

# Appendix

# **Appendix I**

## Appendix 2-1 to 2-2

### Appendix 2-1 GDP Real Growth Rate by Sector

(%)

Item	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>GDP</b>	▲11.7	▲41.8	▲8.8	5.4	6.9	5.9	3.3	7.3	3.3	6.0	9.6
Industry	▲4.0	▲59.7	8.9	9.6	2.6	1.1	1.3	▲2.2	5.2	6.4	3.8
Agriculture	▲2.0	▲5.8	▲5.8	3.1	4.0	2.0	▲4.5	12.9	1.4	▲2.4	11.6
construction	▲24.7	▲85.3	▲20.3	5.7	▲5.8	25.2	3.9	10.6	7.7	28.4	14.5
Transportation & Communication	▲20.8	▲58.0	▲69.8	▲4.1	9.6	17.1	9.2	1.4	0.8	▲0.6	16.0
Trade	▲20.6	▲68.6	▲13.3	60.5	73.0	11.6	5.0	6.7	9.8	8.5	15.5
Others	N/A	N/A	N/A	N/A	▲5.5	▲2.8	3.2	2.7	3.9	9.4	N/A
Net Indirect Taxes	▲25.0	▲41.1	5.5	▲10.4	27.8	41.6	51.5	22.7	▲3.6	14.4	17.2

(Reference: Economic Development and Research Center, <http://www.EIC.am>)

### Appendix 2-2 GDP Real Growth Index by Sector

(1990=100)

Item	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>GDP</b>	100.0	88.3	51.4	46.9	49.4	52.8	55.9	57.8	62.0	64.1	67.9	74.4
Industry	100.0	96.0	38.7	42.1	46.2	47.4	47.9	48.5	47.5	49.9	53.1	55.1
Agriculture	100.0	98.0	92.3	87.0	89.7	93.2	95.1	90.8	102.5	103.9	101.4	113.2
construction	100.0	75.3	11.1	8.8	9.3	8.8	11.0	4.0	4.4	4.8	6.1	7.0
Transportation & Communication	100.0	79.2	33.3	10.0	9.6	10.6	12.4	13.5	13.7	13.8	13.7	15.9
Trade	100.0	79.4	24.9	21.6	34.7	60.0	67.0	70.3	75.0	82.4	89.4	103.2
Others	N/A	N/A	N/A	N/A	100.0	94.5	91.9	94.8	97.4	101.2	110.7	N/A
Net Indirect Taxes	100.0	75.0	44.2	46.6	41.8	53.4	75.6	114.5	140.5	135.4	154.9	181.6

(Reference: Economic Development and Research Center, <http://www.EIC.am>)

## Appendix 2-3 to 2-4

### Appendix 2-3 Export by Commodities

Item	million Drams						Percent					
	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001
<b>Total Export</b>	290.3	232.5	220.5	231.7	297.5	343.0	100.0	100.0	100.0	100.0	100.0	100.0
Foodstuff	11.8	24.6	16.8	15.9	27.3	48.0	4.1	10.6	7.6	6.9	9.2	14.0
Mineral Products	19.1	17.9	30.8	38.0	34.3	38.4	6.6	7.7	14.0	16.4	11.5	11.2
Plastic and Rubbery Materials	5.4	4.3	2.2	1.9	3.4	2.9	1.9	1.8	1.0	0.8	1.1	0.8
Textile Production	9.7	10.6	13.6	13.6	13.2	24.3	3.3	4.6	6.2	5.9	4.4	7.1
Precious Stones & Metals	140.3	55.2	53.1	99.9	121.5	122.9	48.3	23.7	24.1	43.1	40.8	35.8
Base Metals & Goods from Them	47.3	57.7	40.3	25.0	44.2	43.5	16.3	24.8	18.3	10.8	14.9	12.7
Machinery & Equipment	34.3	32.2	40.1	17.5	31.0	28.6	11.8	13.8	18.2	7.6	10.4	8.3
Other Goods	22.4	30.0	23.6	19.9	22.6	34.4	7.7	12.9	10.7	8.6	7.6	10.0

(Reference: Economic Development and Research Center, <http://www.eic.am>)

### Appendix 2-4 Import by Commodities

Item	million Drams						Percent					
	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001
<b>Total Export</b>	855.9	892.3	902.4	811.3	885.1	874.4	100.0	100.0	100.0	100.0	100.0	100.0
Products from Animals	67.4	58.5	47.0	41.5	33.6	30.7	7.9	6.6	5.2	5.1	3.8	3.5
Products from Plant Cultivation	114.9	105.3	117.8	75.7	98.5	84.9	13.4	11.8	13.1	9.3	11.1	9.7
Foodstuffs	83.0	86.0	110.1	77.0	69.5	76.9	9.7	9.6	12.2	9.5	7.9	8.8
Mineral Products	186.5	209.7	206.1	176.0	181.8	184.7	21.8	23.5	22.8	21.7	20.5	21.1
Chemical Production	56.2	85.2	73.7	71.4	82.4	65.1	6.6	9.5	8.2	8.8	9.3	7.4
Textile Production	21.0	33.6	31.7	30.0	31.9	36.2	2.5	3.8	3.5	3.7	3.6	4.1
Precious Stones & Metals	129.8	47.5	45.5	86.7	113.3	106.8	15.2	5.3	5.0	10.7	12.8	12.2
Base Metals & Goods from Them	10.2	24.6	20.1	23.8	24.3	36.1	1.2	2.8	2.2	2.9	2.7	4.1
Machinery & Equipment	80.5	102.1	78.9	86.5	117.2	88.4	9.4	11.4	8.7	10.7	13.2	10.1
Other Goods	106.4	139.7	171.5	142.6	132.8	164.3	12.4	15.7	19.0	17.6	15.0	18.8

