

LAW ON INDIVIDUAL ENTREPRENEUR

Գլխավոր տեղեկություն

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LAW

OF THE REPUBLIC OF ARMENIA

Adopted on 3 April 2001

ON INDIVIDUAL ENTREPRENEUR

This Law shall prescribe the rights, obligations and responsibility of an individual entrepreneur, guarantees for his or her activities and conditions for the termination of the activities thereof.

Article 1. Individual entrepreneur

Individual entrepreneur shall be a natural person entitled to carry out, without forming a legal person, on behalf of himself or herself and at his or her own risk, independent activities, the main purpose whereof is to gain profit (income) from the use of property, sales of goods, performance of works, or provision of services.

The citizens of the Republic of Armenia and foreign citizens possessing active legal capacity, as well as stateless persons whose right to engage in entrepreneurial activities is not restricted by law, may be deemed as individual entrepreneurs.

A natural person declared as bankrupt may not be kept on records as an individual entrepreneur where at the moment of filing an application he or she has failed to fulfil his or her obligations having served as a ground for his or her bankruptcy.

The rules regulating the activities of legal persons regarded as commercial organisations by law, shall be applied to the entrepreneurial activities of an individual entrepreneur, unless otherwise derives from law, other legal acts or the nature of respective legal relation.

While carrying out entrepreneurial activities a natural person, deemed as an individual entrepreneur, shall be obliged to act as an individual entrepreneur.

Entrepreneurial activities carried out by a natural person considered as an individual entrepreneur shall be deemed as activities carried out by an individual entrepreneur.

(Article 1 amended by HO-223-N of 21 December 2010)

Article 2. Legislation on individual entrepreneur

Activities of an individual entrepreneur shall be regulated by the Civil Code of the Republic of Armenia, this Law, other laws and legal acts.

Where international treaties of the Republic of Armenia prescribe norms other than those provided for by this Law, the norms of the international treaty shall apply.

Article 3. Passive legal capacity and active legal capacity of an individual entrepreneur

The passive legal capacity and active legal capacity of a natural person deemed as an individual entrepreneur shall arise from the moment of being kept on state records and shall terminate from the moment of termination of the passive legal capacity and active legal capacity of that natural person as well as from the moment when keeping on state records is repealed or declared as invalid in the cases provided for by law.

(Article 3 amended by HO-223-N of 21 December 2010)

Article 4. Keeping an individual entrepreneur on state records and withdrawal thereof from keeping on records

(Title edited by HO-223-N of 21 December 2010)

Keeping an individual entrepreneur on state records and withdrawal thereof from keeping on records shall be carried out as prescribed by law. Keeping an individual entrepreneur on records

shall be carried out for an unlimited term.

(Paragraph repealed by HO-145-N of 19 March 2012)

(Article 4 edited by HO-223-N of 21 December 2010, amended by HO-145-N of 19 March 2012)

Article 5. Registered office of an individual entrepreneur

The registered office of an individual entrepreneur shall be deemed to be the place as to keeping on state records thereof.

(Article 5 amended by HO-223-N of 21 December 2010)

Article 6. Rights of an individual entrepreneur

An individual entrepreneur shall have civil rights necessary for carrying out any type of activities not prohibited by law.

An individual entrepreneur may engage in certain types of activities, the list whereof shall be defined by law, only on the basis of a special permit (licence).

Rights of an individual entrepreneur may be restricted only in the cases provided for by law and under the procedure prescribed by law.

An individual entrepreneur shall possess property under the right of ownership and shall bear liability for his or her obligations with that property.

He or she may, on behalf of himself or herself, acquire and exercise property and personal non-property rights, bear obligations, act as a plaintiff or defendant at court.

An individual entrepreneur shall have the right to self-defence in respect of his or her civil rights.

An individual entrepreneur shall have the right to:

- (a) establish a commercial organisation or become a participant thereof in the cases provided for by law;
- (b) possess commercial representations;
- (c) be a trust manager;
- (d) carry out joint activities according to a contract with other individual entrepreneurs or commercial organisations;
- (e) possess a settlement account in a bank;
- (f) possess hired employees;
- (g) possess other rights prescribed by the legislation.

(Article 6 amended by HO-55-N of 19 March 2012)

Article 7. Financial indicator of activities of an individual entrepreneur

The financial indicator of activities of an individual entrepreneur shall be regarded the income received thereby.

An individual entrepreneur shall pay, as prescribed by law, relevant taxes, fees and other compulsory payments.

An individual entrepreneur shall not possess a balance sheet.

Article 8. Obligations of an individual entrepreneur

An individual entrepreneur shall be obliged to:

- (a) fulfill during his or her activities the conditions, prescribed by the legislation, for ensuring the safety of people, protection of life and health, preservation of nature and of cultural values;
- (b) file a self-bankruptcy claim to the court in the cases and under the procedure prescribed by law;
- (c) bear other obligations as prescribed by law.

Article 9. Liability of an individual entrepreneur

An individual entrepreneur shall bear liability for his or her obligations with the property owned thereby, except for the property whereon execution is not levied in accordance with law.

An individual entrepreneur shall, as prescribed by the legislation, be subject to liability for the damage caused thereby to other persons.

A natural person other than an individual entrepreneur shall bear liability for the fulfilment of his or her obligations assumed as an individual entrepreneur.

Prior to the submission of an application on withdrawal from keeping on state records, an individual entrepreneur shall have the right to submit an application to the tax authority with regard to conducting check of the accuracy of relations with the State Budget.

Where a natural person other than an individual entrepreneur has, prior to withdrawal of the individual entrepreneur from keeping on state records, failed to apply to the tax authority with regard to conducting check of the accuracy of relations with the State Budget as prescribed by law, the tax authority shall be entitled to conduct, on the part of the natural person, check of the accuracy of relations with the State Budget as prescribed by law within three years following the day of withdrawal of the individual entrepreneur from keeping on state records.

(Article 9 supplemented by HO-107-N of 17 June 2016)

Article 10. Procedure for the entry into force of the Law

This Law shall enter into force from the moment of its official promulgation.

Individual undertakers having been registered prior to the entry into force of this Law, shall be deemed as individual entrepreneurs, they shall be covered by the provisions of this Law shall and they shall not be obliged to undergo re-registration.

(Paragraph repealed by HO-145-N of 19 March 2012)

The Law of the Republic of Armenia of 27 December 1993 "On individual undertaker" shall be repealed.

(Article 10 amended by HO-145-N of 19 March 2012)

**President
of the Republic of Armenia**

R. Kocharyan

Yerevan
25 April 2001
HO-167

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