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THE WORLD BANK



TAX ADMINISTRATION AND TAX PERCEPTIONS IN ARMENIA

SURVEY CONDUCTED AMONG TAXPAYERS
2018 Survey Main Results and Some Comparisons with 2016 and 2013 surveys

CRRC-Armenia
December 2018

About the report

This Report presents the main findings of a survey on tax administration and tax perceptions among Armenian taxpaying organizations and individual entrepreneurs, conducted in October–November 2018. The survey showed a positive trend in the attitudes of the taxpayers toward tax administration and compliance, especially over the last two–three years.

ACKNOWLEDGEMENTS

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- All taxpayers who participated in the survey and interviewers for cooperation.

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- Aharon Chilingaryan, who developed the report, contributed to the development of the research tools and survey design,
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ACRONYMS

VAT	Value Added Tax
NA	National Assembly
BTP	Business taxpayer
EEU	The Eurasian Economic Union
A	Annex
WB	The World Bank
RA	The Republic of Armenia
SRC of RA	The State Revenue Committee of the Republic of Armenia
RA SC	Statistical Committee of the Republic of Armenia
GDP	Gross domestic product
RA	Refuse to answer
LTD	Limited Company
CRRC	Caucasus Research Resource Center
OECD	Organization for Economic Cooperation and Development
HH	Household
DK	Don't know
CJSC	Closed Joint Stock Company
TAMP	Tax Administration Modernization Project

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FOREWORD

DAVIT ANANYAN

Chairman, State Revenue Committee of the Republic of Armenia

Dear reader,

State Revenue Committee is continuously working on tax administration modernization and providing better services to the taxpayers. Nowadays, the priority for tax authority is to optimize tax collections while minimizing taxpayer compliance costs and administration costs.

In this process, it is important to systematically diagnose the revenue administration development processes through perceptions on tax administration among taxpayers. The objective is to identify common challenges and possible inconvenience for the taxpayer in order to shape the revenue administration development strategy accordingly.

The State Revenue Committee appreciates the report done by Caucasus Research Resource Center-Armenia. The results of the report show, that in most cases taxpayer's positive attitude towards tax administration and tax authority has increased. At the same time, SRC values all the feedback received from the taxpayers as it gives us the opportunity to address the raised issues in upcoming development policies.

We believe that initiatives like this are important steps towards invigorating the dialog between public and private sectors.

K. MIGARA O. DE SILVA

Senior Economist, Governance Global Practice, WBG

First of all I would like to thank the team which prepared this comprehensive follow up survey. We had a discussion with the SRC Management that periodic surveys such as this one need to be carried out to further identify areas of reforms and any potential gaps which the SRC could then effectively address to reinforce the efficiency and effectiveness of the Armenian Tax Administration. Regular feedback from tax payers and constant engagement with them to enhance efficiency and transparency remain pillars of all advanced tax administrations. Therefore I am pleased that SRC is thinking about instituting this approach as an integral part of the Armenian Tax Administration.

TAMP implemented several complex integrated IT packages, critical for the modernization of the tax administration. Let me highlight few key achievements of the project:

- TAMP introduced simplified procedures to remove barriers for tax payers to fulfill their obligations through, among others, e-filing and enhanced taxpayer services. For example, in 2011, the percentage of total tax filed electronically was 20% and today approximately it has reached 98%, meeting the levels achieved by most of the OECD country in this respect. Tax payer services have also significantly improved with the establishment a call center and other internal reforms.
- Modernization of core information technology systems which include the integration of data bases, centralized data processing, back-up (disaster management) and third party data sharing – for example, with the Cadaster, Police, Central Bank, were established under TAMP.
- Project also established a modern risk-based (computerized) audit case management system to improve compliance and a well-targeted enforcement mechanism. This reform measure significantly reduces opportunities for individual discretion, thereby enhancing the transparency and accountability of the tax administration.
- Support to SRC's training center, establishment of a modern Data Warehouse with a large number of state-of-the art servers and other IT support, Disaster Management Unit in Dilijan, and funding several study visits to support the SRC's IT staff to help design some of the important IT packages based on international best practice.

We look forward to supporting the SRC in the future.

TAX ADMINISTRATION AND TAX PERCEPTIONS IN ARMENIA: SURVEY OF TAXPAYING ORGANIZATIONS AND INDIVIDUAL ENTREPRENEURS 2018

This report presents the main findings of a survey on tax administration and tax perceptions among Armenian taxpaying organizations and individual entrepreneurs conducted in October-November 2018.

Similar surveys were conducted two and five years ago, and some of the observations are presented in comparison to [2016 and 2013 findings](#).

SUMMARY: THE MAIN FINDINGS OF THE ORGANIZATIONS' AND INDIVIDUAL ENTREPRENEURS' SURVEY

The survey results showed a positive trend in the attitudes of the taxpayers toward tax administration and tax compliance especially over the last two-three years. There are only a few indicators toward which the taxpayers' perceptions or basic tax administration functions have worsened.

The main findings are presented below:

In terms of the perceptions on tax compliance:

1. According to businesses, tax administration reforms essential for the improvement of the business environment should include expansion of customer services for taxpayers. Moreover, the level of appreciation for the customer services provided by the tax authority should grow simultaneously as the level of discussions and finding corporate solutions to basic tax issues grow.
2. Around half of the taxpayers do not know whether professional organizations or sectoral unions and associations can contribute to the improvement of tax policy and tax administration.
3. Business taxpayers are new to the activities of the Social Council of Revenue Administration Reforms of the RA State Revenue Committee.
4. The responses to the question “According to your estimations, what is the actual percent of the turnover for the entire economic activity type your business belongs to hidden from the tax authority (shadow amount)” revealed an average 16.2 percent shadow amount. Moreover, the responses to this sensitive question on the undeclared turnover are comparable to the responses to the question on undocumented expenses. The average rating for all procurements in the procurement without documentation sections is 12.7 percent. The desire to decrease the shadow economy was surprisingly unanimous. However, businesses were not as concerned only with possible price growth (21 percent), rather they worried about the possible confusion, disruption of business ties, and that it would cause tension or conflict between various groups in society (23.6 percent).
5. Entrepreneurs' perceptions toward customs administration have become more “favorable” after joining the Eurasian Economic Union.

6. The notion of the Tax Code is gradually finding its place in the perceptions of the taxpayers. It is thought to be contributing to the accessibility of the legislation.
7. The share of tax compliance based on “fear” has increased from 53.3 percent in 2013 to 65 percent in 2018.
8. The businesses were ready to be more law-abiding, however 13.3 percent think that the people around them would not appreciate it, and 19.5 percent think that the “tax inspection” committee would not appreciate it.

In terms of the perceptions of the services provided by the tax authority:

1. Almost all business taxpayers have rated the electronic system of submitting reports (98.1 percent of respondents) and the E-invoicing system (96 percent of respondents) particularly useful. It is noteworthy, that only 75.3 and 58 percent of the respondents in 2013, respectively, had considered these systems useful.
2. The Law-abiding Taxpayers Registration System rendered by the SRC was found useful and very useful by 71.8 percent of respondents in 2018 (compared to 58.8 percent in 2013), while the Tax Calendar and the RA Taxpayers Search System, 79.8 and 86.8 percent of respondents, respectively (compared to 66.8 and 55.8 percent in 2013). Meanwhile, the difference between the Online Notification System, Online Correspondence System and the E-mail Delivery System is not clearly perceived among the respondents.
3. According to 63 percent of respondents automation of tax administration functions during the last three years has resulted in a reduction of business expenses. Meanwhile, only 45.7 percent of individual entrepreneurs share this opinion.
4. Questions regarding the three new types of services show that while businesses are aware of the consolidated account, and the other two services, they are skeptical about their impact on the simplification of business processes. This opinion is particularly true about the consolidated account. The Consolidated Treasury Accounts were particularly known for enabling 24/7 access to online information on taxpayers’ tax obligations/responsibilities.
5. The majority of the respondents are not confident that transferring the responsibility of providing official tax-related clarifications from SRC to the RA Ministry of Finance (as of July 1) will contribute to a more precise performance of tax administration functions, allowing SRC to focus on its own obligations. This function needed better clarification and justification.
6. The Horizontal Monitoring System requires serious preparation and clarifications.
7. Programs offered by the SRC Training Center were current awareness about the seminars was sufficient and the quality of the trainers and the trainings were considered high respectively by 84.1, 84.4 and 78.6 percent of the respondents who were aware of the Center. At the same time, 34.4 percent of the respondents do not agree that trainings offered by the SRC Training Center are more useful in comparison with those provided by the private sector.

8. The majority of the respondents (81.8 percent) considered the work of the Call Center (Hotline) useful and very useful. Sixty-three point seven percent of the respondents expressed obvious satisfaction with the quality of the call center services, meanwhile, only 41.5 percent of the taxpayers considered them accessible from a quick response perspective.
9. The perceptions and the assessment of the Taxpayer Service Centers were very positive. However, there were reservations about their technical capacity.
10. The survey revealed an interesting change: the preferred source of information about changes in tax regulations has become the tax authority directly.
11. Businesses do not require new services from the tax authority, instead they expect improved timeliness and quality of information provided to the taxpayers by the tax authority. From the new services, the respondents mentioned only adoption and future use of modern technology (for example, mobile tax application, as well as a new information portal).
12. The impact of the tax administration measures in the past years on specific indicators:
 - ✓ The analysis shows a significant increase in the perceived usefulness of various services based on modern digital technologies, particularly the online notification and e-invoicing systems. The average usefulness rating of the services mentioned above has increased by 26 percent points from 2013 to 2018, almost equally in the given time.
 - ✓ Regarding the question: “How do you rate, the impact of the initiatives undertaken by the Government of RA over the last few years for the improvement of tax legislation and administration on business activity and business environment?” The 2018 survey findings, compared with 2016 and 2013 data, shows that the share of the positive ratings of the initiatives for the improvement of tax administration has significantly increased, from 21 percent to 62.5 percent. However, a segment of the respondents in the past years – about one third – had already considered them sufficient.

In terms of the measures influencing the taxpayers:

1. The businesses did not mention any surprises connected with tax inspections. Only 23.5 percent of the business taxpayers had expressed disagreement in the process of the inspections. Additionally, only 18.1 percent of the businesses went to the court, and only 21.3 percent were satisfied with the appeal results of the inspection ruling.
2. The role of the Monitoring Center to identify and notify businesses about risks is still being developed; in some instances, they “overestimate” the real sector risks. However, in general it is welcomed.
3. The analyses in tax internal study protocols have already gained a steady and valued role among the tax administrators and business taxpayers.
4. In terms of the tax collection function, the taxpayers are only partially confident, that the tax authorities show fair and equal attitude toward everyone. This indicator should be improved, especially in the regions.

In terms of organizing tax operations in businesses:

1. Business taxpayers are still not inclined to outsource the preparation of the accounting, financial, or tax reports. Only 18 percent of the respondents reported outsourcing. This practice is even lower in the regions but is high among young businesses (businesses with less than six years of active operation)—around 21.7 percent.
2. Using consulting services is also not the norm. Most businesses are “universal,” and know how to do everything. However, there is a higher demand for legal consulting services (10 percent). Only eight percent of the respondents use tax consulting services.
3. The budget for trainings on accounting and tax topics is very low. Eighty point eight percent of the businesses do not allocate any funds for tax and accounting trainings.
4. The businesses were very optimistic about the expected and predicted financial results for the current year, and the next three years: only seven point six percent predicted losses. Such optimism is an important factor for productive creative approaches. At the same time, it is desirable and important that it is based on awareness, and not on a popular pathos of the time.

INTRODUCTION

The tax system of the Republic of Armenia has seen significant changes in the past five years. One of the biggest changes was the adoption of the Tax Code in October 2016, which entered into effect on the 1st of January 2018. As of July 1, 2018, the jurisdiction to give official clarifications of tax and customs questions was transferred from the tax authority, the State Revenue Committee of the Republic of Armenia, to the tax policymaking authority of the Republic of Armenia, the Ministry of Finance. Currently tax and customs services in Armenia are provided by one entity—the State Revenue Committee. Since 2015, Armenia has been a member of the regional economic union—Eurasian Economic Union—in the framework of which a common policy and administration in the field of customs and indirect taxes is implemented. Armenia has signed several international agreements, including the framework of the OECD, which relate to the automatic exchange of data and other tax administration issues. According to the WB Doing Business project, numerous legislative changes related to tax administration issues have been discussed and implemented in Armenia in the recent years. These legislative changes also concern the further strengthening of the corporate governance system, in particular the increase of the role of the independent members of the board of directors and the mandatory establishment of the internal audit committee.

The WB, through the Tax Administration Modernization Project implemented with the Government of the Republic of Armenia, supports the capacity strengthening of the tax authority in Armenia and improvement of the services provided to taxpayers.

This research aims to gauge the impact of the changes listed above on the perceptions and attitudes of businesses and individual entrepreneurs toward the composition, structure, and quality of tax administration services in Armenia. The research has focused solely on tax administration issues in all its sections:

- Taxpayer services, especially focusing on electronic services using modern technologies;
- Tax collection, enforcement measures, and tax control functions;
- Processes of appeal for tax disputes.

The survey took into consideration the distribution of the respondents by tax regimes, business size, and other necessary factors to ensure representation of responses. Other factors related to tax issues have also been considered: relation to external economic activity; whether handling of accounting and taxation is done in-house or outsourced; how the performance of the tax authority is affected by dealing with atypical issues; the possible impact of the legal and stock structure of the business; foreign capital participation; etc. The availability of data with such a variety of dimensions creates opportunities for other similar analyses by researchers, public authorities, professional community, and other stakeholders.

It should be noted that the primary focus on tax administration issues allowed exploring the attitude of taxpayers on almost all administrative functions (except tax imposition measures in tax collection). From that perspective, this survey is unique and can contribute to improving the efficiency of tax administration.

Note 1 on charts, tables and data:

All the charts and tables reflect the valid percentages, unless noted otherwise. In the cases where the respondents could choose more than one answer, the percentages do not add up to a 100—it is driven by the specificity of the analysis and is not a mathematical mistake. Numbers presented in the analysis may differ slightly from the numbers in the charts and tables, resulting from rounding up the numbers. In some cases smaller numbers are excluded to avoid clutter in the presentation of the data.

Note 2 on the presentation of the charts, tables and data:

The narrative contains references to charts and tables. Additionally, readers can have access to other materials, such as cross tabulations and comparative charts, which have been analyzed and used in the report, however are only partially included in the narrative or the annexes to avoid clutter. These additional materials are available at CRRC – Armenia Office or the [website](#).

Similar studies have been conducted by CRRC in 2013 and 2016. This Report draws comparisons with the past studies when relevant.

SURVEY METHODOLOGY AND SAMPLE

The aim of the nationwide survey among taxpayer organizations and individual entrepreneurs conducted in September-November 2018, was to reveal the perceptions of the business taxpayers on tax administration. In some cases, it was also possible to show how these perceptions have changed since the 2013 and 2016 tax perception surveys.

1. The main characteristics of the survey among organizations and individual entrepreneurs

- *Method of data collection* – face to face interviews;
- *Data collection tools* – standardized questionnaire and show cards;
- *Target population of the survey* – taxpaying organizations and individual entrepreneurs;
- *Coverage* – all marzes (regions) of the Republic of Armenia, including Yerevan;
- *Sampling frame* – the list of taxpaying organizations and individual entrepreneurs provided by the State Revenue Committee of the Republic of Armenia.

2. Sampling Methodology

Below are the main sampling principles of the survey:

- *Non-proportional stratified sample* by taxpayer legal type (organization, individual entrepreneur) and the volume of annual turnover (below 58.35 million AMD, between 58.36-115 million AMD million AMD, and over 115 million AMD);
- *Distribution of the organizations in each stratum* based on their significance (*non-proportional*);
- *Main sample* – random selection of businesses in each stratum;
- Drawing one *reserve sample*;
- *Sample size* – 400 taxpayer organizations and individual entrepreneurs;
- *Selection of the respondents* – decision makers in the organization (e.g. the director, chief accountant, etc.)

The following tables (1-4) and Figure 1 present the summary of the taxpayer organizations and individual entrepreneurs by marz, type of organization, and the volume of annual turnover.

Table 1: Composition of the taxpayers' sample

	Main Sample	
	2018	2016
Organizations	343	164
Individual Entrepreneurs	57	218
Total	400	382

Table 2: Number of the selected taxpaying organizations by marz

Marz	Sample distribution of business taxpayers by marz		
	2018		2016, number
	Number	Share, %	
Yerevan	210	61.2	105
Aragatsotn	4	1.2	2
Ararat	34	9.9	1
Armavir	31	9.0	6
Gegharkunik	14	4.1	2
Lori	6	1.7	6
Kotayk	5	1.5	17
Shirak	12	3.5	13
Syunik	6	1.7	4
Vayots Dzor	3	0.9	3
Tavush	18	5.2	5
Total	343	100.0	164

Comparison of the data in these tables with the official statistics (RA SC, Marzes of the Republic of Armenia and Yerevan city in figures, 2018) shows that survey responses in Yerevan and the marzes are representative for the business community. Thus,

- The share of Yerevan in the economic sector of Armenia, by spheres:
 - Industry – 40.8 percent
 - Construction – 47.9 percent
 - Retail – 74.1 percent
 - Services – 80.8 percent
- Yerevan share in the GDP – 57.7 percent

Table 3: Distribution of the business taxpayers by the volume of the annual turnover, 2018

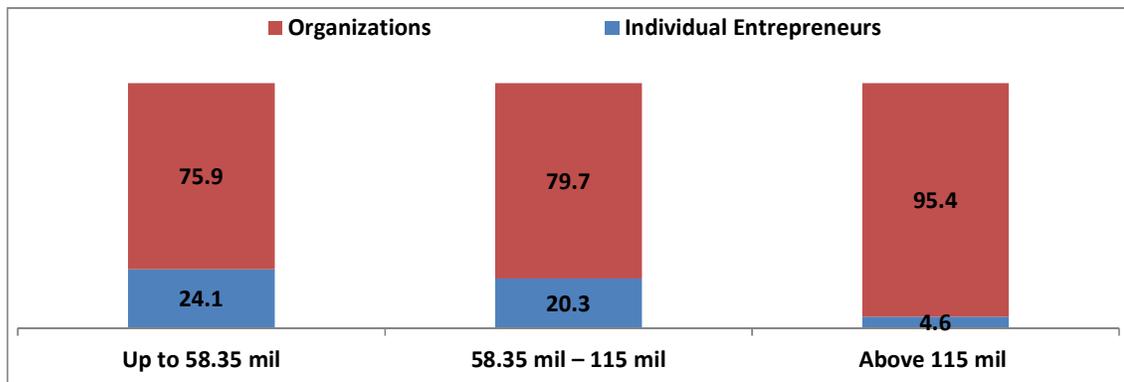
Turnover, million AMD	Main sample 2018
Below 58.35	79
58.35 – 115	148
Above 115	173
Total	400

Table 4: Composition of the sample by the type of organization and the volume of the annual turnover, 2018

Turnover, mln. AMD	Individual Entrepreneurs	Organizations	Total
Below 58.35	19	60	79
58.35 – 115	30	118	148
Above 115	8	165	173
Total	57	343	400

The table above and the chart below show that the share of the organizations with a 58.35-115 million AMD annual turnover is 80 percent.

Figure 1: Distribution of the organizations and individual entrepreneurs by the volume of the annual turnover, 2018 (% according to the turnover volume)



Specialists and officials with financial backgrounds constituted 54 percent of the surveyed respondents, while the share of the managers was 32.4 percent (see Figure 2 and Table 2.4). In many cases during the interview the managers asked the accountant or another informed employee to answer the questions.

Figure 2: What is your position in the organization?



The level of education of the entrepreneurs, or their representatives, was quite high: around 85 percent had higher education, and nine percent had vocational education (see Table 5).