(Reference: Economic Development and Research Center, <http://www.eic.am>)

## Appendix 2-5 to 2-6

### Appendix 2-5 Export by Countries

Item	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001
	In million US\$						In percent					
Total Exports	290.3	232.5	220.5	231.7	300.5	342.8	100.0	100.0	100.0	100.0	100.0	100.0
CIS Countries	128.1	94.7	80.5	56.4	73.4	89.1	44.1	40.7	36.5	24.3	24.4	26.0
Russia	96.1	62.9	40.0	33.9	44.6	60.5	33.1	27.1	18.1	14.5	14.8	17.7
Turkmenistan	17.5	13.8	22.7	6.1	5.5	0.8	6.0	5.9	10.3	2.6	1.8	0.2
Georgia	6.9	10.7	9.6	11.1	16.0	12.4	2.4	4.6	4.3	4.9	5.3	3.6
Other	7.6	7.3	8.3	5.3	7.3	15.3	2.6	3.1	3.7	2.3	2.4	4.5
Non-CIS Countries	162.2	137.8	140.0	175.3	227.1	253.7	55.9	59.3	63.5	75.7	75.6	74.0
Belgium	44.7	47.0	49.8	84.2	75.1	46.5	15.4	20.2	22.6	36.4	25.0	13.6
Iran	43.9	42.6	31.4	34.2	30.1	32.5	15.1	18.3	14.2	14.7	10.0	9.5
USA	4.4	7.1	11.6	16.0	37.9	52.3	1.5	3.1	5.2	6.9	12.6	15.3
Germany	3.7	9.3	9.3	10.2	12.9	11.1	1.3	4.0	4.2	4.4	4.3	3.2
United Kingdom	3.2	1.2	8.1	9.4	10.1	20.1	1.1	0.5	3.7	4.1	3.4	5.9
Turkey	6.0	7.2	3.0	1.1	1.5	1.1	2.1	3.1	1.4	0.5	0.5	0.3
Other	56.3	23.6	26.8	20.1	59.6	90.1	19.4	10.1	12.2	8.7	19.8	26.3

(Reference: Economic Development and Research Center)

### Appendix 2-6 Import by Countries

Item	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001
	In million US\$						In percent					
Total Imports	855.8	892.3	902.4	811.3	884.7	874.3	100.0	100.0	100.0	100.0	100.0	100.0
CIS Countries	277.7	299.1	230.2	187.2	173.6	215.1	32.4	33.5	25.5	23.1	19.6	24.6
Russia	125.5	215.9	191.4	149.9	137.2	170.4	14.7	24.2	21.2	18.5	15.5	19.5
Georgia	51.2	38.2	26.8	26.9	19.8	18.4	6.0	4.3	3.0	3.3	2.2	2.1
Turkmenistan	86.4	27.7	0.6	0.8	1.1	0.8	10.1	3.1	0.1	0.1	0.1	0.1
Other	14.6	17.4	11.4	9.6	15.5	25.5	1.7	1.9	1.3	1.2	1.8	2.9
Non-CIS Countries	578.1	593.2	672.2	624.1	711.1	659.2	67.6	66.5	74.5	76.9	80.4	75.4
USA	103.6	116.1	96.3	85.7	102.7	84.2	12.1	13.0	10.7	10.6	11.6	9.6
Belgium	49.5	49.7	54.6	85.2	84.4	41.8	5.8	5.6	6.1	10.5	9.5	4.8
Iran	149.8	88.3	63.9	78.5	82.3	78.1	17.5	9.9	7.1	9.7	9.3	8.9
United Kingdom	7.1	10.5	69.1	67.0	59.5	91.3	0.8	1.2	7.7	8.3	6.7	10.4
UAE	33.4	71.7	54.5	40.2	41.7	47.4	3.9	8.0	6.0	5.0	4.7	5.4
Turkey	6.3	38.4	56.8	40.2	40.5	33.7	0.7	4.3	6.3	4.9	4.6	3.8
Germany	17.4	26.2	34.0	34.2	36.5	33.9	2.0	2.9	3.8	4.2	4.1	3.9
Italy	26.2	36.2	34.6	23.7	25.7	29.7	3.1	4.1	3.8	2.9	2.9	3.4
Other	184.9	156.1	208.3	169.5	237.9	219.1	21.6	17.5	23.1	20.9	26.9	25.1

(Reference: Economic Development and Research Center)

## Appendix 2-7 to 2-8

### Appendix 2-7 Nominal GDP by Sector

Item	1994	1995	1996	1997	1998	1999	2000	2001*	1994	1995	1996	1997	1998	1999	2000	2001*
	Billion Drams								Percents(%)							
<b>GDP</b>	<b>186.9</b>	<b>522.3</b>	<b>661.2</b>	<b>804.3</b>	<b>955.4</b>	<b>987.4</b>	<b>1033.3</b>	<b>773.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Industry	54.5	126.7	154.9	180.7	190.0	208.9	228.7	176.9	29.2	24.3	23.4	22.5	19.9	21.2	22.1	22.9
Agriculture	81.3	202.2	4.0	236.6	294.7	266.2	238.5	199.3	43.5	38.7	0.6	29.4	30.8	27.0	23.1	25.8
Construction	12.5	44.5	48.7	65.0	76.6	82.0	105.9	72.3	6.7	8.5	7.4	8.1	8.0	8.3	10.2	9.3
Transport & Communication	7.9	22.6	40.3	60.5	73.9	74.8	74.7	49.5	4.2	4.3	6.1	7.5	7.7	7.6	7.2	6.4
Trade	8.5	49.8	63.0	72.7	82.9	89.0	95.5	63.3	4.5	9.5	9.5	9.0	8.7	9.0	9.2	8.2
Others	16.5	57.1	314.0	124.5	148.8	182.6	195.8	134.1	8.8	10.9	47.5	15.5	15.6	18.5	18.9	17.3
Net Indirect Taxes	5.8	19.3	36.4	64.3	88.5	83.9	94.2	78.0	3.1	3.7	5.5	8.0	9.3	8.5	9.1	10.1

