and to calculate the accrual amount of profit tax for non-business days, the net asset value of the net asset value of the previous business day as a basis. In case of change in periodicity of calculation of net asset value of the fund during the year, in accordance with the rules (articles of association) of the fund, the changed P shall be calculated for the period starting from the moment when those changes came into force until 31st of December of given year.

4. To calculate the taxable income of non-publicly traded fund, the net asset value of the fund is calculated, in accordance with the rules (articles of association) of given fund, without deducting the amount of funds to be distributed to fund participants in the form of dividends or any other form from total market value of the fund assets.