Table 5: Distribution of the respondents by the level of their education, 2018

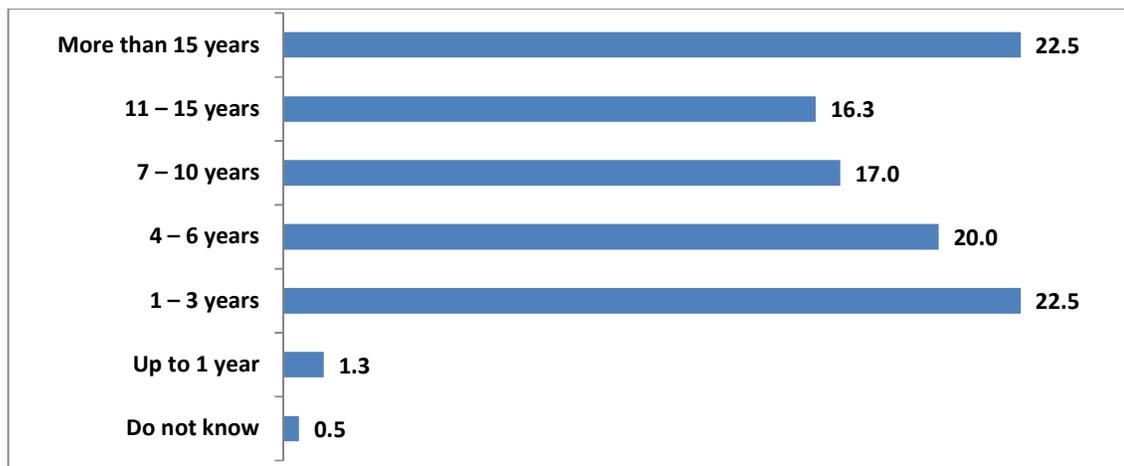
Education	Percentage, %
Secondary	2.8
Vocational	9.3
Incomplete Higher	2.5
Higher (bachelors, masters, professional)	83.8
Ph.D. and higher	1.8
Total	100

THE PROFILE OF THE ORGANIZATIONS AND INDIVIDUAL ENTREPRENEURS AND OTHER IMPORTANT CHARACTERISTICS FROM ECONOMIC AND TAX ADMINISTRATION PERSPECTIVE

The tax agenda in Armenia is still largely determined by the business community. The Constitution has defined the duty of each person to pay taxes - whether it is a natural person or a "corporate" unit – organization. Article 61 part 8 of the Constitution states the following: "Everyone shall be obliged to pay taxes, duties and other obligatory payments to the state or community budget according to the law." Business taxpayers play a key role in ensuring the development of the country through their efforts. Based on the results of the survey of 400 businesses, this research reveals the business community's perceptions about tax administration, taxation, the ease of paying them, the existing problems, and their perceived solutions.

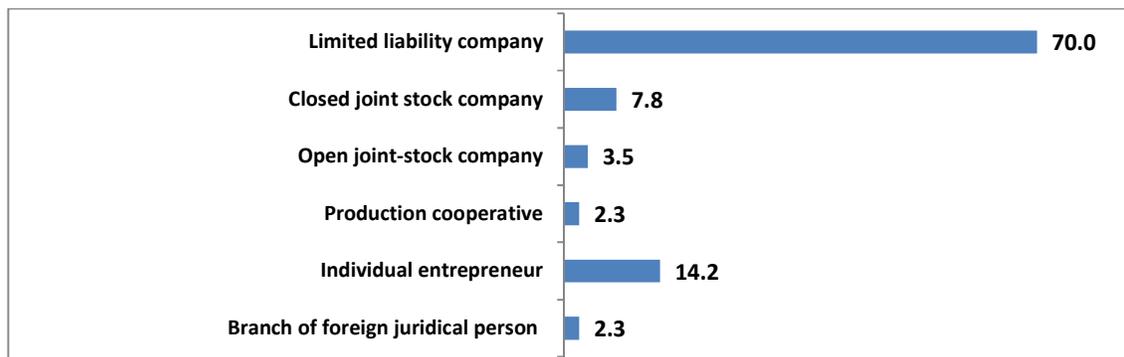
Fifty-six percent of the respondents have been operating for over seven years (see Figure 3).

Figure 3: For how many years has your business/organization been actually (actively) operating in Armenia?



Among the surveyed business taxpayers (BTP), 84.2 percent had the simplest organizational statuses – individual entrepreneurs or limited liability companies (see Figure 4). The main reason for the prevalence of these statuses may be the larger number of the required reports from the joint stock companies (e.g., recordkeeping of the stockholders and other issues), which is not as strictly regulated in the case of the LTDs.

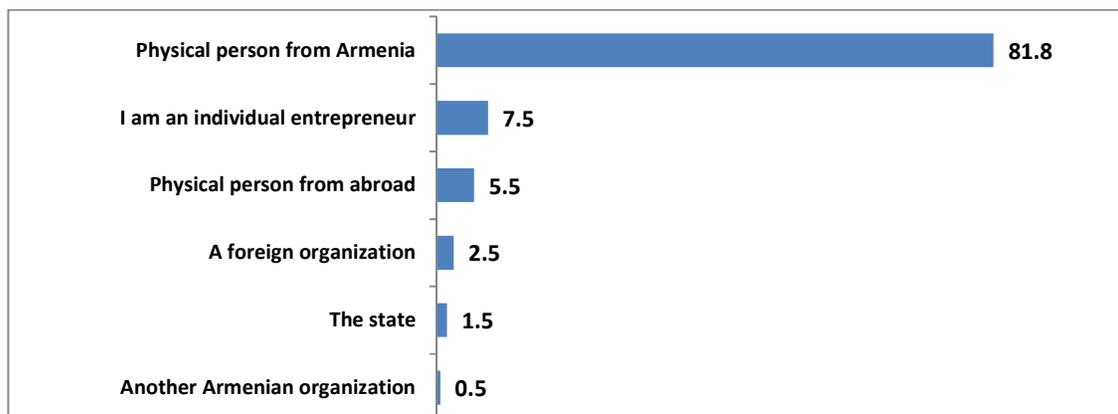
Figure 4: What is the organizational-legal status/form of your business?



Another reason for the prevalence of the independent entrepreneur status may be the desire of the business to “lay low,” including and particularly from the tax authority. Among other factors are the ease of accounting, noticeably fewer reporting demands, and the desire to start “from small and easy.”¹

There are very few foreign organizations (physical person and organization) among BTP owners, eight percent (“shareholder/participant” organization – five point five percent and physical person – two point five percent (See Figure 5)).

Figure 5: Who is the biggest shareholder/participant of your business?



Establishment of organizations by individuals, rather than by other organizations or acquisition of a subsidiary, is more common in Armenia. In 87.3 percent of the cases the main owner of the BTP organizations is a natural person.

Forty-nine percent of the BTPs are involved in the industrial sector (sum of the following economic activity sectors: “Agriculture, forestry, fishing,” “Mining and Quarrying,” and “Manufacturing”), and 51 percent is in trade and service sectors (see Figure 6).

Figure 6: What is the main type of your business operations?



Corporate governance systems are rare among the BTPs (see Figures 7, 8), with only 18.3 percent giving a positive response. A small segment of the businesses did not know what “corporate governance” means. They were also not aware of the distribution of power between the shareholders/stockholders and the managers, the meaning of the board of directors and other collegial governance bodies, and the role of committees, including the internal audit committee.

¹ Note, that no Armenian civil or other regulatory legislation requires that, in the case of certain turnover rates, or if the number of employees exceeds a certain number, the activity should be carried out under a status of a legal entity as it exists in some countries.

Figure 7: Has the corporate governance system been actually launched in your organization?

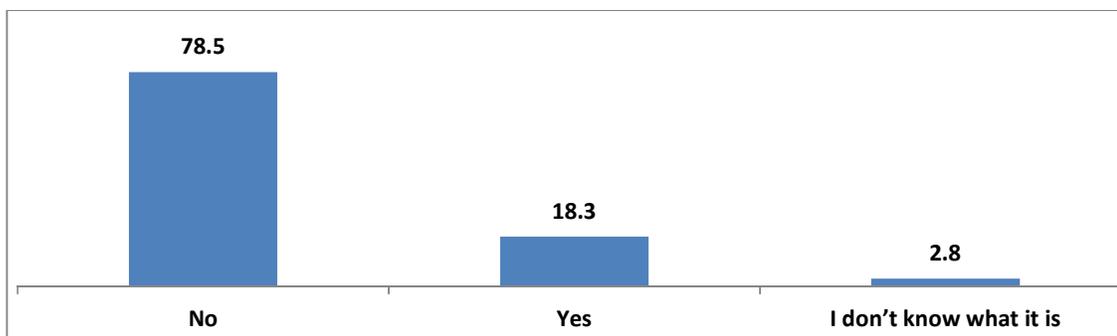
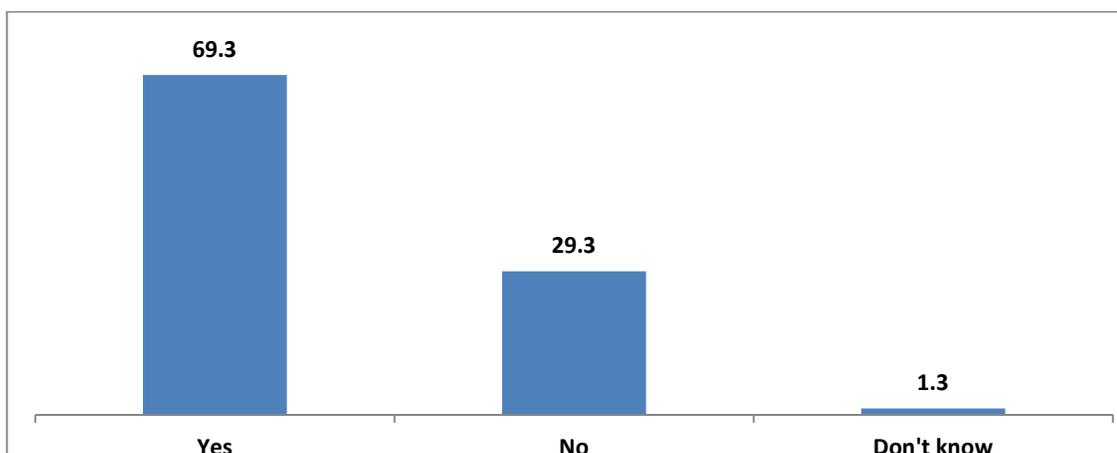


Figure 8: Is the director of your enterprise simultaneously also one of the main shareholders/participants?

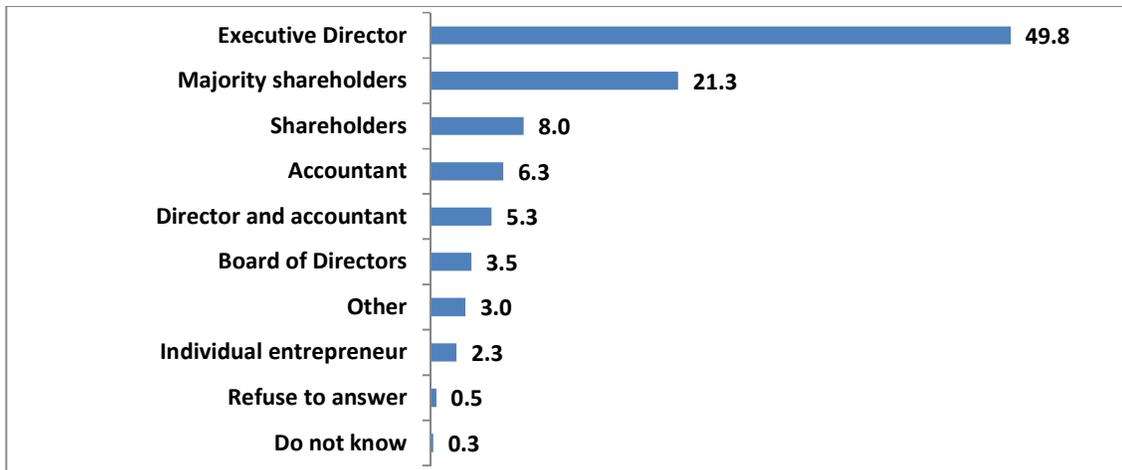


It is worth noting that back in 2010 the Government of the RA approved the code of corporate governance developed based on international standards and well elaborated in Armenian and encouraged the business community to use it as a base. Additionally, tax administration studies in other countries show that as a rule, tax compliance is usually higher in organizations with corporate governance systems. It should be noted, there has been some progress in the structure of the BTPs in this regard², particularly with the separation of the “owner/shareholder” and the “manager.” Thus, the share of the BTP organizations with a director and a main shareholder in one in 2018 was 69.3 percent, while those with a professional manager 29.3 percent.

Among the tax decision makers, the "board of directors," which is the driving force of the corporate system, does not play a big role. Only in three point five percent of the surveyed BTPs does the Board of Directors make decisions on tax issues (see Figure 9). In 21.3 percent of the cases, the shareholders make the decisions. Moreover, in seven out of ten cases the largest shareholder makes the decisions, which is fraught with the risk of inadequate consideration of the interests of small shareholders and other stakeholders, including the state.

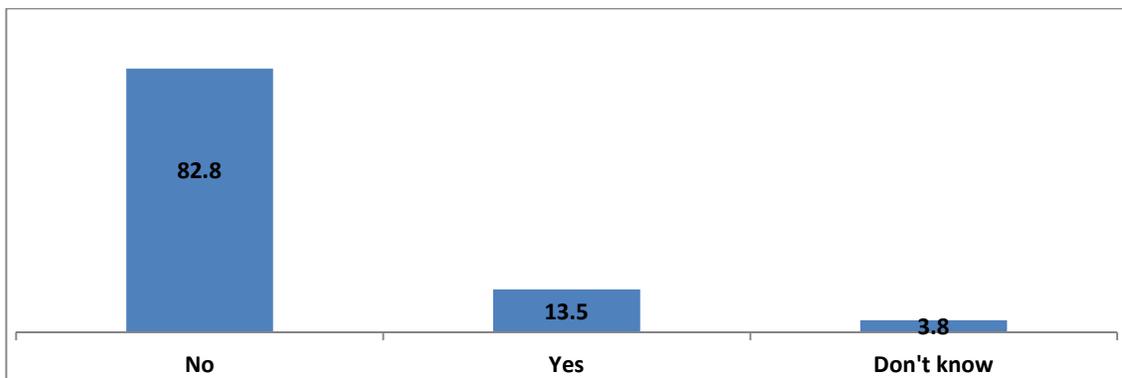
² Tax administrators globally claim that if these two levels are separated, other things being equal, allows for a discussion on tax compliance creating an opportunity for the tax authority to establish cooperation with the entire corporation.

Figure 9: In your company which bodies are the decision makers in tax-related issues?



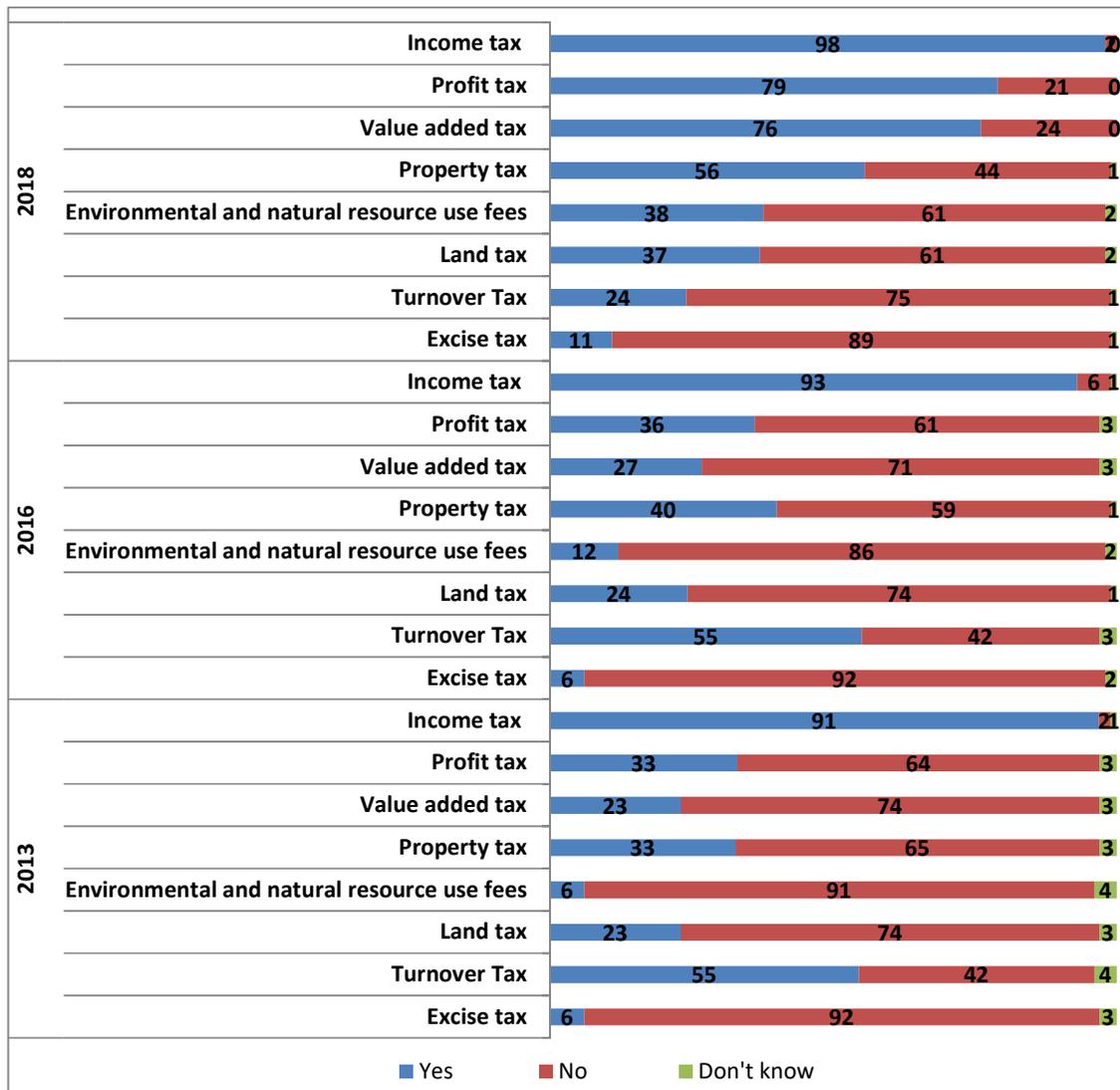
Thirteen point five percent of the respondents had a “law-abiding tax payer” status, which is quite large (see Figure 10). While growing in popularity, this status remains controversial among businesses—the status is not legally defined, therefore people are not aware of its advantages and additional requirements. One of the reasons is also the fact that those with such status often appear in the lists for inspection, and their names may appear in mass media as incompliant taxpayers.

Figure 10: Does your organization have a “law-abiding tax payer” status granted by the RA State Revenue Committee (SRC)?



Armenian businesses mostly pay direct taxes (see Figure 11).