Remark \*: between January and September

(Reference: Economic Development and Research Center, <http://www.EIC.am>)

### Appendix 2-8 Labour Market

(in thousand people)

Item	1994	1995	1996	1997	1998	1999	2000
Total population size	3,746.8	3,759.9	3,773.6	3,785.9	3,794.7	3,800.8	3,802.9
Economically active population	1,593.1	1,581.9	1,583.5	1,538.3	1,476.4	1,462.4	1,447.2
Employed population	1,487.6	1,476.4	1,435.6	1,372.2	1,337.3	1,298.2	1,277.7
Public sector	794.1	735.7	557.8	509.2	405.5	355.1	338.2
Private sector	687.8	737.7	871.7	853.0	912.1	925.5	921.7
Joint venture	5.7	3.0	6.1	10.1	19.7	17.6	17.8
Unemployed	105.5	105.5	147.9	166.1	139.1	164.2	169.5
Unemployment rate(%)	6.6%	6.7%	9.3%	10.8%	9.4%	11.2%	11.7%
Level of economic activity (index)	74.2	74.2	73.5	70.8	65.6	63.9	61.4

Employed population	1,487.6	1,476.4	1,435.6	1,372.2	1,337.3	1,298.2	1,277.7
Industry	355.2	302.9	255.0	228.9	209.4	195.2	179.7
Agriculture	504.3	551.9	586.0	566.6	567.8	562.4	566.7
Construction	96.8	76.0	68.0	59.7	56.7	53.6	46.5
Trade	63.7	100.0	110.2	115.6	113.2	109.2	106.9
Service	467.6	445.6	416.4	401.4	390.2	377.8	377.9

## Appendix 2-9

### State Budget

#### Revenues

Item	billion Drams			% of total			% of GDP		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
Tax Revenues	165.5	159.2	173.3	82.6	88.1	89.6	16.8	15.4	15.4
Enterprise Profit Tax	21.5	20.4	20.8	10.7	11.3	10.8	2.2	2.0	1.8
Personal Income Tax	18.8	14.8	11.1	9.4	8.2	5.7	1.9	1.4	1.0
VAT	68.3	66.8	85.5	34.1	36.9	44.2	6.9	6.5	7.6
Excise Tax	21.7	26.1	34.5	10.8	14.4	17.8	2.2	2.5	3.1
Custom Duties	8.1	8.7	8.6	4.0	4.8	4.4	0.8	0.8	0.8
Other Taxes	27.1	22.5	15.8	13.5	12.4	8.2	2.7	2.2	1.4
Non-tax Revenues	19.8	13.0	9.9	9.9	7.2	5.1	2.0	1.3	0.9
Profit from the Central Bank	6.3	5.1	3.1	3.1	2.8	1.6	0.6	0.5	0.3
Grant	15.1	8.5	19.3	7.5	4.7	10.0	1.5	0.8	1.7
Total	200.4	180.8	193.4	100.0	100.0	100.0	20.3	17.5	17.2

#### Expenditure

Item	billion Drams			% of total			% of GDP		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
Current Expenditure	182.6	175.6	177.3	72.5	76.2	68.8	18.5	17.0	15.8
Wages	21.1	23.3	18.8	8.4	10.1	7.3	2.1	2.3	1.7
Goods and Services	86.3	98.2	97.6	34.3	42.6	37.9	8.7	9.5	8.7
Subsidies	14.0	7.4	6.6	5.6	3.2	2.6	1.4	0.7	0.6
Transfer	41.4	32.9	36.7	16.4	14.3	14.2	4.2	3.2	3.3
Interest Payment	19.8	13.9	17.6	7.9	6.0	6.8	2.0	1.3	1.6
Capital Expenditure	43.1	39.2	50.6	17.1	17.0	19.6	4.4	3.8	4.5
Net Lending	26.1	15.6	11.6	10.4	6.8	4.5	2.6	1.5	1.0
Settlement of Old Exp. Arrears	-	-	4.9			1.9			0.4
Total	251.9	230.4	257.7	100.0	100.0	100.0	25.5	22.3	22.9

## Appendix 2-10

### Mineral Sector Funding Provisions of the Mining Law of the Philippines

**Section 58. Credited Activities.** – “... Any activity or expenditure directed towards the development of geosciences and mining technology such as, but not limited to, institutional and manpower development, and basic and applied researches.

**Section 86. Occupation Fees.** – There shall be collected from any holder of a mineral agreement, financial or technical assistance agreement or exploration permit on public or private lands, an annual occupation fee...upon recommendation of the Bureau Director.

**Section 89. Filing Fees and Other Charges.** – The Secretary is authorized to charge reasonable filing fees and other charges as he may prescribe in accordance with the implementing rules and regulations.