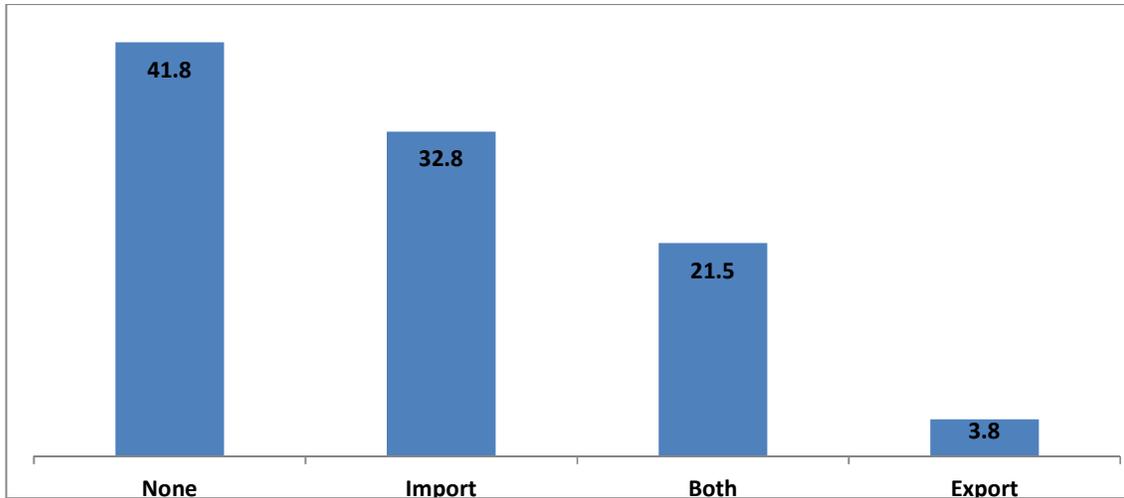
Figure 11. Please mention which of the following types of taxes are paid by your business?



Ninety-eight percent of the surveyed taxpayers deal with income tax, and 79 percent with profit tax. In general, the list of respondents was quite representative: 76.3 percent deal with value added tax (VAT), 10.5 percent with excise tax, 37.5 percent with environmental and natural resource use fees, and 37-55.8 percent with local taxes. Only the turnover taxpayers were involved in uncommon tax regimes—24.3 percent of the respondents dealt with this tax type.

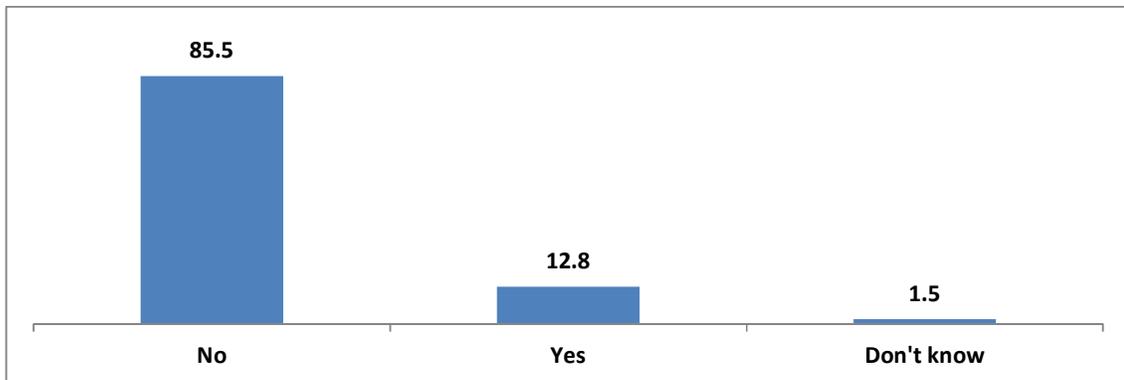
Only 41.8 percent of the taxpayers were not involved in foreign activity (see Figure 12). Around one-fifth of the respondents were involved in import and export activities. The share of the importers is 10 times more than the exporters. It indirectly shows that the RA has import tendencies, and from the perspective of tax administration indirect tax administration issues are important.

Figure 12: Is your business engaged in importing/exporting goods/services?



The BTPs do not tend to join professional organizations and unions. Only 12.8 percent are members of such organizations (see Figure 13).

Figure 13: Is your organization a member of any union, association?

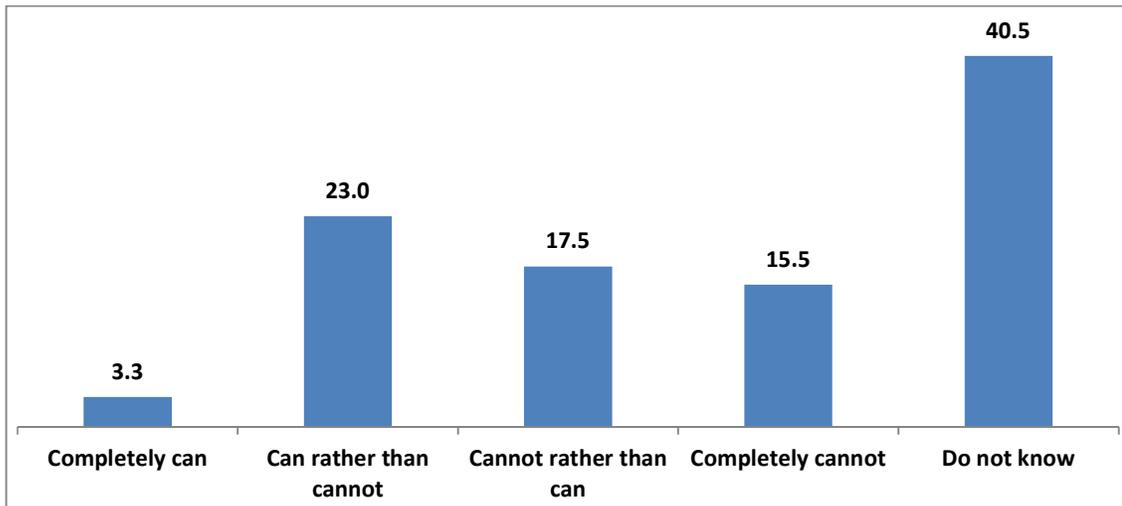


✓ Note: In comparison to the survey results of 2016, membership in professional unions and associations has increased from four to 12.8 percent.

ATTITUDES TOWARD TAX LAW ABIDANCE

Forty point five percent of the BTPs did not know how professional organizations, sectoral unions, and associations can influence improvement of tax policy and tax administration (see Figure 14). Thirty-three percent of BTPs did not think they could have an influence – only 26.3 percent believe that such influence is possible.

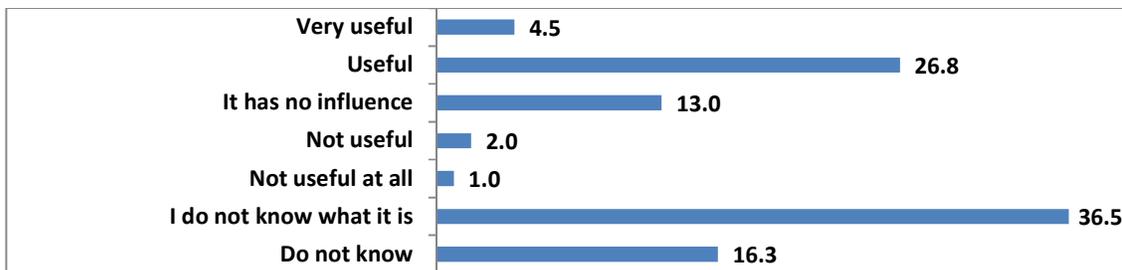
Figure 14: Do you think unions and associations are able to contribute to the improvement of tax policy and tax administration?



- ✓ Note: In comparison to the 2016 and 2013 surveys, the “faith” in the influence of sectoral unions and associations had decreased from 17 percent in 2013 to 12 percent in 2016. Between 2016 and 2018, however, we see an increase: 26.3 percent of businesses believe that their unions can have influence in tax issues (see Table A3.1). It is possible that the successful work of the public-professional council created by the Government in connection with the Tax Code, as well as significant changes to the RA Law on Public Organizations in 2016 had an impact.

The BTPs were new to the Social Council of Revenue Administration Reforms of the RA State Revenue Committee (see Figure 15).

Figure 15: From the point of view of a "taxpayer-tax authority" communication, how useful is the work of the Social Council of Revenue Administration Reforms of the RA State Revenue Committee?



It may be that 52.8 percent of the respondents do not know about the institution and its mandate because it is new. At the same time, 31.3 percent found the activities of the institution (and

similar institutions) “useful” and “very useful”. While only three percent chose “not useful” and “not useful at all.”

The responses to the sensitive question on the undeclared turnover are comparable to the responses to the question on undocumented expenses (see Figure 6).

Table 6: According to your estimations, what is the actual percent of the turnover for the entire economic activity type your business belongs to hidden from the tax body (shadow amount)?³

Turnover hidden from the tax body, %	Frequency	Percentage, %
0	61	20
1-34	51	16.7
35-70	20	6.6
71-100	5	1.6
Total	137	16,2
Refuse to answer	6	2
Don't know	162	53.1
Total	305	100

The analysis in the table shows:

- Fifty-five percent of the BTPs could not or refused to answer the question on the turnover percent hidden from tax inspection.
- Twenty percent of the businesses who answered the question chose the extreme – zero percent shadow economy share.
- Seventeen percent of the businesses who answered the question estimated the share of shadow economy to be up to 34 percent.
- Around seven percent of the businesses mentioned 35-70 percent shadow economy.
- Only two percent of the businesses who answered the question chose 71-100 percent existence of shadow economy.
- The average result is 16.2 percent.

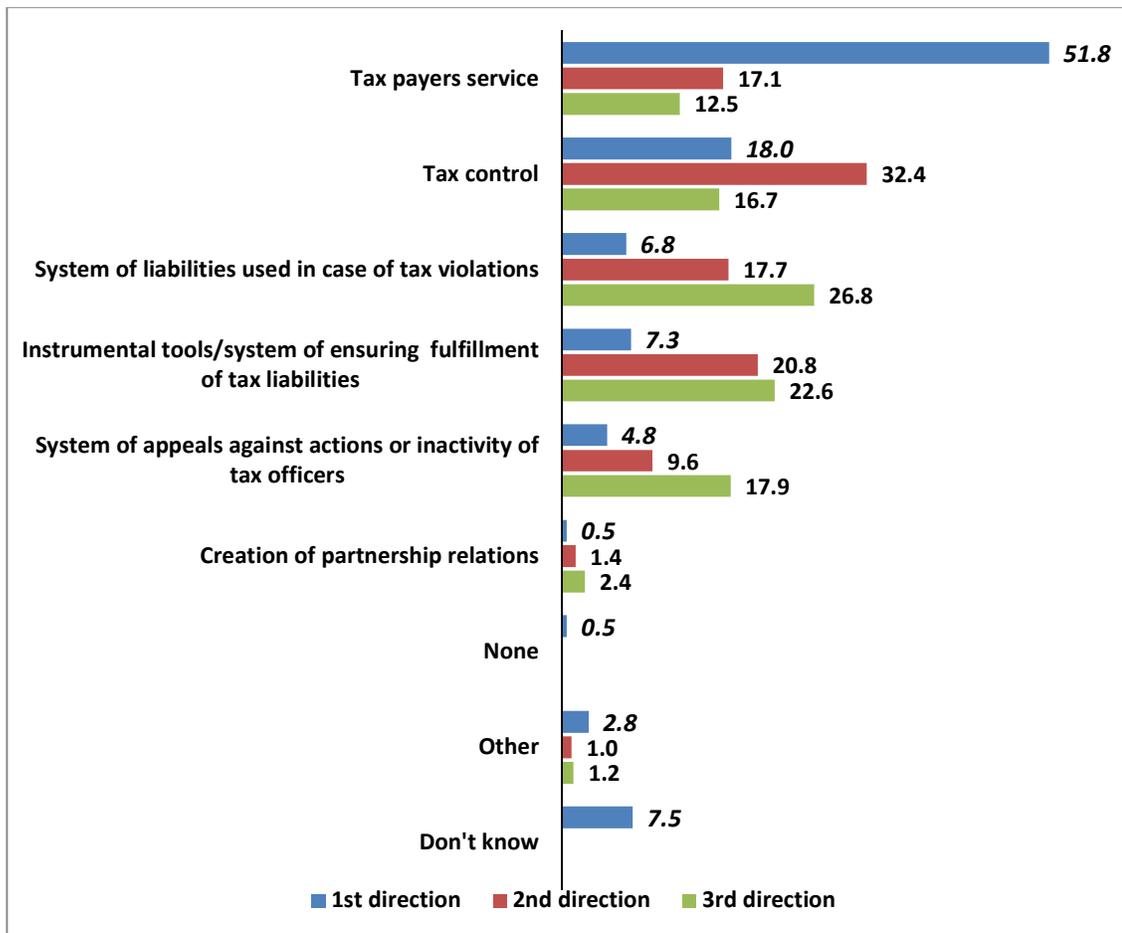
From the perspective of the improvement of business environment, the businesses considered the expansion of taxpayer services key in the tax administration reforms. Thus, 51.8 percent of the business taxpayers have chosen that direction first, while 32 percent mentioned “use of force” by the tax authority (see Figure 16).

- ✓ Note: A cross-comparison of the results (Table A4.4) shows that 63.4 percent of the taxpayers making decisions at high level (meaning when the decisions are made by the large shareholders, the shareholders together or the board of directors, from here on – taxpayers that make tax decisions on high level; see Figure 9) choose the direction of taxpayer services. The level of appreciation for cooperation and services provided by

³ This question was asked to 305 businesses. The average result is the average of all the mentioned specific levels.

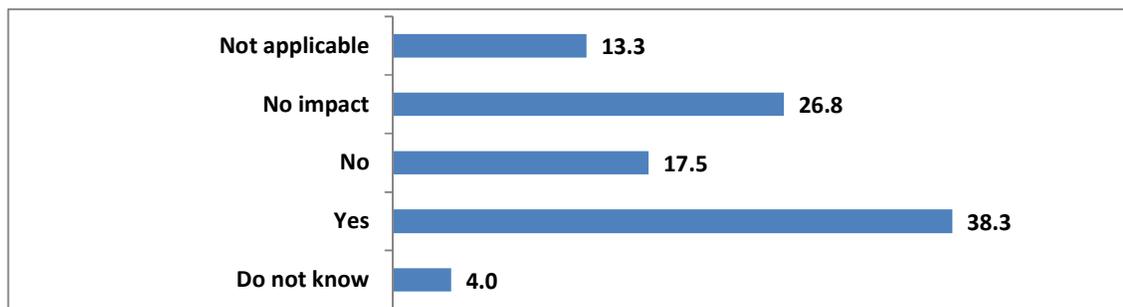
the tax authority increases with the increase in the level of corporate decision making and solutions on principle tax issues.

Figure 16: Which direction of the reforms of tax administration do you consider to be essential for the improvement of business environment?



Entrepreneurs' perceptions toward customs administration have become more "favorable" after joining the Eurasian Economic Union (see Figure 17).

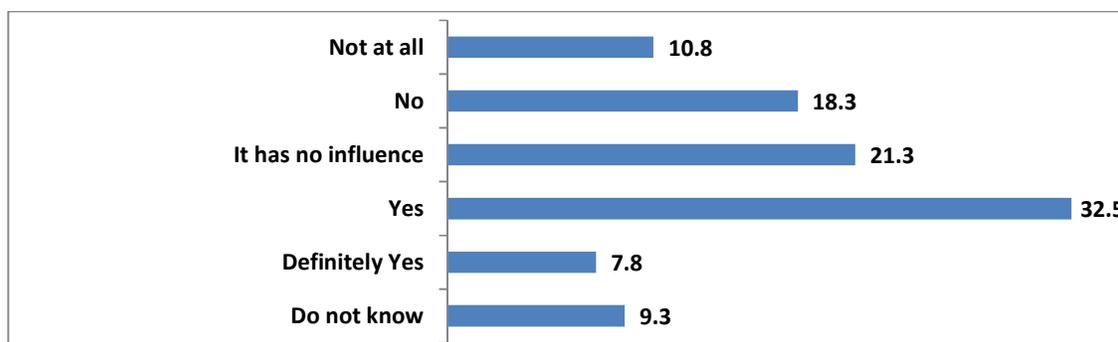
Figure 17: Has becoming a member of the Eurasian Economic Union formed a more trustworthy and comfortable environment for you as regards to the customs relationships, taxes, and mandatory fees charged by customs authorities?



Thirty-eight point three percent responded positively and 17.5 percent negatively on whether a more trustworthy and comfortable environment has been formed. This indicator is important for a country with “import tendency.”

The Tax Code has contributed to improved access of the legal acts regulating tax relations (see Figure 18).

Figure 18: Do you agree that the new Tax Code, that came into force in 2018 and grouped the legislative norms regulating the tax relations, has promoted the tax relations to become more perceptive or more accessible to use?

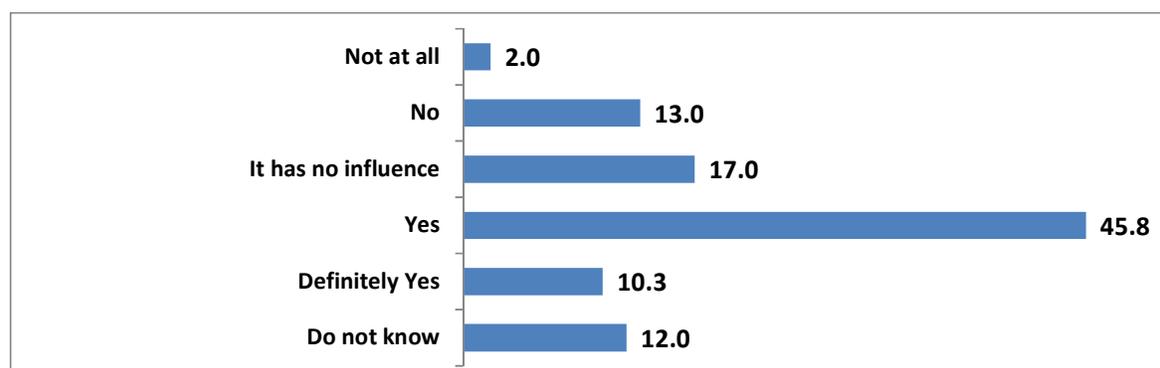


The business community constantly discusses the advantages and the shortcomings of the Tax Code. It has gone through two significant revisions since its adoption in October 2016; a few additions have also been made to it. Amendment drafts were available during the survey as well. However, the businesses gave more positive (40.3 percent) than negative (29.1 percent) answers in this regard.

- ✓ Note: In comparison to the 2016 survey, the share of the positive answers has increased from 23.4 percent to 40.3 percent (see Table A3.2). **The notion of the Tax Code is gradually finding its place in the perceptions of the taxpayers.**

Special taxation regimes are convenient and contribute to easier calculation (and payment) of taxes (see Figure 19). Fifty-six point one percent of the respondents believe that the turnover tax and other similar types of tax regimes facilitate the simplification and payment of taxes. The attitude toward the issue is important because the mechanism of self-calculation (self-assessment) of taxes is applied in Armenia.

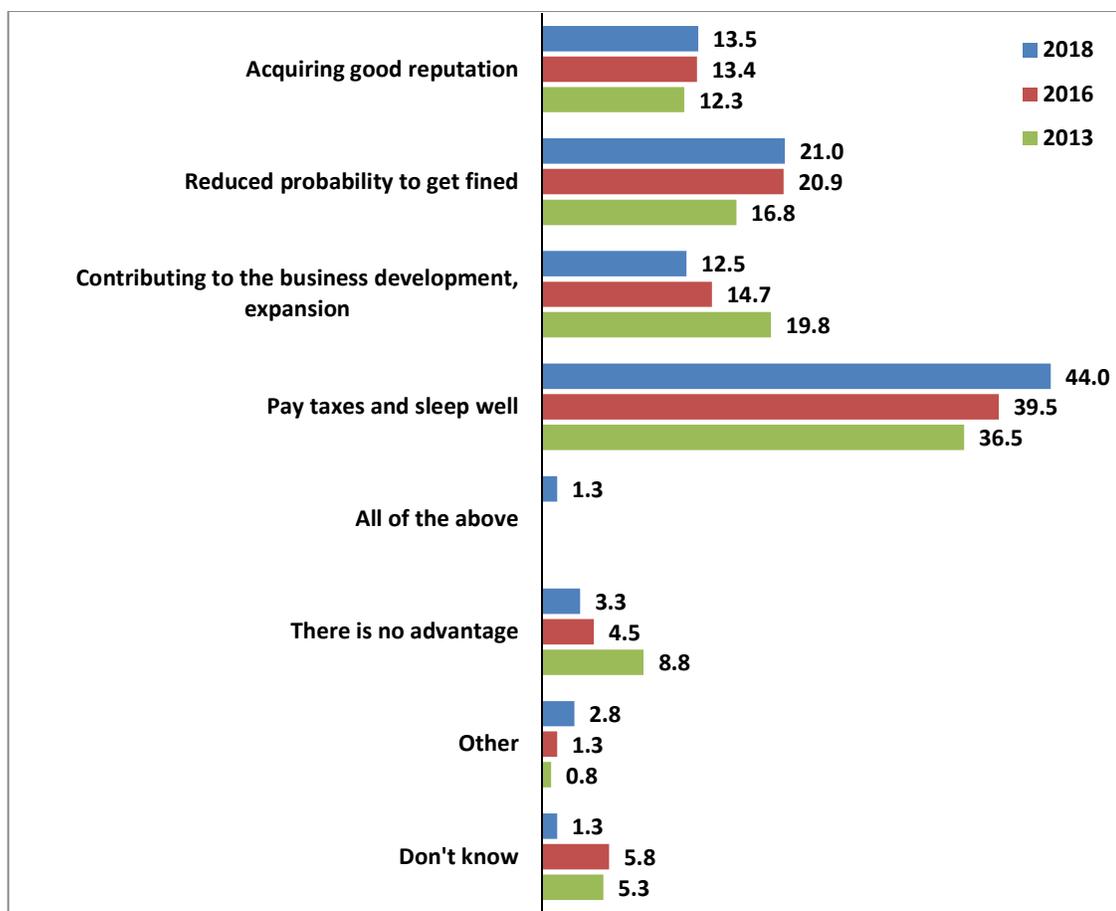
Figure 19: Do you think the uncommon tax regimes now underway in Armenia (turnover tax, patent fee, family business) facilitate calculation of tax liabilities and payments?



- ✓ Note: In comparison to the 2016 survey, the share of the positive responses has significantly increased from 27.7 percent to 56.1 percent (see Table A3.3). Even though the 2016 question was regarding the contribution to tax law obedience, and in this case, it was on the calculation and payment of tax duties, we can still state that the mechanisms of special taxation are gaining popularity.

Following the tax legislation has its benefits, however at the moment the surveyed businesses of Armenia see its “not to be fined” factor rather than carrying out public duty (see Figure 20).

Figure 20: In your opinion, what is the biggest advantage of tax code/law abidance for the business on the whole?



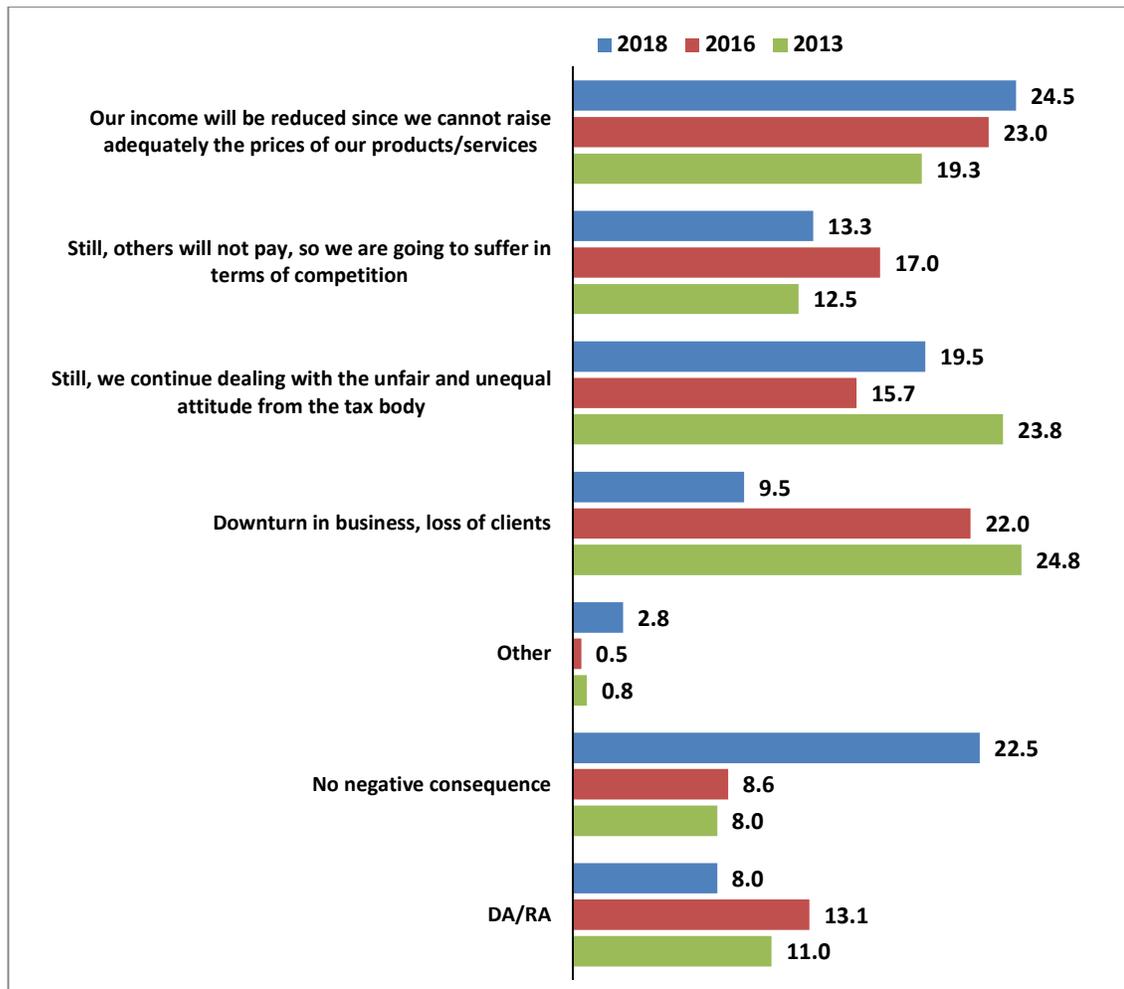
Forty-four percent of the respondents chose the “Pay taxes and sleep well” response option. Considering that the response is synonymous to reducing probability to get fined (21 percent), it occurs that the two-thirds of the responses are driven by fear, rather than a desire to carry out the duty. Responses related to carrying out public duty, and contributing to the development of the country, which were included in “other” responses, constituted only two point one percent. It is worth noting here, that 12.5 percent of the businesses connected tax abidance with the development of their own business.

- ✓ Note: In comparison to the 2013 and 2016 surveys, the following dynamics were traced in 2018 (see Table A 3.4):
 - The share of tax law abidance driven by “fear” has increased: 53.3 percent, 60.4 percent, and 65 percent, respectively.

- The share of those believing it contributes to the development of their own business has decreased in the past five years from 19.8 percent to 12.5 percent.

Tax law abidance contains negative aspects, particularly associated with an increase in consumer prices (see Figure 21).

Figure 21: In your opinion, what is the most negative consequence of tax code/law abidance on the business in general?



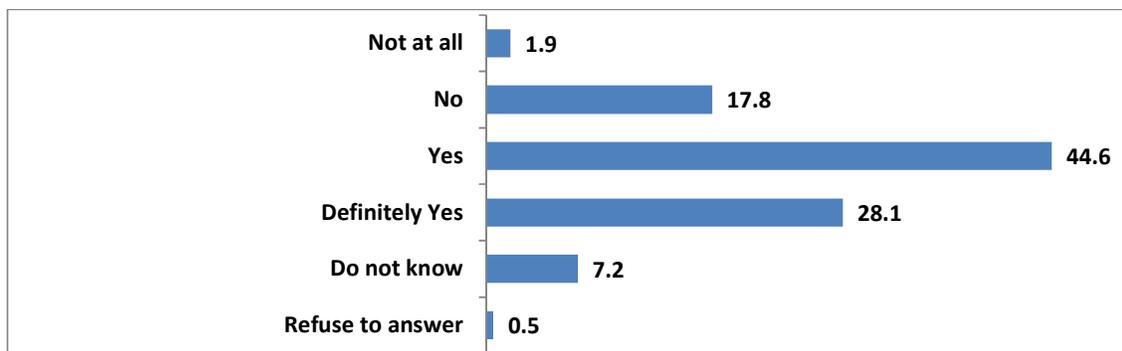
Twenty-four point five percent of the businesses consider the inability to increase prices of goods and services as a negative impact. Interestingly, the businesses are ready to be more law abiding, however they are cautious; external appraisal is more important for them than following certain laws. Thus, 13.3 percent think that the people in their surrounding will not praise them for abiding to laws, while 19.5 percent think that the tax authority will not praise them. This should be taken as a worrying sign from tax administration perspective. The 22.5 percent share of those that said there are no negative consequences is very optimistic.

- ✓ Note: In comparison to the 2013 and 2016 surveys, the following dynamics can be traced:

- The share of those seeing no negative consequences has increased (eight percent in 2013, eight point six percent in 2016, and 22.5 percent in 2018, respectively; see Table A3.5).
- The share of the taxpayers who thought that tax abidance would bring loss to their business due to decrease in their customer base has gone down, from 24.8 percent and 22 percent, to 9.5 percent in 2018, respectively. The share of those that are neutral toward business has increased between 2016 and 2018.

The behavior of the SRC/tax authorities, according to the survey results, has noticeably improved over the past months (see Figure 22). It would be enough to take only “definitely yes” answers (28.1 percent), instead of the sum of all positive options (72.7 percent), and compare it with the negative ones (17.8 percent). When analyzing this surprising finding, one should take into consideration that time is needed to have a stable indicator of the perception on the behavior of tax authorities. This picture can also be viewed as a primary and necessary psychological encouragement, which might also be influenced by the recent changes in the country.

Figure 22: In your opinion, has the behavior of SRC tax/customs authorities /attitude towards their job and taxpayers/ changed within the last 3 months?



Around half (49.4 percent) of the surveyed businesses could not, or refused to, answer the question on undocumented procurement (see Table 7).

Table 7: According to your estimations, what is the share of the undocumented turnover of procurement of goods, services for the entire economic activity type your business belongs to?⁴

<i>The actual share of the undocumented turnover of procurement of goods, %*</i>	Frequency	Percentage, %
0	84	22.2
1-34	88	23.2
35-70	20	5.3
Refuse to answer	20	5.3
Don't know	167	44.1
Total	379	100

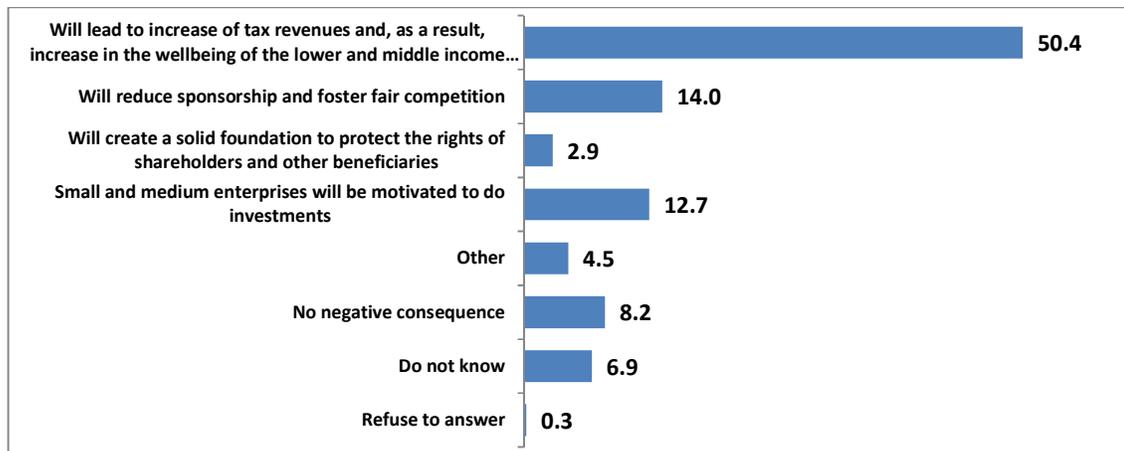
*Grouped by the author. The respondents were given a scale 0-100 to choose a specific level.

⁴ This question was asked to 379 businesses. The average result is the average of all the mentioned specific levels.

Interestingly, the share of the respondents who reported up to 70 percent undocumented procurement (28.5 percent) is only slightly higher from the share of those who think that such practice does not exist (22.2 percent). The average rating for the undocumented procurement in all procurements was 12.7 percent.

Eighty point one percent of the respondents considered shadow procurement and shadow economy reduction directly or indirectly beneficial (see Figure 23).

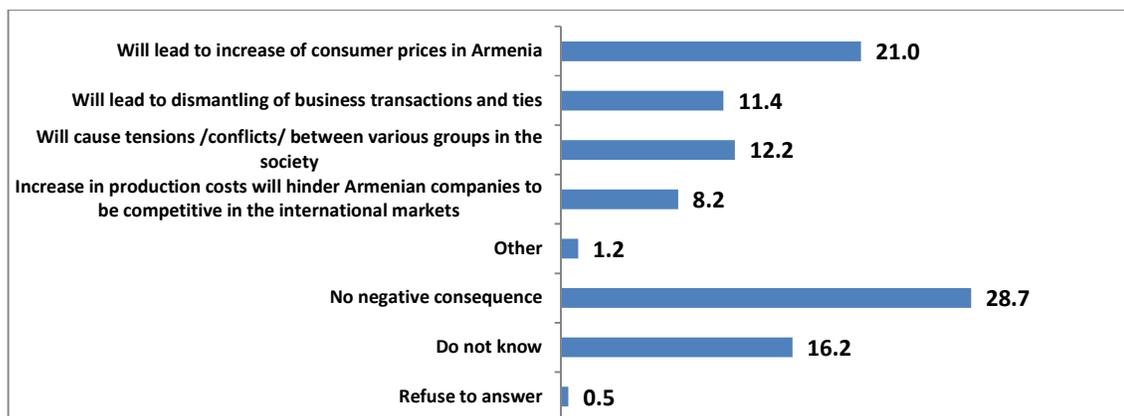
Figure 23: In your opinion, what is the biggest advantage of decreasing the shadow economy and procurement for the country's economy on the whole?



Only eight percent of the respondents thought that the reduction of shadow economy is not beneficial. The responses show a surprisingly high level of consciousness and solidarity: half of the respondents thought that the reduction of shadow economy would result in increased income.

Sixteen point two percent of the respondents could not answer (responded “don’t know”) the specific question on the negative consequences of the decrease of the shadow economy (see Figure 24).

Figure 24: What is the most negative consequence of decreasing the shadow economy and procurement?



Every fifth surveyed business (21 percent), in essence, does not agree with the procurement of products that are more expensive, but are from a legal supplier. However, the main concern of the businesses is not the price increase (21 percent), but rather the confusion, disruption of business ties, and conflict in society that would cause (23.6 percent).

ATTITUDE OF THE BUSINESSES TOWARD THE SERVICES PROVIDED BY THE TAX AUTHORITY

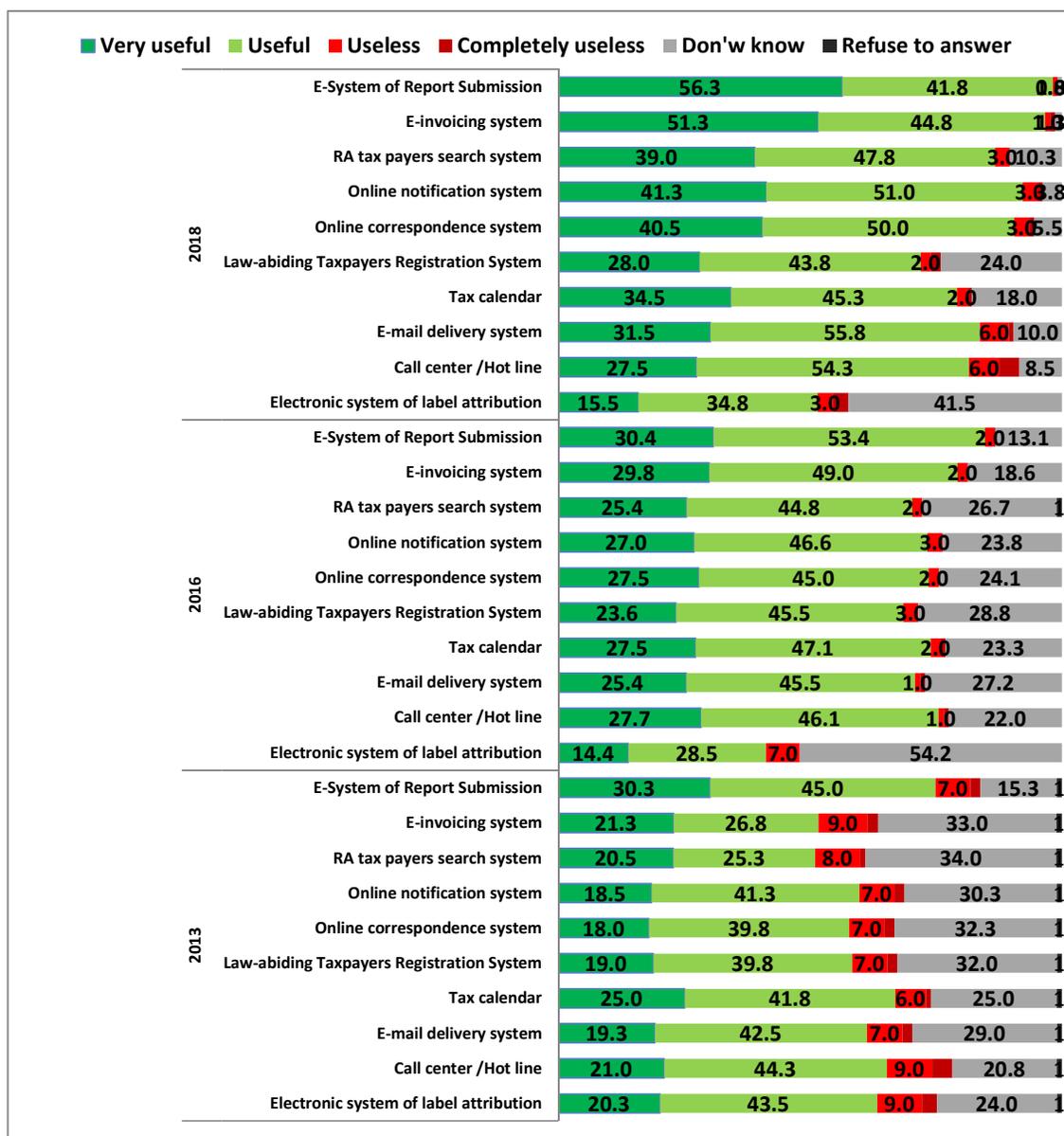
In this section detailed questions were asked about the services provided by the tax authority, focusing on:

- Their usefulness,
- Their quality,
- Electronic services,
- Taxpayer customer services.

It should be noted, that this is a first in its kind professional survey in Armenia in its format and the level of detail.

The BTPs (98.1 percent of the respondents) considered the electronic system of report submission particularly useful (see Figure 25).

Figure 25: How would you assess the following services delivered by the RA Tax Service?



In terms of the responses to the **usefulness of the services** questions, the following should be highlighted:

- There are a few types of services that BTPs are not well aware of and therefore cannot evaluate their usefulness:
 - Twenty-four percent answered “don’t know” about the usefulness of the “Law-abiding Taxpayers Registration System,” 18 percent about the “Tax Calendar,” and 10.3 percent about the “RA Taxpayers Search System.”
- The similarity in the answers leads to assume that the following services sound confusingly similar: “Online Notification System,” “Online Correspondence System,” and “E-mail Delivery System.”
- The “E-System of Report Submission” and “E-invoicing System” were considered useful by 98 percent and 96 percent, respectively.
- ✓ Note: In comparison to the 2013 and 2016 surveys, the following changes have been registered in the past five years:
 - ✓ The number of the advocates of the “E-system of Report Submission” and “E-Invoicing System” has sharply increased – 85.8 and 140.8 percent growth, respectively.
 - ✓ The usefulness index of the Call Center/Hot Line is slowly increasing, registering a 30.9 percent growth.
 - ✓ The taxpayers’ assessment of the different services provided by the tax authority in comparison for 2013 and 2018 is provided below.