#### **Section 13. Payment of Royalty of Minerals/Mineral Products Extracted from Mineral Reservations**

The Contractors/Permit Holders/Lesseees shall pay to the Bureau a royalty which shall not be less than five percent (5%) of the market value of the gross output of the minerals/mineral products extracted or produced from the Mineral Reservations exclusive of all other taxes. A ten percent (10%) share of said royalty and ten percent (10%) of other revenues such as administrative, clearance, exploration and other related fees to be derived by the Government from the exploration, development and utilization of the mineral resources within Mineral

#### **Section 134. Development of Community and Mining Technology and Geosciences**

The Contractor/Permit Holder/Lessee shall assist in the development of the host and neighboring communities and mine camp to promote the general welfare of the inhabitants living therein;

The Contractor/Permit Holder/Lessee shall assist in developing mining technology and geosciences as well as the corresponding manpower training and development; and

The Contractor/Permit Holder/Lessee shall allot annually a minimum of one percent (1%) of the direct mining and milling costs necessary to implement Paragraphs (a) and (b) of this Section....

#### **Section 135. Credited Activities or Expenditures**

The following activities or expenditures shall be considered towards the development of mining, geosciences and processing technology and the corresponding manpower training and development:

Advanced studies conducted in the mining area such as, but not limited to, institutional and manpower development and basic and applied research;

Advanced studies, including the cost of publication thereof in referred technical journals or monographs accessible to the local scientific community, related to mining which are conducted by qualified researchers, as construed by the practices at the Department of Science and Technology, who are not employees of the mine;

Expenditures for scholars, fellows and trainees on mining, geoscience and processing technology and related subjects such as community development and planning, mineral and environmental economics;



Expenditures on equipment and capital outlay as assistance for developing research and educational institutions which serve as a venue for developing mining, geoscience and processing technology and the corresponding manpower training and development; and

Other activities that the Director may consider upon proper recommendation by the concerned professional organizations and/or research institutions, where appropriate.

**Section 174. Environmental Monitoring and Audit**

To ensure and check performance of and compliance with the approved EPEP/AEPEP by the Contractors/Permit Holders, a Multipartite Monitoring Team (MMT), as described in Section 185 hereof, shall monitor every quarter, or more frequently as may be deemed necessary, the activities stipulated in the EPEP/AEPEP. The expenses for such monitoring shall be chargeable against the Monitoring Trust Fund of the Mine Rehabilitation Fund.....”

**Section 243. General Provisions**

In line with the policy of the Government to hasten the exploration, development and utilization of the mineral resources of the country and to address the water crisis and other priority concerns of the Government, the Bureau may conduct exploration in any areas other than Mineral Reservations upon its own initiative or upon request by claimant/Contractor/Permittee in areas covered by existing and valid mining claims/contracts/permits.....”

**Section 245. Reimbursement**

Upon completion of exploration activities by the Bureau in open areas other than Mineral Reservations, it shall render a certified report on the total expenses incurred thereon. Any interested party who wish to apply for a mining right shall reimburse to the Bureau the certified amount plus an interest of twelve percent (12%) of the expenses.

**Section 250. Receipts from Rentals**

All rentals fees of drilling equipment shall accrue to the Drilling Fund which shall be used for the purchase of supplies, materials and spare parts needed in the repair of said drilling equipment subject to the provisions of Commonwealth Act No. 246, as amended.

**Section 251. Occupation Fees, Rentals, Royalties, Taxes**

Proof of payment of the occupation fees shall be submitted to the concerned Regional Office. Holders of mining leases, Quarry Permits and contracts shall submit to the Regional Director evidence that the rentals and taxes on the occupied premises and the royalties due the Government arising out of the operation thereof had been paid when applicable.

**Section 252. Work Authorized**

Consistent with the provisions of Section 7 hereof, the Bureau may perform or accomplish work or service for Government offices, agencies, instrumentalities or private parties and collect payment or charge ....”

**Section 253. Mines Survey and Investigation and Monitoring Fund**

All payments and charges for work performed or to be performed by the Bureau/Regional Office shall accrue to the Mines Survey, Investigation and Monitoring Fund of the Bureau/Regional Office to be deposited as Trust Fund.... any balance in the payment or charge left after the completion of the work requested may be used by the Bureau/Regional Office.....”

**Section 260. Charges for Fieldwork, In General**

Charges for the following fieldwork shall be by man days:

For field verification of approved surveys for contract/mining area, investigation of conflicts, renewal or extension of mining contract and permit, verification of tax-exempt equipment, verification of ore stockpile and umpiring of ore shipments, inspection of mechanical and electrical installation, verification of mining operations done by Permittees/Contractors, verification of explosive magazines and blasting schemes and conducting ventilation, dust and gas survey....”

For evaluation of mining claims or geological investigation and geological verification of mining properties....

Counting of the number of working days shall start from the day the fieldman leaves his/her official station and ends upon his/her return.

In addition to the charges under Paragraphs (a) and (b) above, the applicant or interested party shall pay for the transportation of Bureau personnel from the official station to the area and return, as well as expenses for freight, labor, materials and analyses of samples.