Table 8. Assessment of services that are rendered by the tax bodies in 2013, 2016 and 2018 (sum of very useful and useful answers, percent in total)

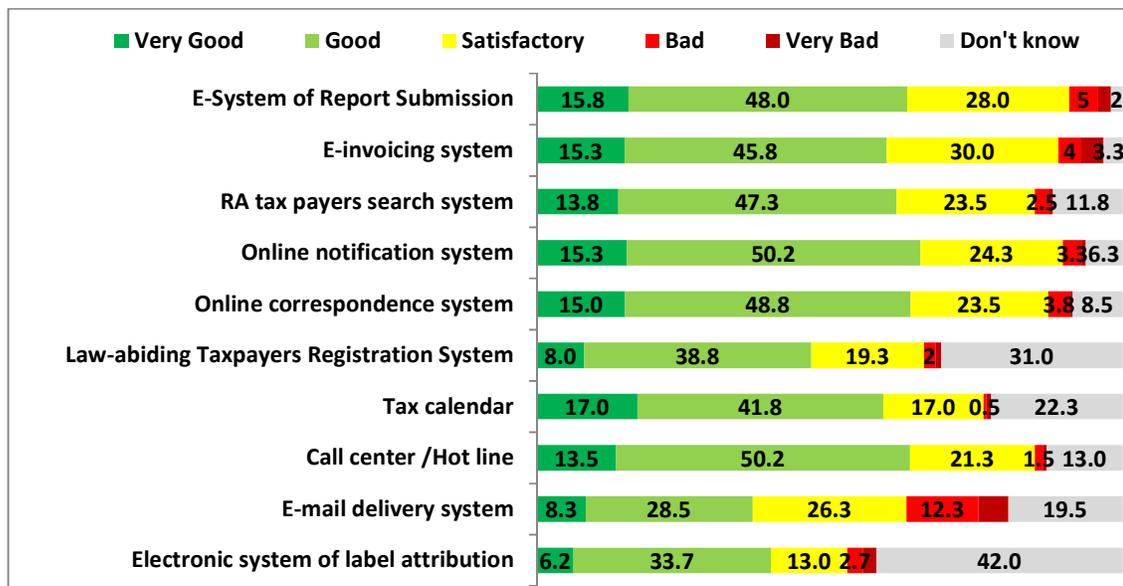
Type of services	2013	2016	2018	2013-2018, percentage point change
Online notification system	48.8	73.6	92.3	43.5
E-invoicing system	58.0	78.8	96.0	38.0
Online correspondence system	57.8	72.5	90.5	32.8
RA tax payers search system	55.8	70.2	86.8	31.0
E-mail delivery system	61.8	70.9	87.3	25.5
E-System of Report Submission	75.3	83.8	98.0	22.8
Call center /Hot line	65.25	73.8	81.8	16.5
Tax calendar	66.8	74.6	79.8	13.0
Law-abiding Taxpayers Registration System	58.8	69.1	71.8	13.0
All mentioned	60.9	74.1	87.1	26.2

The results show once again an increase in usefulness rating of the services based on modern digital technologies, especially the online systems of notification and invoicing. The average

usefulness rating of the services presented in the table above has increased by 26 percentage points between 2013 and 2018, almost evenly for the given timeframe.

Two services provided by the SRC / tax authority have received unprecedentedly high rating: "E-System of Report Submission" (91.8 percent) and "Online Notification System" (89.8 percent; see Figure 26).

Figure 26: How do you rate the quality of electronic services that are rendered to you by the tax bodies?



In terms of the questions regarding the **quality** of the services, the following should be highlighted:

- Businesses are better aware of the "E-system of Report Submission" and "E-invoicing system" services.
- Considering the traditionally unfriendly attitude toward the tax authority, 63.8 and 61.1 percent for the sum of "Good" and "Very good" ratings of these two services, respectively, should be considered a very good result (adding "Satisfactory" answers will be more than 90 percent). These can be a benchmark for the assessment of the quality of other services.
- The "Law-abiding Taxpayers Registration System" service remains the same: 31 percent did not know what it is, and only 46.8 percent rated it positively, while the minimum share of the positive ratings for other standard services is 60 percent.

According to 70.8 percent of the businesses, the system of electronic services contributes to the fulfillment of all tax obligations (see Figures 27, 28, 29, 30).

Figure 27: Does the electronic system of services having been introduced by tax authorities promote the fulfilment of all of the tax obligations?

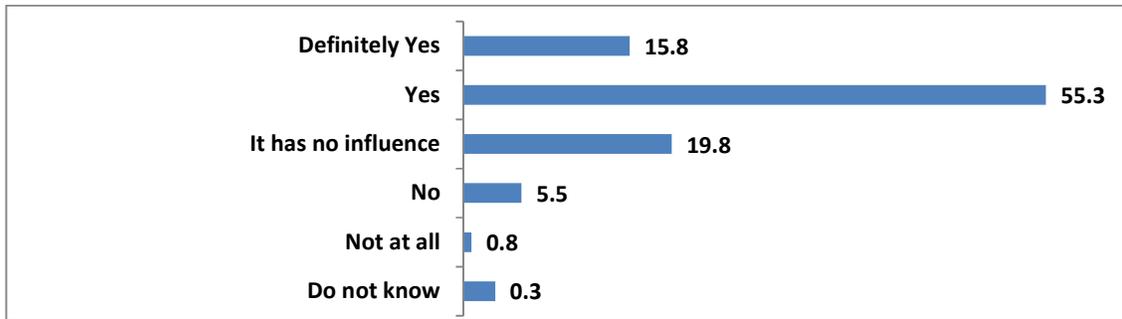


Figure 28. Please tell us to what extent do you agree with the following statements using a scale of 1 to 4 where “1” means “Completely disagree” and “4” means “Fully agree”?

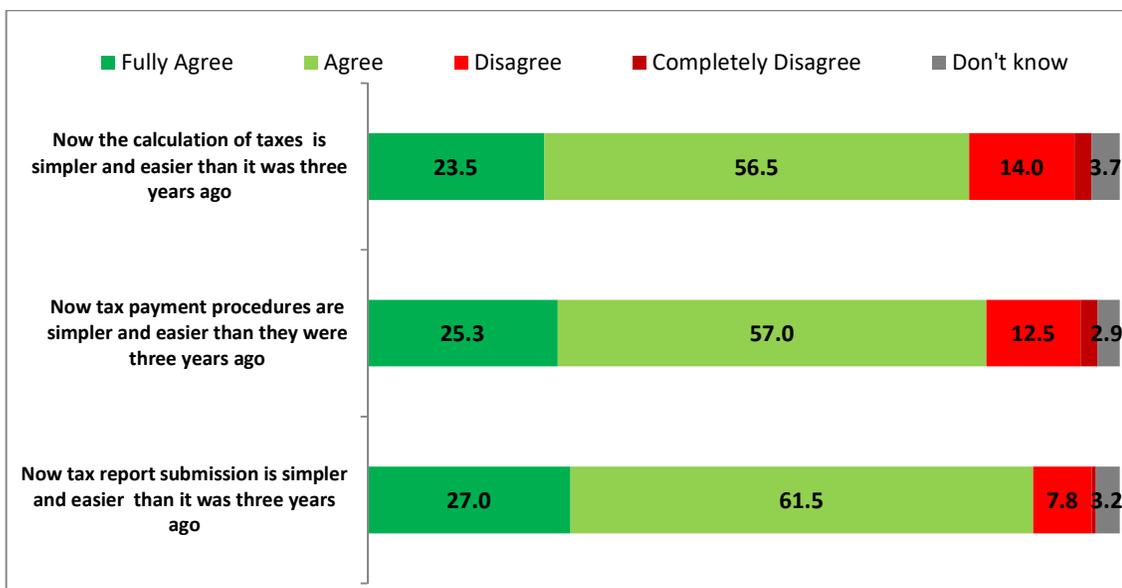


Figure 29: Has automation of tax administration functions that have taken place in the course of the recent three years led to decrease in face-to-face contacts and communication between taxpayers and tax authorities that as such were required and imposed in the past?

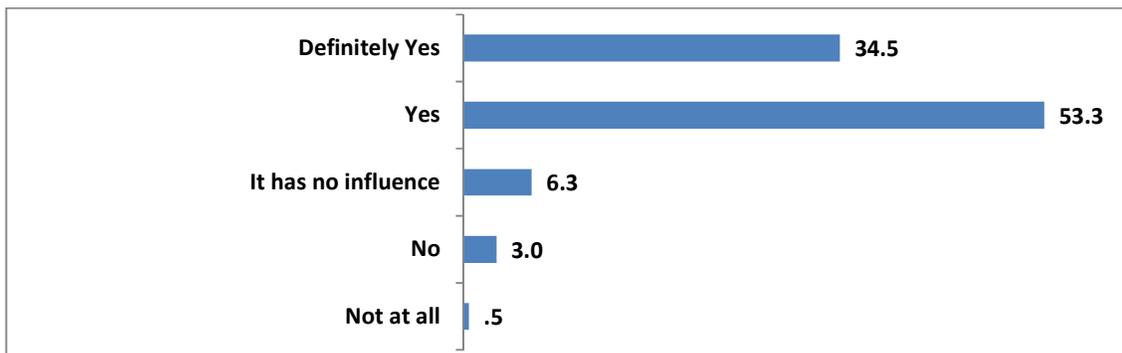
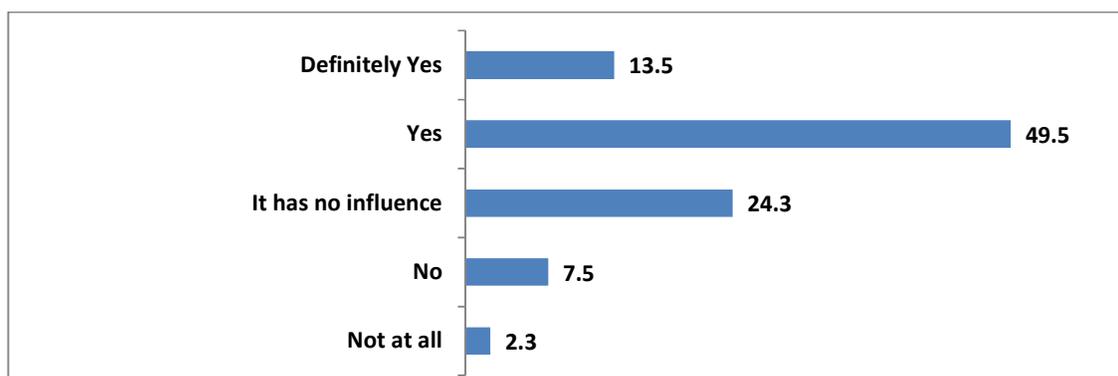


Figure 30: Has automation of tax administration functions that have taken place in the course of the recent three years resulted in reduction of costs (administrative costs) for taxpayers to run a business?



In terms of the perceptions of the electronic service systems, and its developments in the past three years, the following should be highlighted:

- The respondents have **appreciated** the following important changes:
 - **Report submission** has become simpler and easier (88.5 percent).
 - Automation of tax administration functions has resulted in **reduction of contacts and forced communication** (87.8 percent).
 - **Tax-paying procedures** are now simpler and easier than three years ago (82.3 percent).
 - **Calculation** of taxes is now simpler and easier than three years ago (80 percent).
- According to 63 percent of the respondents, automation of tax administration functions that took place over the past three years has led to a **decrease in business expenditure**.
- ✓ Note: A cross-comparison of the findings (see Table A4.6.) shows that only 45.7 percent of the individual entrepreneurs agree that business expenditure was reduced as a result of the automation of tax administration functions.

The answers regarding the three new services show that the businesses are aware of the consolidated account and the other two services and think that above-mentioned services foster the simplification of business processes. Nevertheless, that conviction regarding the Consolidated Treasury Account is relatively low: **62.2 percent** (see Figures 31-32).

Figure 31: Which of the below mentioned new online services rendered by tax authorities are you aware of?

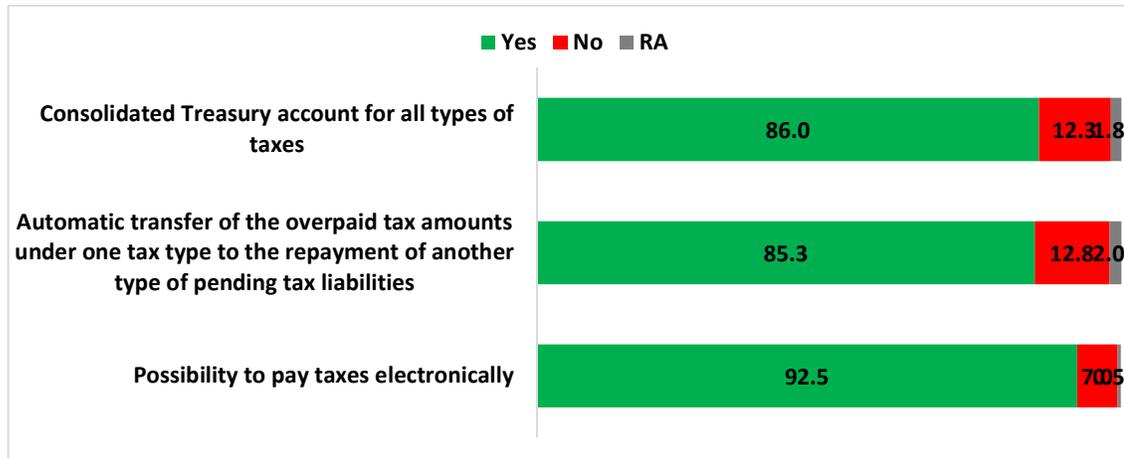
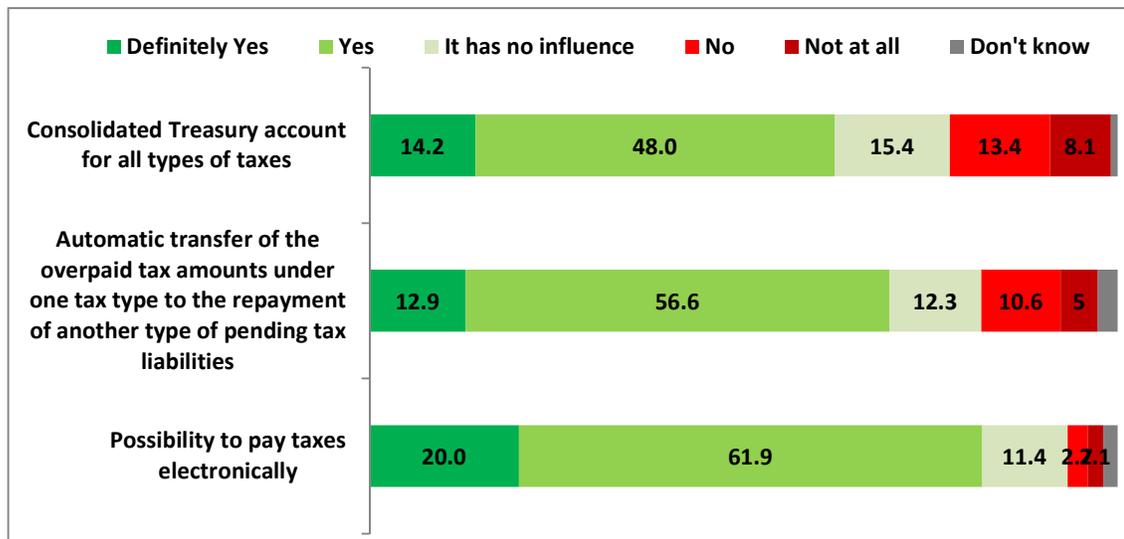


Figure 32: Do the new type of services being rendered by tax authority directly promote or at least simplify your business operations?

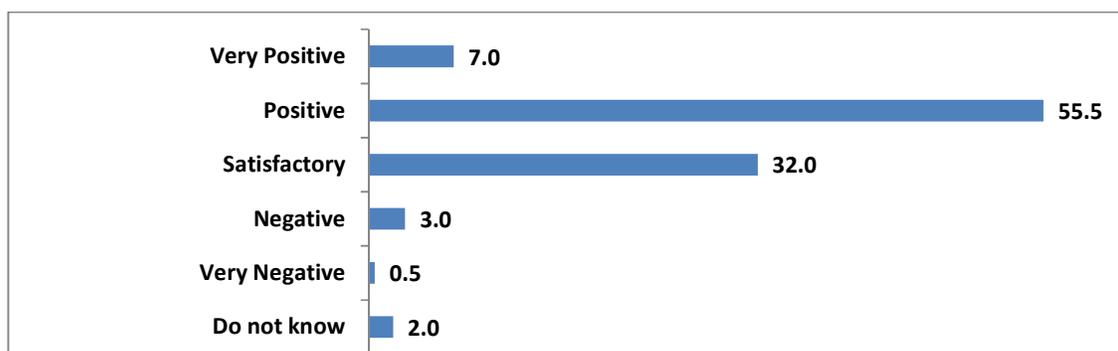


Thus, the following should be highlighted about the perceptions of these three new services:

- The businesses are more aware of the possibility to pay taxes electronically.
- The Consolidated Treasury Account for all types of taxes has less impact on the simplification of business operations (62.2 percent of the respondent thought it has impact).

Tax administration measures undertaken by the tax authority over the past three years were rated quite positively: 94.5 percent of the respondents rated them as satisfactory or positively (see Figure 33).

Figure 33: How do you rate, in general, the initiatives undertaken by tax authorities over the last three years for the improvement of tax administration (introduction of various e-services, simplifications in tax calculation, etc.)?



- ✓ Note: A cross-comparison of the findings (see Table A4.8.) shows **that the taxpayers who use tax and accounting consulting services** tend to give more “positive” rating – 61.7 percent.

Table 9.* Rating of the measures to improve tax administration in the recent years

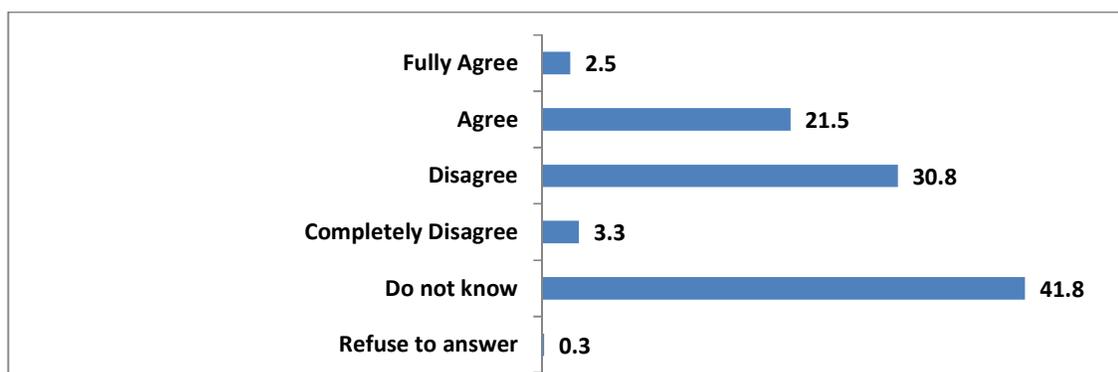
	2013	2016	2018
Very positive	0.5	1.3	7.0
Positive	20.5	22.5	55.5
<i>Positive Total</i>	<i>21.0</i>	<i>23.8</i>	<i>62.5</i>
Satisfactory	34.0	33.5	32.0
Negative	23.3	20.7	3.0
Very negative	14.5	6.0	0.5
<i>Negative Total</i>	<i>37.8</i>	<i>26.7</i>	<i>3.5</i>
DA/RA	7.3	16.0	2.0
Total	100.0	100.0	100.0

* Note: In 2013 and 2016 the question was phrased “How do you assess the impact of measures taken by the Government of the Republic of Armenia over the recent years towards improvement of the tax legislation and administration on business activity and business environment?”

- ✓ The comparison of 2018 survey findings with the 2016 and 2013 surveys shows that the share of positive ratings of the tax administration improvement measures has significantly increased from 21 percent to 62.5 percent. At the same time, one third of the respondents in the past years had rated them as satisfactory.

The majority of the respondents are not confident, that transferring the function of providing official tax-related clarifications from SRC to the RA Ministry of Finance (as of July 1) will contribute to a more precise performance of tax administration functions, allowing SRC to focus on its own functions (see Figure 34).

Figure 34: To what extent do you agree that transferring the eligibility of providing official tax-related clarifications from SRC to the RA Ministry of Finance will contribute to more explicit performance of tax administration functions by SRC?

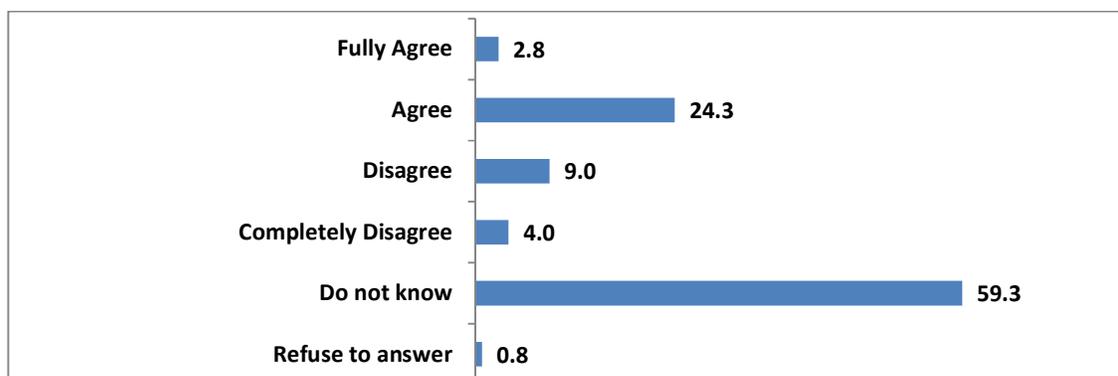


It can be assumed that the initiative has not been successful yet:

- Forty-one point eight percent were not aware about such changes.
 - Only 24 percent of the BTPs agreed that it would contribute to the increase of targeted work of the tax authority.
 - There was some “resistance” in that regard, as around one third of the respondents (34.1 percent) did not agree that it was a good idea.
- ✓ Note: A cross-comparison of the results of the survey (see table A4.9) shows that contradictory answers were received even from the taxpayers who use tax and accounting consulting services.

The Horizontal Monitoring System needs serious preparation and clarification (see Figure 35).

Figure 35: The Horizontal Monitoring System is evidently a useful tool in terms of simplification of tax administration and communication with tax authorities and we will join this system

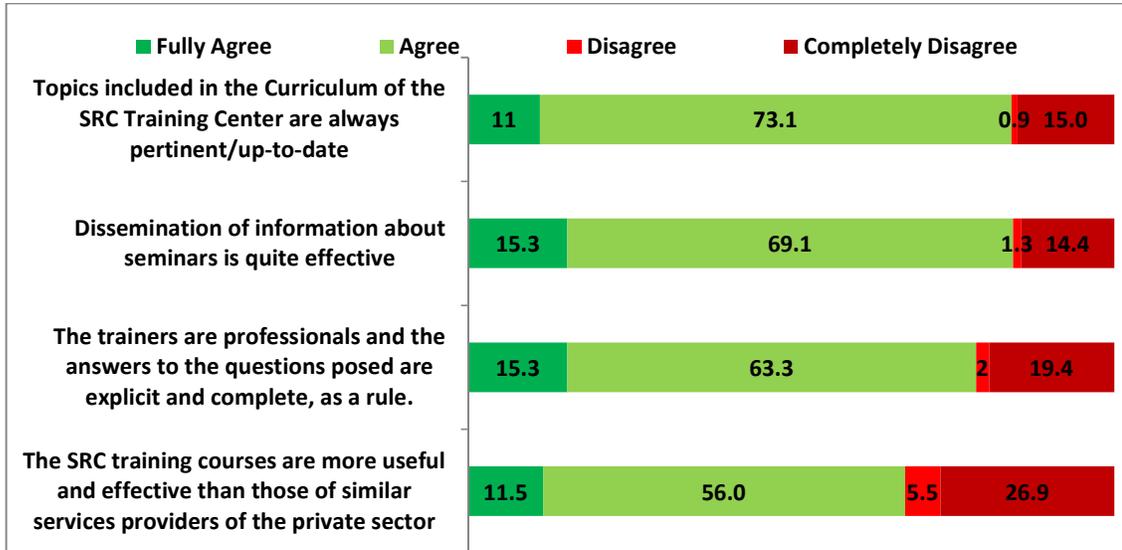


- ✓ Note: A cross-comparison of the findings shows (see Tables A4.11. and A4.12.) that in contrast to the average for the economy sectors, those in trade and service sectors are less informed about it and its usefulness (63.2 percent), while the indicator is higher than the average for manufacturing sector – 56.5 percent.

Programs provided by SRC Training Center were modern, awareness about the seminars was sufficient, and the quality of the trainers and the trainings were considered high respectively 84.1, 84.4 and 78.6 percent of the respondents who were aware of the Center. At the same time, 34.4

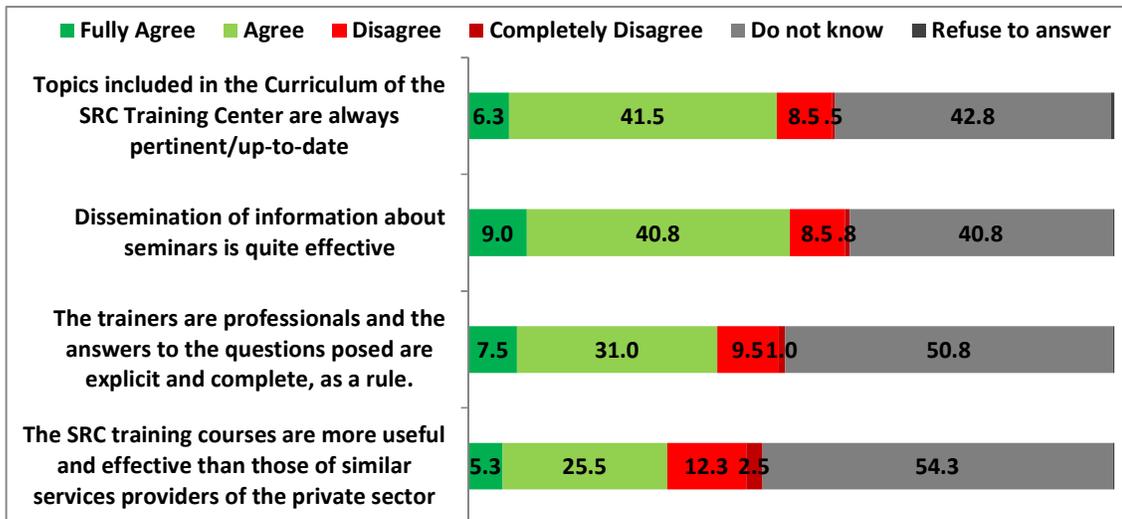
percent of the respondents do not agree that trainings provided by SRC Training Center were more useful in comparison with those provided by the private sector (see Figure 36).

Figure 36: Please rate the quality of work of the RA SRC Training Center responding to the following viewpoints to the extent you agree with. (without “Don’t know “ and “Refuse to answer” options)



At the same time, it should be noted that almost half of all respondents chose “Don’t know” about the work of the Center or **refused to answer the question** (see Figure 36.1). Probably, the reason is that most taxpayers (approximately 80 percent) do not allocate money for trainings (for instance, tax and accounting courses). When viewed in all observations, from one-third to half of those who have given any answer about trainings provided by SRC Center gave positive feedback, while only nine to 15 percent reported their negative feedback.

Figure 36.1: Please rate the quality of work of the RA SRC Training Center responding to the following viewpoints to the extent you agree with. (included all answer options)



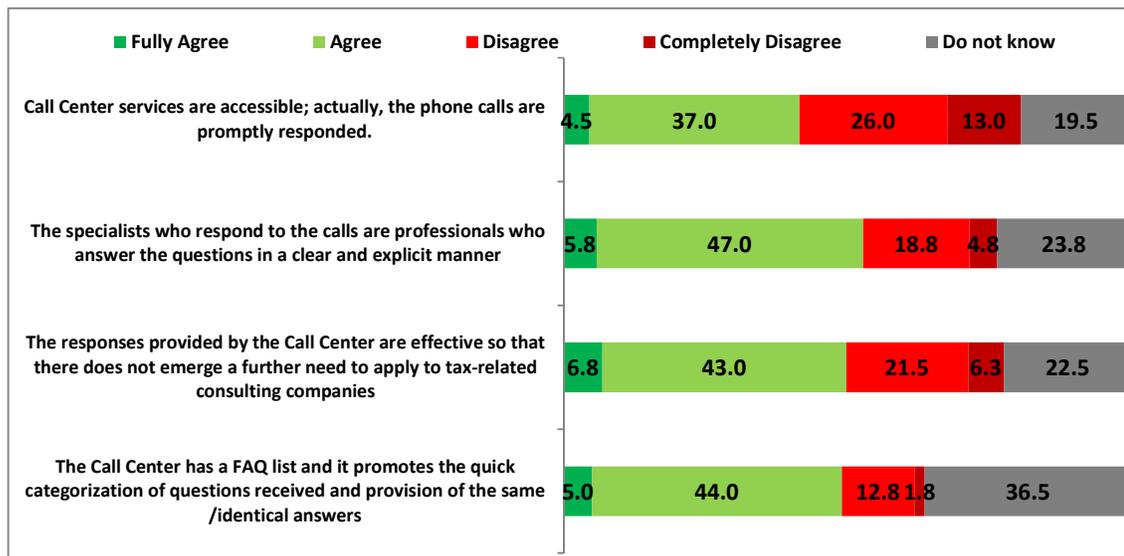
It should be highlighted from the responses of the businesses that the Call Center is in the process of recognition and establishment;

The number of “Don’t know” responses in relation to the assessment of the quality of the Call Center/Hot Line was also high (see Figure 37). The unawareness of the businesses was particularly pronounced related to the steps undertaken by the Center to improve the quality of the service provided through developing a list of Frequently Asked Questions (FAQ) and standard sample answers to those.

Nevertheless, considering all the answer options, it can be stated that:

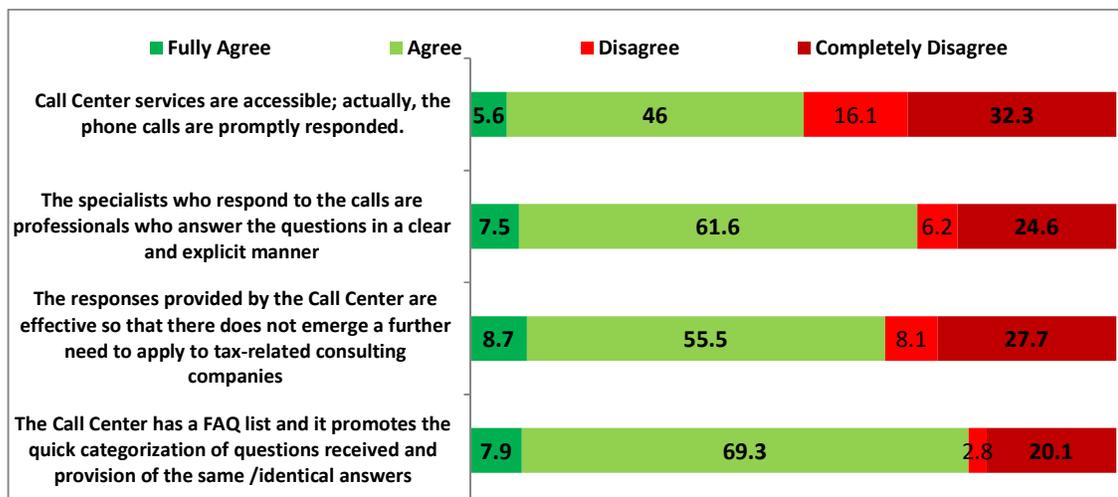
- Fifty-three percent of the respondents agree that the specialists who respond to the calls are professional, while another 23.6 percent disagree.
- The responses provided by the Call Center have been assessed as effective (further need to apply to tax-related consulting companies does not emerge) by 49.8 percent, while 27.8 percent expressed the opposite opinion.
- Almost an equal number of respondents agreed and disagreed with the statement on the phone calls being promptly responded (41.5 and 39 percent respectively).

Figure 37. Please share your opinion with us on the quality of work of the SRC "Call Center" ("Hot Line") (included all answer options)



While observing answers of more informed respondents about the quality of services provided by SRC Center (Figure 37.1), although the number of those highly satisfied with its quality seems high, the need for prompt response becomes more vivid.

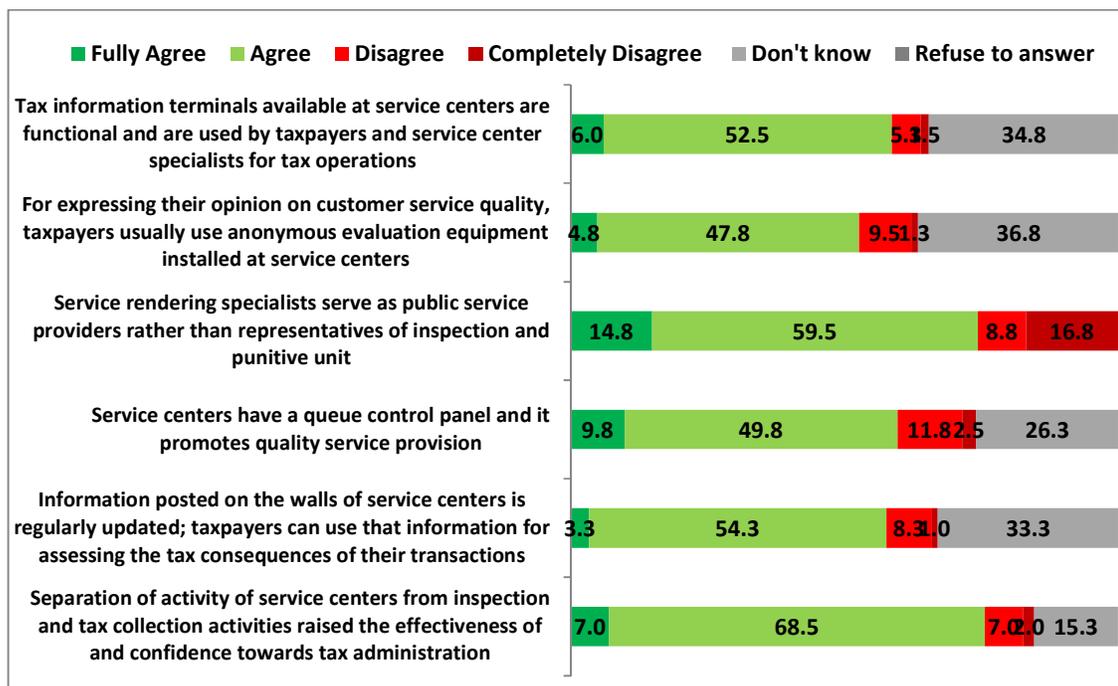
Figure 37.1: Please share your opinion with us on the quality of work of the SRC "Call Center" ("Hot Line") (without "Don't know" and "Refuse to answer" options)



✓ Note: The cross-comparison of the results shows, that subgroups of taxpayers that “use tax, auditing or accounting consultant services,” are more demanding of the quality of the Call Center services. This group expected a faster answer from the Hotline (see Table A4.21). Young businesses (businesses with less than six years of active operation) are more demanding of professionalism of call center operators (see Table A4.22).

The perceptions and the assessment of the Taxpayer Service Centers were very positive. However, there were reservations about their technical capacity (see Figure 38).

Figure 38. Please rate the quality of work of the RA SRC Training Center responding to the following viewpoints to the extent you agree with.

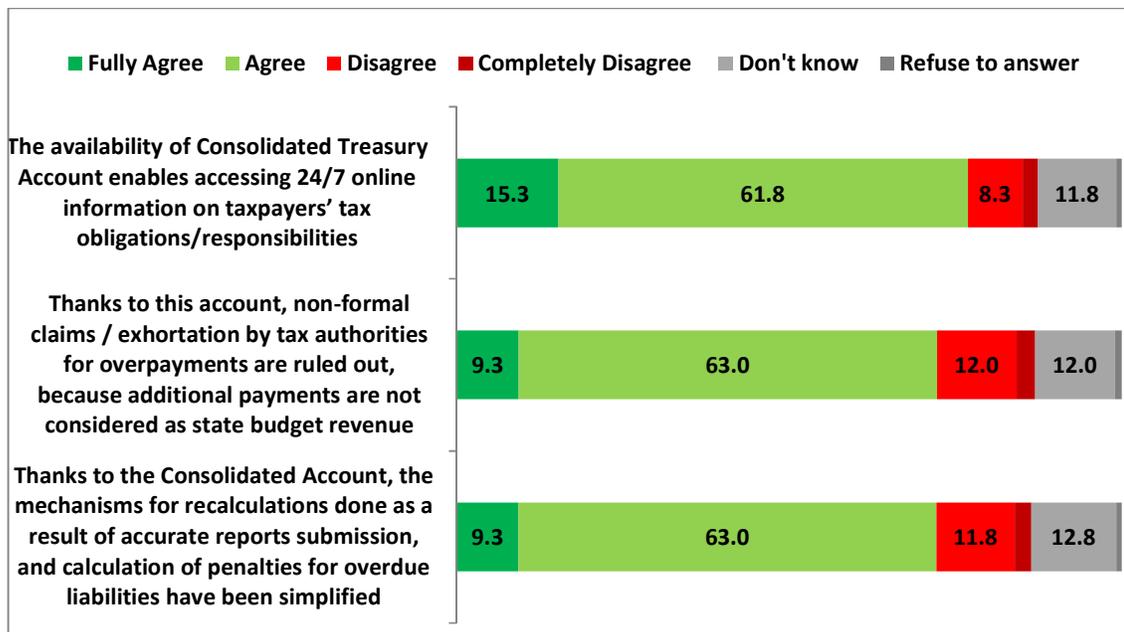


The analysis of the data shows:

- Seventy-five point five percent of the businesses support and “encourage” separation of customer services from tax inspection and tax collection functions.
- The businesses do not read the information posted on the walls of the Service Centers (42.6 percent didn’t know or disagreed), and it is impossible to use it to estimate the tax consequences of their transactions.
- Queue control panel, anonymous evaluation equipment and information terminals are functional and useful according to 59.6, 52.6 and 58.5 percent of respondents, respectively. The percentage of those who do not know about them is also noticeable being 26.3, 36.8 and 34.8 percent respectively.

The Consolidated Treasury Accounts were particularly known for enabling 24/7 access to online information on taxpayers’ tax obligations/responsibilities (see Figure 39). Note that when answering this question, the businesses reported to what extent they agree with various statements about the treasury account.

Figure 39. Let us talk about the Consolidated Treasury Account: to what extent do you agree with the following viewpoints?