## Appendix 2-11

### Summary Tax Structure for the Mining Sector in Armenia

Tax	Provision
<b>Corporate Tax</b>	
Residency and Scope	<ul style="list-style-type: none"> <li>• Under the law on Profit Tax both residents and nonresidents pay profit tax in Armenia.</li> <li>• Residents are taxed on profit derived both in Armenia and abroad, while non-residents are taxed only on income within Armenia.</li> <li>• Withholding may be reduced or eliminated by applying double tax treaties.</li> </ul>
Rates	<ul style="list-style-type: none"> <li>• Annual profit tax rate is 20%. The Law may establish, for certain payers group of payers and types of activity, a fixed payment which substitutes for the profit tax.</li> <li>• For incomes received as dividends, interest, royalty, income from the lease of property, increase in the value of property and other passive incomes the rate is 10%.</li> </ul>
Determination of Taxable Profit	<ul style="list-style-type: none"> <li>• Taxable profit is the positive difference between the gross income and the deductions allowed under the Profit Tax Law. Income and expenses shall be accounted for using the accrual method.</li> <li>• The following shall be considered as gross income: revenue derived from the sale of products and services; income derived from the sale of fixed and other assets; income received from futures, options and other similar transactions and amounts of bad debts written off, etc.</li> <li>• The following shall be considered as expenses, particularly: material cost; labor cost; obligatory social security payments; depreciation; insurance payments; non-refundable taxes, duties and other obligatory payments; interest on loans or other borrowings; payments for guarantees, guarantee letters, L/Cs and other banking services and court expenses etc.</li> </ul>
Non-Allowable Deductions	The Profit Tax law specifies that the following expenses are not deductible from gross revenue for the amount exceeding the limits specified by the government: payment for violation of pollution laws; training of staff outside Armenia; expenses for special nutrition and uniforms for the employees; representative expenses; expenses on the maintenance of public health institutions, rehabilitation camps, culture, education and sport institutions; expenses on services rendered by the taxpayer, which are not related to the production of goods, etc.
Depreciation	Assets depreciation deductions, calculated on the initial cost of the assets on a straight-line basis, is allowed based on the useful life of the following assets: <ul style="list-style-type: none"> <li>• Building/constructions (20 years);</li> <li>• Assembly lines/robot equipment (10 years);</li> <li>• other fixed assets (5 years)</li> </ul>

Losses	<ul style="list-style-type: none"> <li>An enterprise that incurs a loss in one accounting year may carry it forward to be offset against profits earned in subsequent years.</li> <li>Loss carry forward is allowed for 5 years</li> </ul>
Social Security	<ul style="list-style-type: none"> <li>Armenian and foreign employers are required to withhold, at variable rates, monthly social security contributions from their employees' salaries and wages</li> <li>In addition to the contribution made by employers, every employee must make a contribution of 3% of wages or salaries.</li> </ul>
Value Added Tax (VAT)	<ul style="list-style-type: none"> <li>Everyone who conducts independent economic activity (business) in a legal form and carries out taxable transactions must pay VAT.</li> <li>Deductions are not permitted to be offset against revenue in calculating level of economic activity.</li> <li>VAT should be calculated and paid on the amount exceeding AMD 10 million.</li> </ul>
Rates	<ul style="list-style-type: none"> <li>VAT is a non-cumulative tax. In calculating the VAT, Armenia uses the credit method for all businesses.</li> <li>The general VAT rate is 20% of the turnover of taxable goods and services, which is equal to 16.67% of VAT-inclusive prices.</li> </ul>
Exemptions and Zero Rating	<p>Some transactions and operations are exempt from VAT and some are rated at zero percent. The difference between exemption and zero rating is that:</p> <ul style="list-style-type: none"> <li>Exemption does not compensate a seller for VAT paid and incorporated at earlier stages of the distribution chain;</li> <li>Zero rating removes taxes incorporated at all stages.</li> <li>Imported equipment for mining is exempt from VAT</li> </ul>
VAT Refund	<ul style="list-style-type: none"> <li>All VAT paid on exported mineral commodities are subject to a complete VAT refund</li> </ul>
Excise Tax	<ul style="list-style-type: none"> <li>Legal persons and individuals producing or importing into the RA the excisable goods must pay excise tax.</li> <li>The amount paid for excise stamps is considered to be an advance payment of the excise tax.</li> </ul>
Property Tax	Property tax applies to individuals, legal persons and enterprises without the status of a legal person who own property in the territory
Tax rates	<p>The following items are taxable at value/size:</p> <ul style="list-style-type: none"> <li>Public and industrial buildings (6-8%)</li> <li>Machinery (500AMD/hp for large machines)</li> </ul>
Land Tax	Landowners, permanent or temporary users of state property land are land taxpayers.
Tax base/rate	<ul style="list-style-type: none"> <li>The land "cadastral" (valuation system) is used to determine the value of the land.</li> <li>For non-agricultural land the rate is 0.5-1% of the "cadastral" value of the land.</li> </ul>

<b>Withholding Tax</b>	Withholding Tax on Corporate Profits withheld at the rate of 10% for following: dividends, interest, leasing income, royalty, other income received from Armenian sources rates:
<b>Dividends and Royalties</b>	The domestic rate of tax on non-resident's dividends and royalties is 10%.

## Appendix 2-12

### VAT Refund Process and Areas of Delay in Repayment

Regional Sale Scenario –1	Month							
	1	2	3	4	5	6	7	8
▲ Initial sale of concentrate destined for Korea								
Transfer concentrate to Armenia border	*							
Onward forwarded to Iran/Georgia	*							
Appropriate receipts/verification received	*							
Receipt/verification returned to seller	*							
VAT refund request filed with Min. of Revenue		*						
Ministry of Revenue verification			*					
Transfer of approved request to Min. of Finance			*					
Ministry of Finance authorizes refund				*				
Seller is notified				R				
<b>Total Time – 3.2 Months</b>								
<b>Complex Sale Scenario – 2</b>								
▲ Initial sale of concentrate destined for Korea								
Transfer concentrate to Armenia border	*							
Onward forwarded to port facility	*							
Forwarded to Korea		*						
Arrives in Korea		*						
Appropriate receipts/verification received			*					
Receipt/verification returned to seller			*					
VAT refund request filed with Min. of Revenue			*					
Ministry of Revenue verification				*				
Transfer of approved request to Min. of Finance				*				
Ministry of Finance authorizes refund					*			
Seller is notified					R			
<b>Total Time 4.25 Months</b>								
<b>Additional Delays Scenario – 3</b>								
Border Delays	*							
Loading/unloading delays		*						
Recertification of receipt			*					
Recertification of value				*				
<b>Total Time in Delays – 3.5 Months</b>								
<b>Additional Delays Scenario – 4</b>								
Failure of Government to certify	*							
Failure of Government to pay		*						
Court procedures					*			
Reapproval of VAT refund						*		
<b>Total Time in Delays – 6 Months</b>								

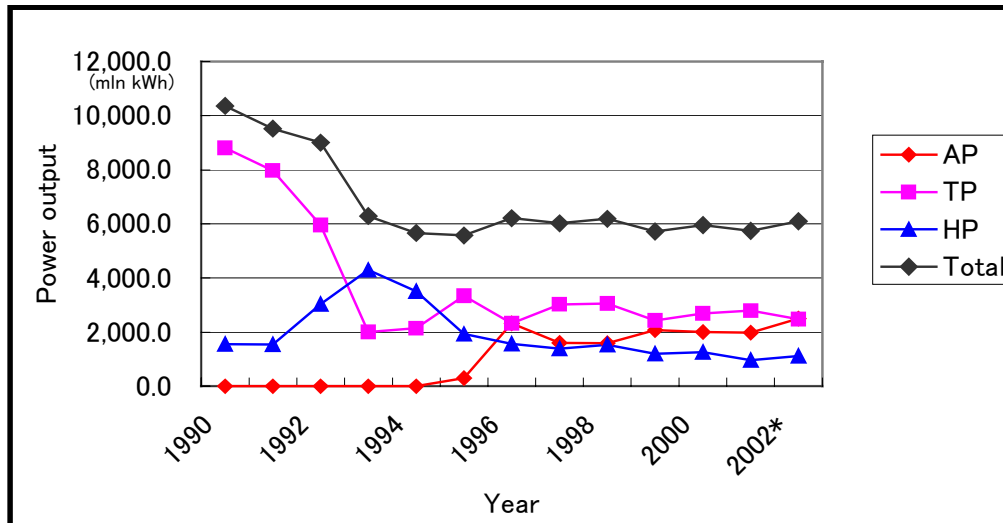
## Appendix 2-13

### Financial Impact of Delayed VAT Return on Industry

Item	Months					
	1-3	4-6	7-9	10-12	1-3	4-6
<b>Delay Scenarios</b>						
Scenario 1+3			▶			
Scenario 1+3+4						▶
Scenario 2+3			▶			
Scenario 2+3+4						▶
<b>Loss to the Company</b>	<b>Loss</b>					
Scenario 1+3	▲US\$6,750					
Scenario 1+3+4	▲US\$12,750					
Scenario 2+3	▲US\$7,750					
Scenario 2+3+4	▲US\$13,750					
<b>Loss Calculation Assumptions</b>						
VAT rate	20% Sales Value					
VAT paid on mineral product	US\$100,000					
Simple Interest Rate on Capital	12%					
Total Interest/year	US\$12,000					
*** Note: Delays are representative of those reported by industry						
*** Note: Calculated losses are hypothetical and would vary according to VAT paid						

## Appendix 2-14

### Electric Power Generation Composition



Year	Power Output (mln. kWh)				Power Output (%)			
	AP	TP	HP	Total	AP	TP	HP	Total
1990	0.0	8,807.0	1,555.0	10,362.0	0.0	85.0	15.0	100.0
1991	0.0	7,970.0	1,546.0	9,516.0	0.0	83.8	16.2	100.0
1992	0.0	5,960.0	3,044.0	9,004.0	0.0	66.2	33.8	100.0
1993	0.0	2,003.0	4,292.0	6,295.0	0.0	31.8	68.2	100.0
1994	0.0	2,144.0	3,514.0	5,658.0	0.0	37.9	62.1	100.0
1995	304.0	3,338.0	1,932.0	5,574.0	5.5	59.9	34.7	100.0
1996	2,324.0	2,318.0	1,568.0	6,210.0	37.4	37.3	25.2	100.0
1997	1,600.0	3,031.7	1,389.1	6,020.8	26.6	50.4	23.1	100.0
1998	1,589.5	3,064.2	1,537.3	6,191.0	25.7	49.5	24.8	100.0
1999	2,078.3	2,438.5	1,199.3	5,716.0	36.4	42.7	21.0	100.0
2000	2,005.4	2,691.9	1,260.3	5,957.6	33.7	45.2	21.2	100.0
2001	1,986.7	2,790.3	967.0	5,744.0	34.6	48.6	16.8	100.0
2002*	2,499.6	2,474.6	1,126.2	6,100.4	41.0	40.6	18.5	100.0

(Reference: Ministry of Energy)