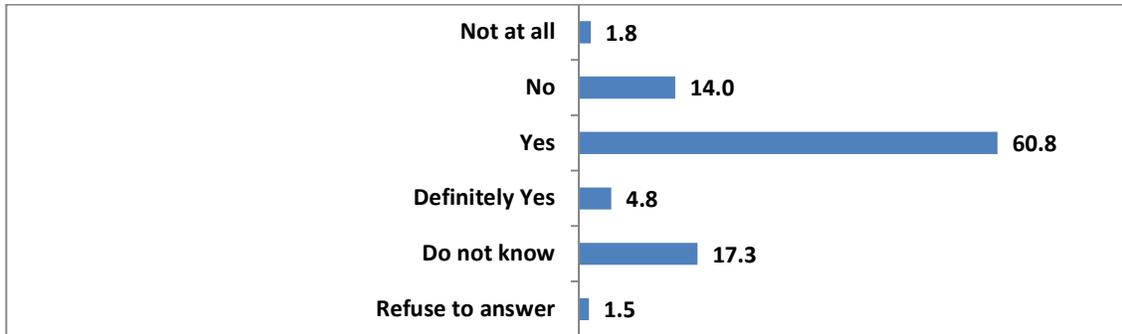


Summarizing the data in the above figure on the Consolidated Account,

- The vast majority of businesses (77 percent) agree that they can access the status of their tax obligations online 24/7.
- Seventy-two point three percent of the respondents agreed that thanks to this account the non-formal claims / exhortation by tax authorities for overpayments are ruled out. The recalculations done as a result of accurate reports submission and calculation of penalties for overdue liabilities have also been simplified.

The respondents showed quite a positive attitude toward the tax administrators (SRC employees) and viewed them as being honest and professional in carrying out their duties (65.6 percent; see Figure 40).

Figure 40: Are those who carry out tax administration (professional and honest while performing their functions?)



✓ Note: A cross-comparison of the findings shows (see Table A4.23. and Table A4.24.) that:

- The share of the negative answers is higher among the individual entrepreneurs – 19.3 percent versus the 15.8 percent of the average.
- Similarly, the share of the negative responses compared to the average is higher in the regions (outside of Yerevan) – 18.4 percent.

The preferred source of information about changes in tax regulations is the tax authority directly (see Figure 41).

Figure 41: What are your main sources of receiving information about the changes in tax system/procedures?

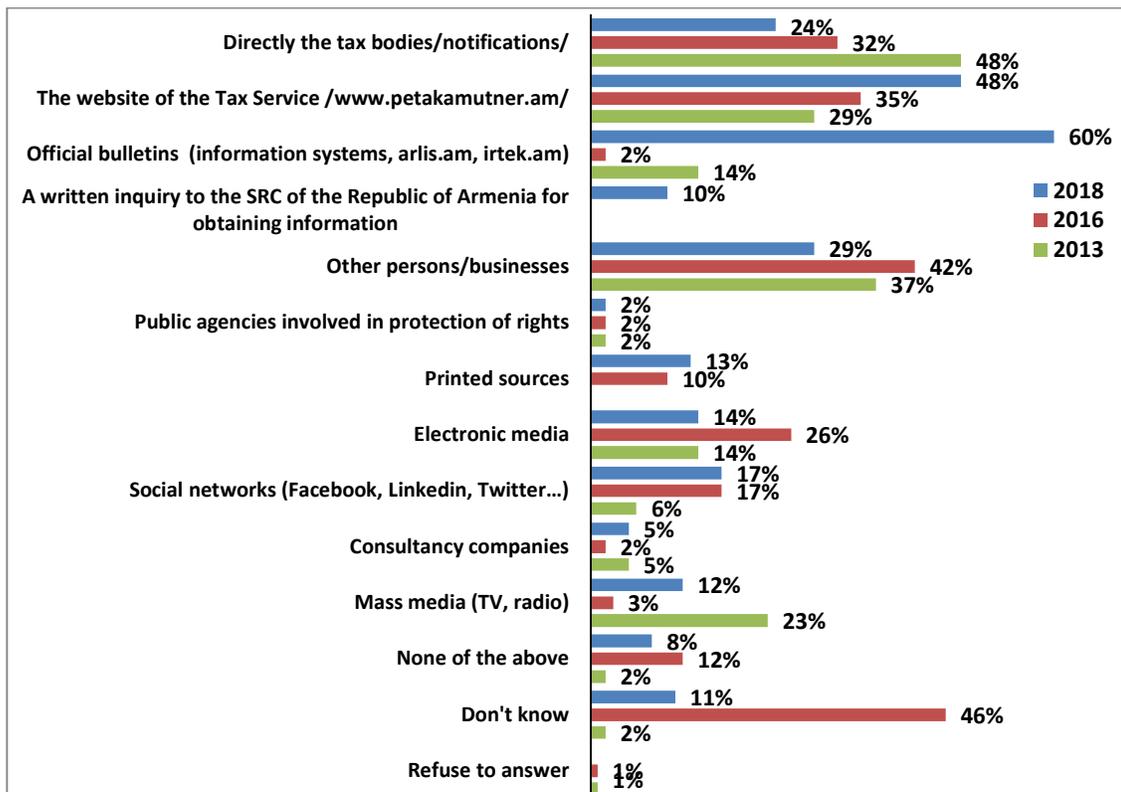
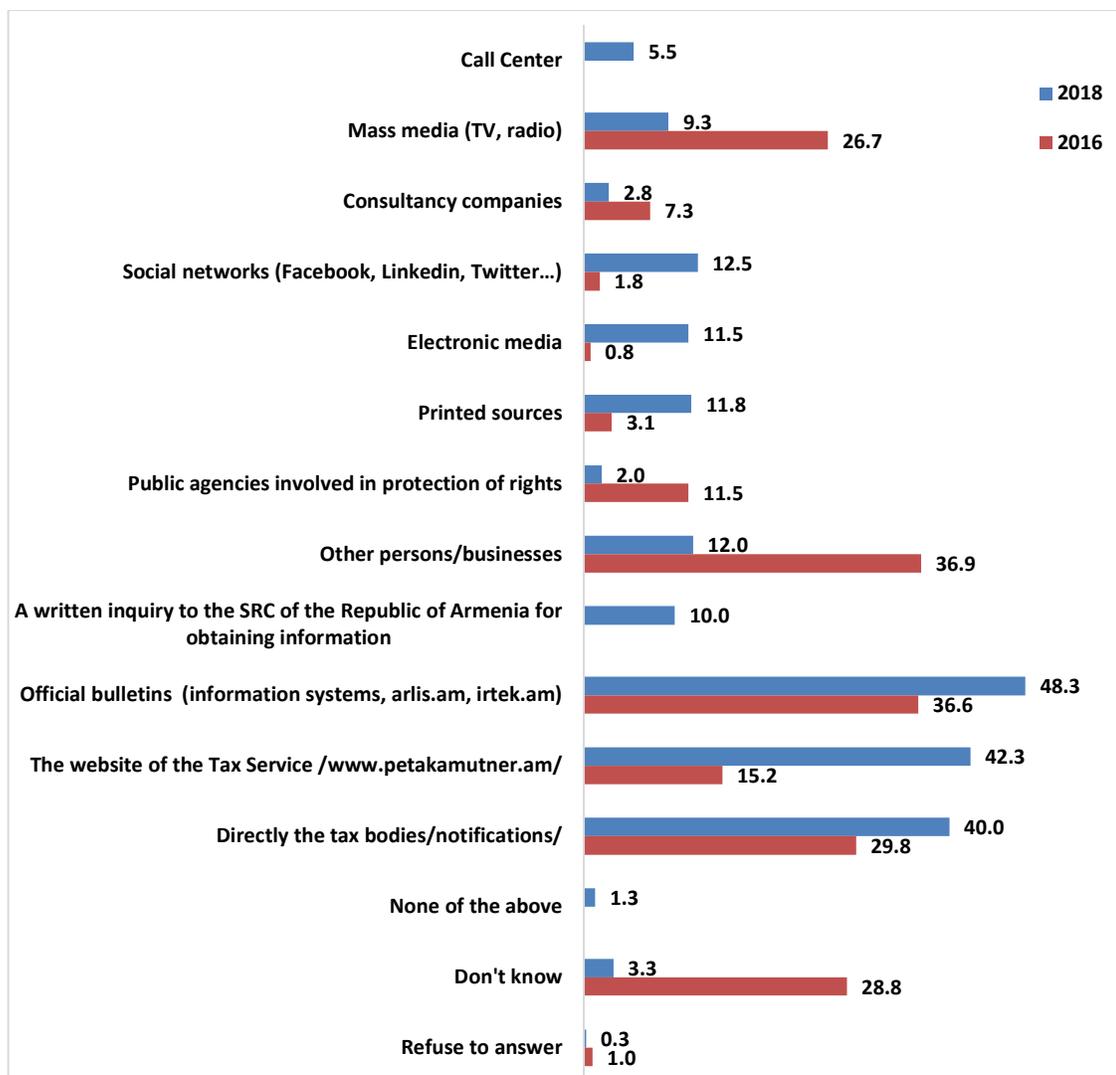


Figure 42: What is the preferable way of receiving information from a tax body?



Considering the existing situation and the desirable presented in the figures above,

- At present, information is mostly received from the official bulletins ("legal information systems, arlis.am, irtek.am", etc.), but at the same time businesses are more inclined to receiving information directly from the tax authority, in the form of notifications.
- The businesses were also asked for which of the currently provided services they would like to see new approaches applied (see Figure 42). Evidently, the responses regarding the use of modern technologies for receiving timely notification and information from the tax authority on changes in the tax legislation and regulations were predominant.

✓ Note: A comparison with 2016 survey results show significant changes,

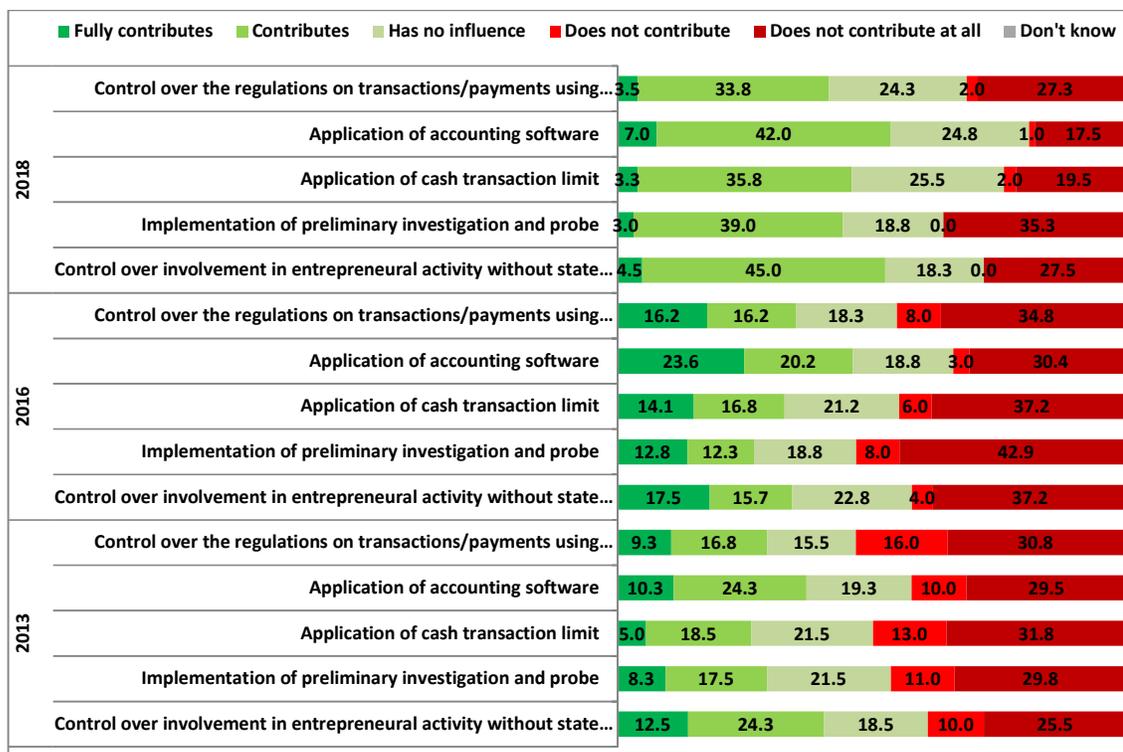
- In 2016, the “tax authority” and “other people/businesses” were ranked below mass media, and social networks were gaining popularity as a source of information about tax changes.
- Now, in fact, **there is a growth of confidence in the sense of getting information directly from the tax authority.** Perhaps the professional level of the source is important for the businesses.

✓ Note: A cross-comparison of the findings shows that different groups have different preferences and approaches regarding the source of information on taxes (see Table A4.25., A4.26. and A4.27.).

- Businesses in the marzes lean more toward the tax authority, in all its forms (Call Center, the website, and directly) and stay away from consulting companies and print sources.
- Individual entrepreneurs lean more toward communicating with “other people” on those matters (33.9 percent compared to the average 28.8 percent) and trust mass media (TV, radio) more (21.4 percent compared to the average 10.6 percent).
- Young businesses (businesses with less than six years of active operation) prefer to use print sources, social media and mass media (TV, radio).

The question on the types of adjacent services and regulations that are usually not attributed to the tax authority was difficult for the respondents (see Figure 43).

Figure 43: In your opinion, to what extent does the delivery of the following services by the SRC contributes to the improvement of the public confidence towards the main goal of the SRC?



The analysis shows the following picture:

- The businesses were not able to rate the listed five “adjacent” public functions, which in Armenia (unlike other countries) are under the mandate and responsibility of the tax authority. The respondents had more difficulty with answering about the adequacy of the tax authority carrying out the function of the preliminary investigator;
- The respondents thought that from the listed five functions only two – oversight of the accounting software application and control over the involvement in entrepreneurial

activity without state registration and/or without a license (illegal activity) – are useful from the perspective of the key functions of the tax authority. The respondents were “skeptical” whether the tax authority should also oversee the currency regulations, and similarly, were not sure whether the key tax functions suffer when the SRC is also responsible for the oversight of cash transaction limits compliance by the taxpayers.

- ✓ Note: In 2016, also, none of the listed functions scored more than 50 percent support of the respondents. Similarly, the oversight of the accounting software application was considered the most relevant for the tax authority.

In summary, **the BTPs have surface idea of the functions of the tax authorities, and the demand to change the existing public-business paradigm has not been formed yet.**

The entrepreneurs do not require new services from the tax authority, except application of modern technology tools. Instead they expect improved timeliness and quality of information provided to the taxpayers by the tax authority (see Figure 44).

Figure 44: What new services do you think should be delivered by the SRC?

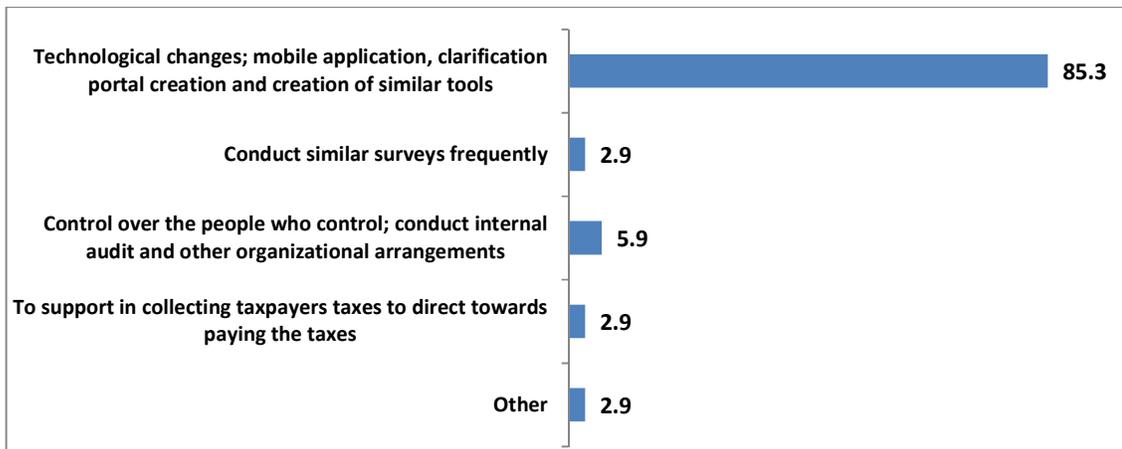
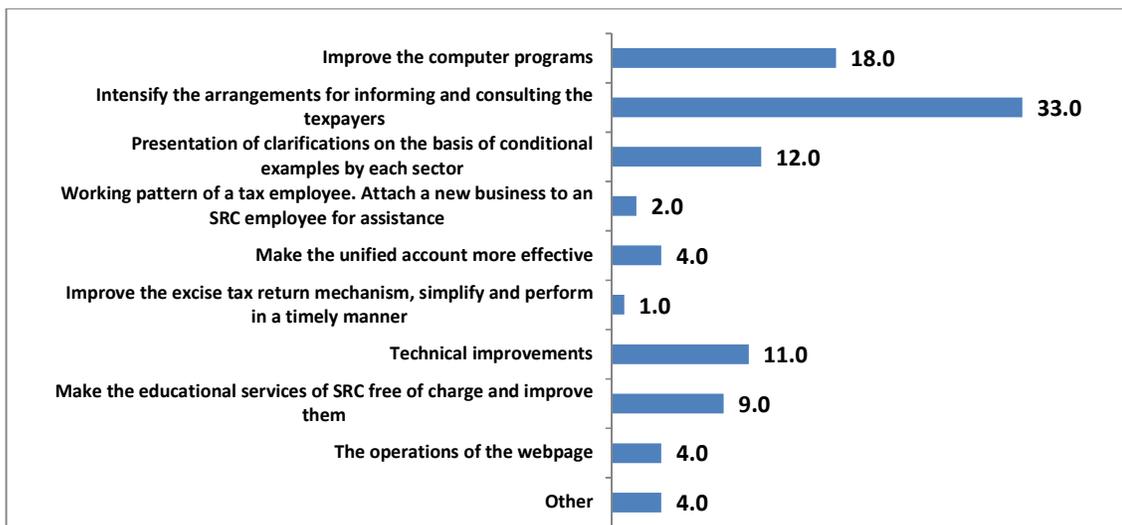


Figure 45. In your opinion, what new way or method should SRC apply in the existing services they deliver?



The analysis in the chart shows the following:

- Eighty-five point three percent of the businesses expect services with the application of new technologies, particularly mobile applications and creation of an information portal.
- Five point nine percent tend to see internal audit and other organizational measures as 'controlling oversight'.
- Two point nine percent recommended conducting similar surveys periodically.
- The businesses expressed a stronger support (58.5 percent) for informative and consulting measures to improve the existing services. The demand for technical upgrades, computer programs, and single account use was also significant (33.7 percent).

ATTITUDE TOWARD THE MEANS OF INFLUENCE ON TAXPAYERS

The entrepreneurs did not mention any surprises connected with tax inspections (Figure 46-49).

Figure 46: Please, tell me, did any tax inspection (study) take place in your organization/ business during 2017-2018?

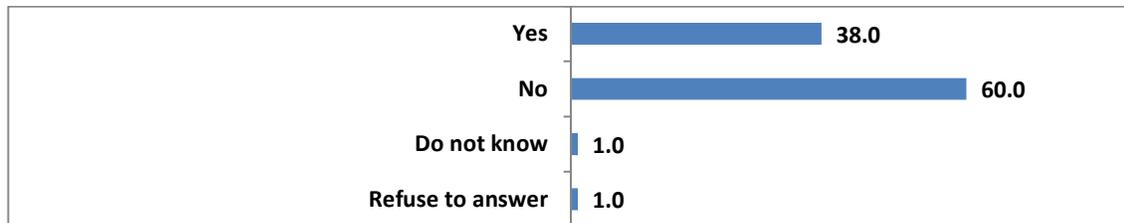


Figure 47: What kind of tax inspection (study, measurement) has been performed in your organization/business during 2017-2018?