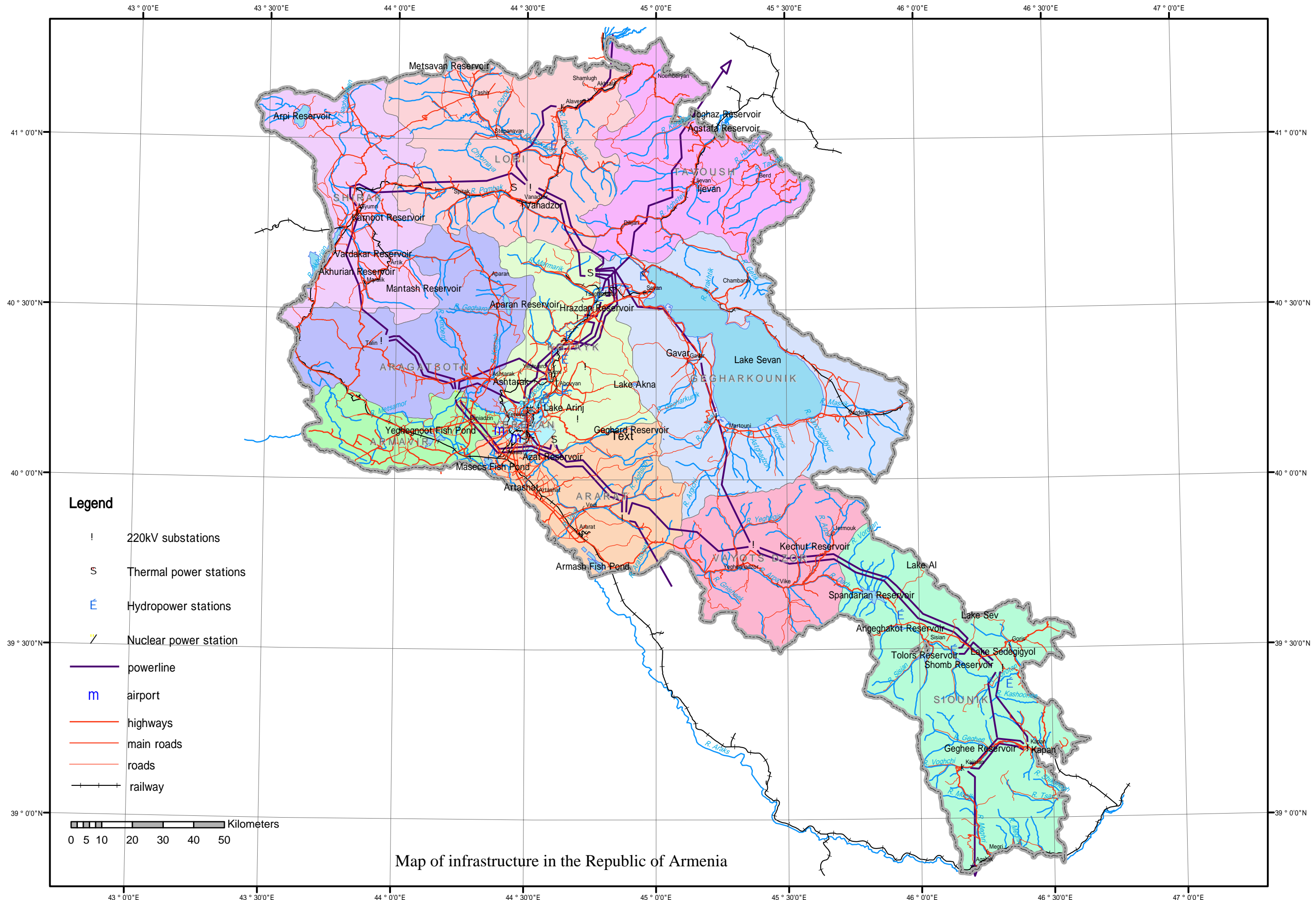
AP: Atomic power  
 TP: Thermal electric plants  
 HP: Hydro-electric plants

### Electric Power Cost and Rate as of 2001

(unit: AMD/kWh)

Electric power station	Primary cost without VAT	Sale power rate with VAT	Power transmission charges with VAT	Power rate to costumers of high-voltage line with VAT	Power rate to costumers of low-voltage line with VAT
Atomic power plant	7.5	9.3	-	-	-
Yerevan heat station	15.6	19.0	-	-	-
Razdam heat station	14.5	17.7			
Sevan-Razdam coordinated hydroelectric system	4.5	6.3			
Vorotan coordinated hydroelectric system	1.9	3.0			
Total	8.8	-	1.0	20.0	25.0

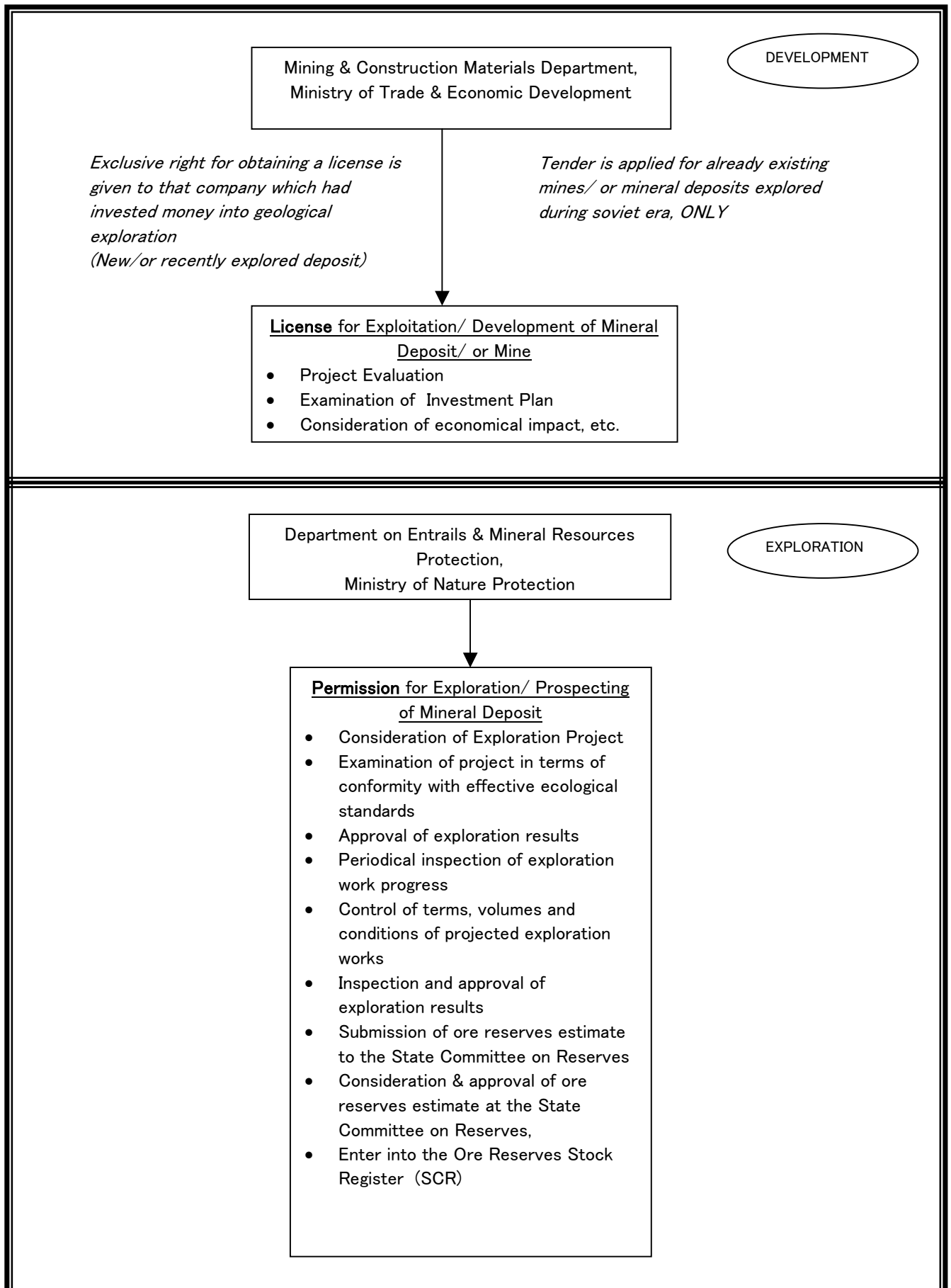
(Reference: Ministry of Energy)





## Appendix 2-16

### Granting of License for Exploitation/Development & Permission for Exploration/Prospecting.



## Appendix 2-17

### Licenses for Geological Exploration and Exploitation/Development

#### A. Geological Exploration Works

#	Name	Metal	Size km <sup>2</sup>	License Holder	Expiry
1	Verin Vardanadzor showing	Au, Ag	4	"Pyrop" OJSC	-
2	Voskedzor showing	Au	4	"ASSAT" OJSC	-
3	Mardjan deposit	Au, Ag, Cu, Pb, Zn		"AAA" OJSC	-
4	Kakavasar showing	Au, Ag	4	"ASSAT" OJSC	-
5	Gladzos deposit	Pb, Zn, Ag		"ASSAT" OJSC	-
6	Ankavan deposit	Cu-Mo		"AAA" OJSC	-2003
7	Tandzut showing	Au	0.15	"Pyrite" OJSC	-2004
8	Tuhmanuk deposit	Au	2	"Mego Gold" OJSC	-
9	Ankadzos deposit	Cu	0.5	"Pyrite" OJSC	-2005
10	Privolnensky deposit	Pb-Zn		"Metal Prince" Armenian Branch	-2005
11	Metsodzor ore field	Cu-Mo, Au	2	"Galenit" OJSC	-
12	Kachachkut ore field	Cu	8.2	"Metal Prince" Armenian Branch	-2005
13	Getik ore field	Au	2	"Pyrop" OJSC	-
14	Martsiget deposit	Au, Cu, Pb, Zn	8.2	"ACP" CJSC	-2004
15	Agvin showing	Cu	3	"ACP" CJSC	-2004
16	Masrik showing	Au (placer type)	0.3	"Sagamar" OJSC	-
17	Bartsravan showing	Au	1.9	"ASSAT" OJSC	-

#### B. Exploitation/Development of Mineral Deposits

#	Legend #	Name	Metal	License Holder
1	10	Tehkut deposit	Cu-Mo	"ACP" CJSC
2	22	Armanisi deposit	Au, Ag, Cu, Pb, Zn	"Sagamar" OJSC
3	3	Alaverdi deposit	Cu	"ACP" CJSC
4	17	Mgartsy deposit	Au	"Gemos" OJSC
5	19	Lichkvaz-Teyski deposit	Au, Ag, Cu	"Sipan 1" OJSC
6	20	Terterasar deposit	Au	"Sipan 1" OJSC

(Reference: Ministry of Nature Protection)

OJSC: Open Joint Stock Company  
CJSC: Close Joint Stock Company

### Licenses for Operating Mines

No	Company	Mineral deposit	License No	Contract No	Actual State	Mine Site	Notification
1	Zangezur CJSC	1. Kajaran Copper-Molybdenum	L-919	P-52	Operating	Provided	
2	Kapan CJSC	1. Central copper underground 2. Shahumyan Au-polymetallic	L-948 L-947	P-117 P-150	Operating Operating	Provided	
3	Agarak CJSC	1. Agarak Copper-Molybdenum	L-643	Will be concluded 21.06.01	Operating	Provided	
4	Akhtala CJSC	1. Shamloukh copper underground 2. Akhtala Au-polymetallic	HVSH-13/6 HVSH-13/5	P -112 Until 24.07.00	Will be operating from July 2001  Not operating	Provided	Recalculation of reserves according to the contract, SRC (State Reserve Commission) approval
5	Ararat Gold Recovery Co.	1. Sotk Gold 2. Megradzor Gold	HVSH-13/4 0 HVSH-13/8 9		Operating  Operating	Provided	Needs geological reassessment and verification, Needs geological reassessment and verification,

(Reference: Ministry of Trade and Economic Development)