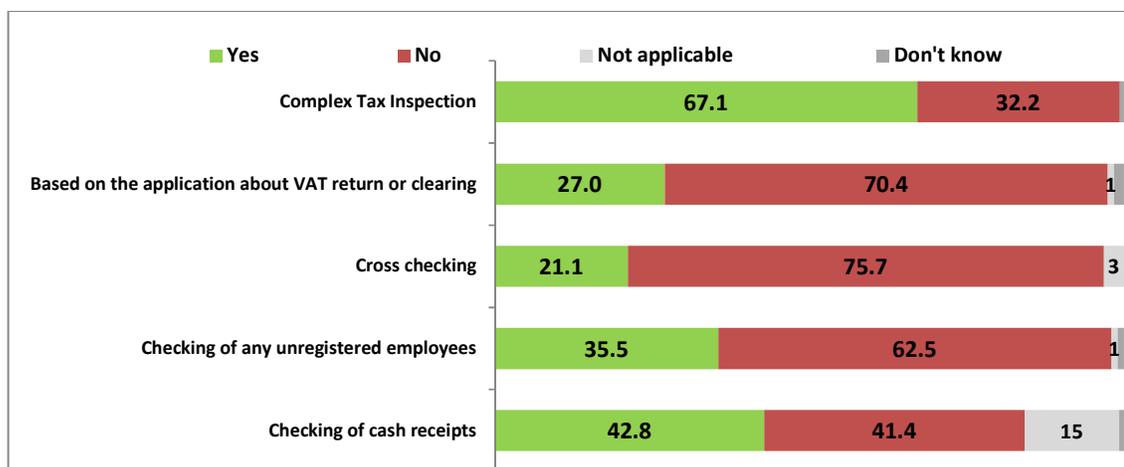


Figure 48: Was the inspection of accuracy of the relationship with the state budget in the scope of the annual plan approved by the tax body?

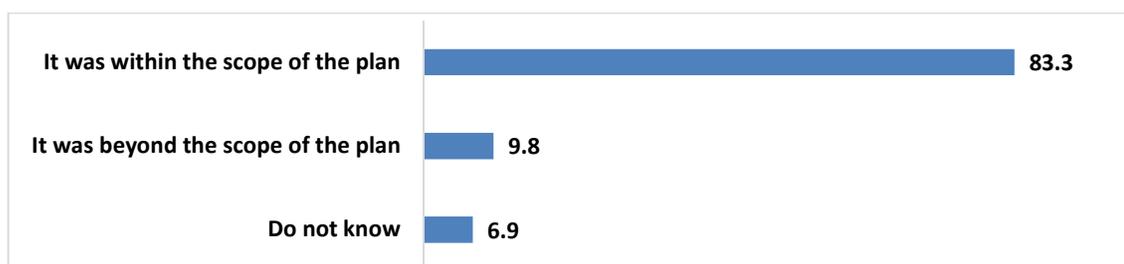
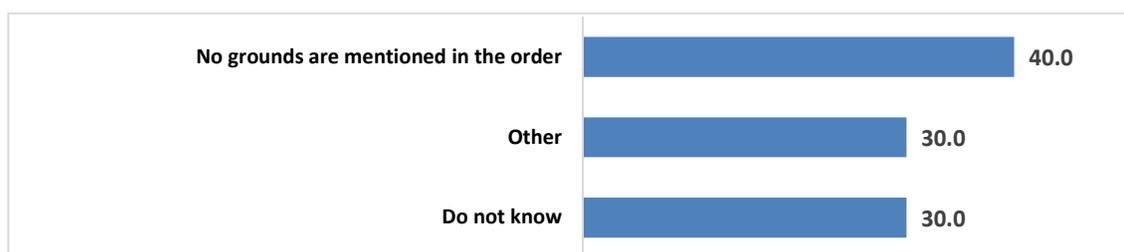


Figure 49: What was the ground for the inspection out of the plan?



The analysis shows the following:

- Only 38 percent of the BTP had dealt with tax inspections.
- The majority of the inspections (67 percent) were complex tax inspections (83 percent planned) and VAT returns inspections (27 percent).
- Inspection of cash register was predominant in other types of inspections (42.8 percent).
- Taxpayers are not well aware of the legal basis of non-scheduled inspections or could not identify their grounds in the warrants (in fact, 40 percent said that the grounds were not mentioned in the warrant).

The majority of the BTPs know their rights during tax inspections – 73.3 percent (Figures 50, 51).

Figure 50: To what extent you are informed about your rights related to the tax inspections (studies, measurements)?

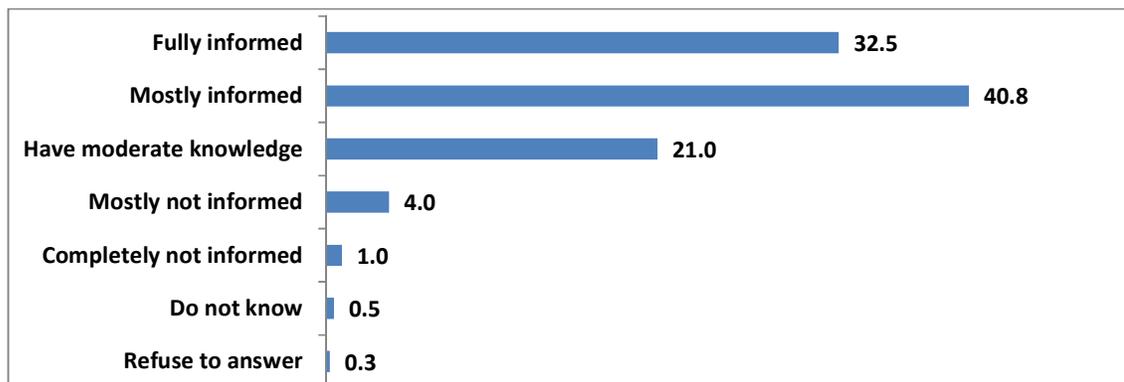
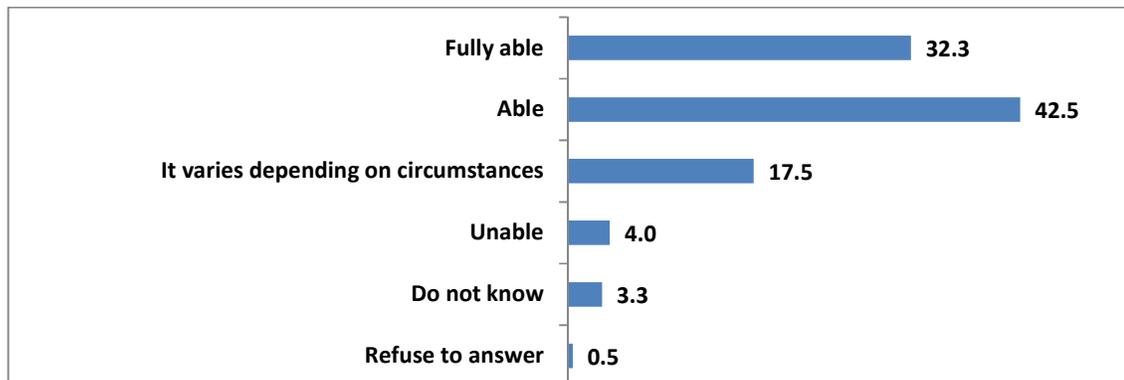


Figure 51: To what extent you are able to exercise your rights?



The analysis in the chart above shows the following:

- Only four percent of the respondents “honestly” confessed not being informed of their rights.
- Thirty-three percent of the BTPs considered themselves fully informed.
- Forty-three percent of the BTPs reported that they can exercise their rights.

The most negative aspect of tax inspections is the process's timeliness, and the positive side is the possibility of correcting own mistakes (see Tables A2.59, A2.60 and Figures 52, 53).

Figure 52: Which of the below items are the negative sides of tax inspections for your business.

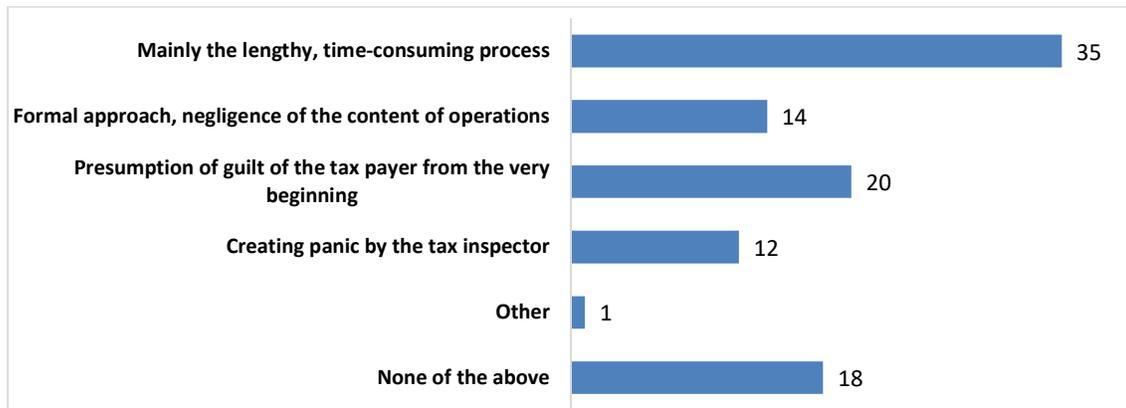
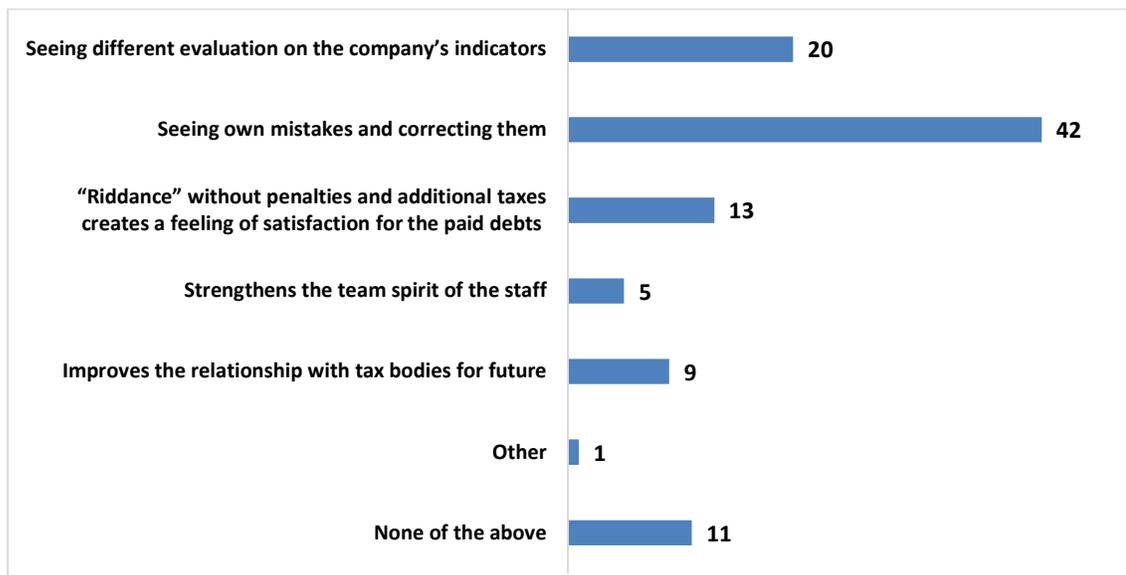


Figure 53. Which of the below items are the positive sides of tax inspections for your business?



The analysis in the chart above shows the following:

- Thirty-five point one percent of the business taxpayers think that inspections are lengthy and time consuming.
- The most positive aspect was considered “seeing personal mistakes and correcting them.” It looks like the taxpayers do not remember that for such “audits” they also pay fines according to tax legislation, and yet continue using the services of external tax consultants only in exceptional cases.

The number of those disagreeing with the results of the tax inspections was small (see Figures 54, 55).

Figure 54: Have you ever expressed your disagreement about the results of tax inspections?

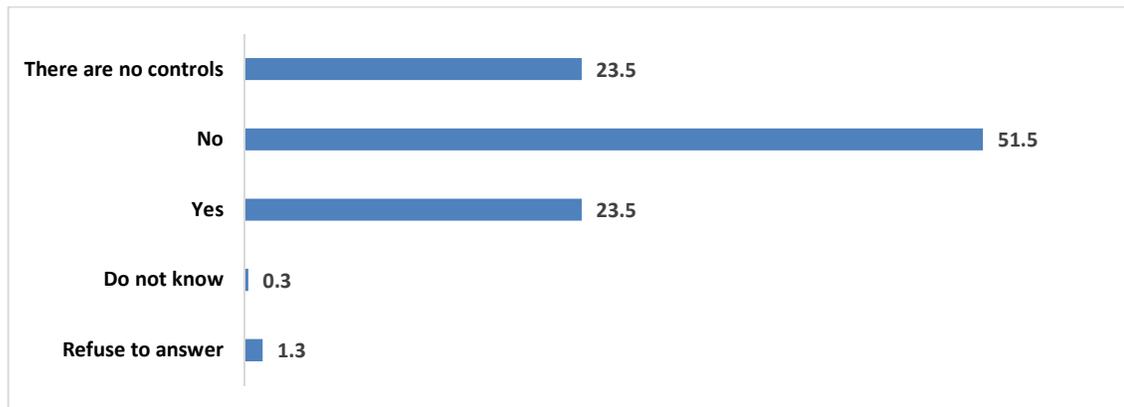
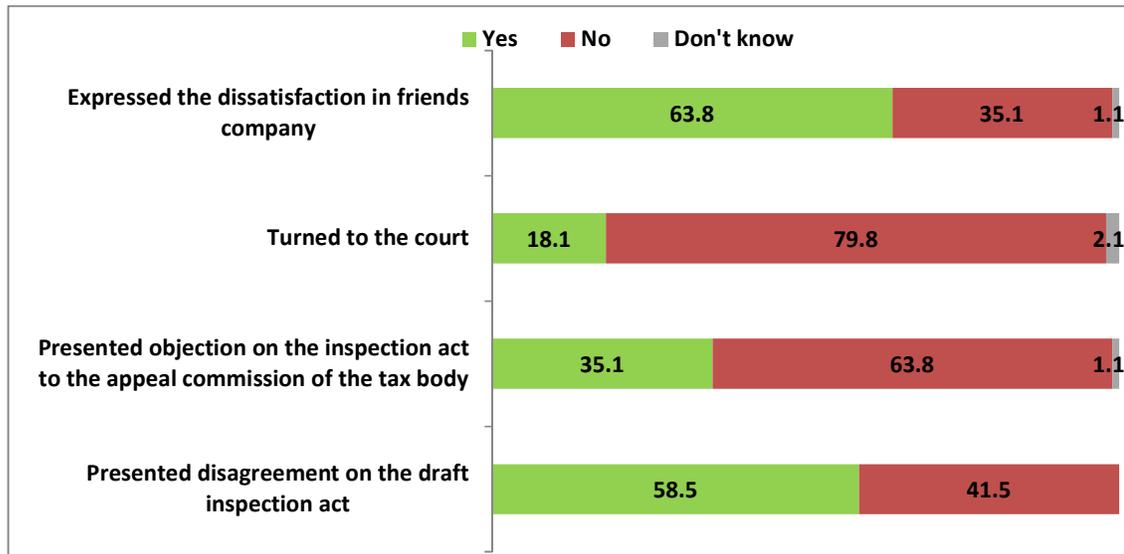


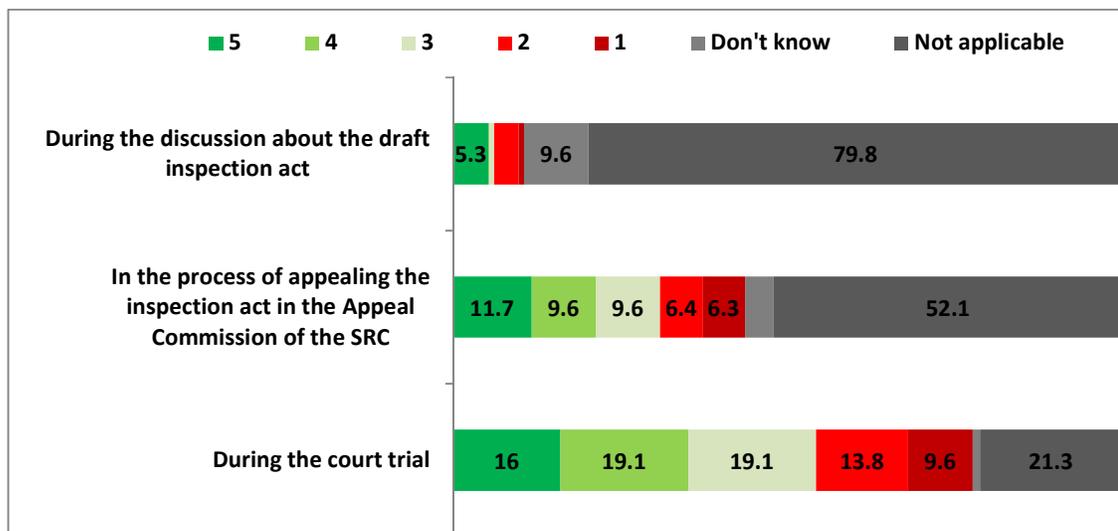
Figure 55: What steps have you taken up for cases when you have disagreed with the tax inspection results?



Twenty-three point five percent of the BTPs disagreed during the inspections. However, most had not taken any active measures; 58.5 percent took some measures and the measures were mostly presenting the disagreement. Fewer businesses had presented objections on the inspection act to the appeal commission of the tax body – 31.1 percent. **Only 18.1 percent of the businesses had gone to the court.** Yet, 63.8 percent of the businesses expressed their dissatisfaction (presumably, also discussing the main points) to their friends.

Expectations from the results of the inspection act appeal remain high (see Figure 56).

Figure 56: Please, tell me how satisfied you are with the results. Using a scale of 1-5, where '1' means "Fully dissatisfied" and '5' means "Fully satisfied"?



The businesses who had expressed disagreement with the tax inspection results were somewhat (35.1 percent) satisfied from the phase of discussing the draft inspection act (presentation of disagreements mentioned above). Twenty-one point three percent were satisfied with the official phase (the Appeal Commission of the SRC).

Only five point three percent of the businesses were satisfied with the judicial process. It should also be taken into consideration that in this case there is a natural asymmetry of baseline information, that is, it does not necessarily mean that the same business had gone through all three stages of complaints discussion. In particular, in the case of the courts, 79.8 percent of the surveyed businesses had not dealt with them at all.

Implementation of inspections and studies based on risk indicators is already an acceptable concept for the taxpayers (Figure 57, 58).

Figure 57: Are you aware that according to the legislation, tax inspections and investigations are carried out through a domestic software program within SRC based on the assessed risk indicators?

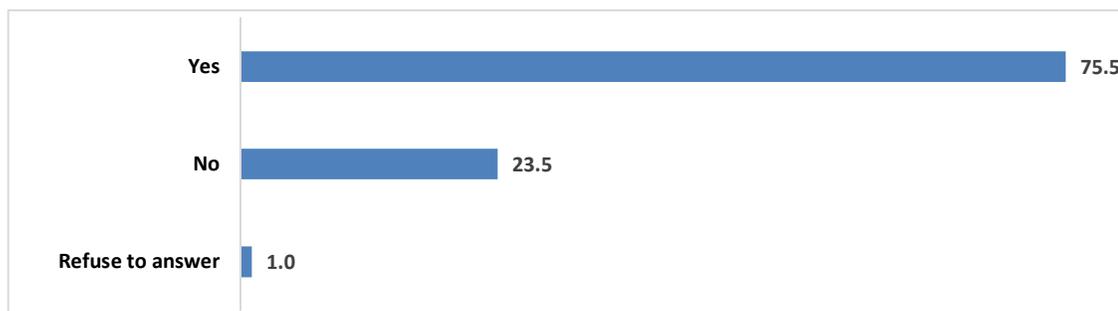
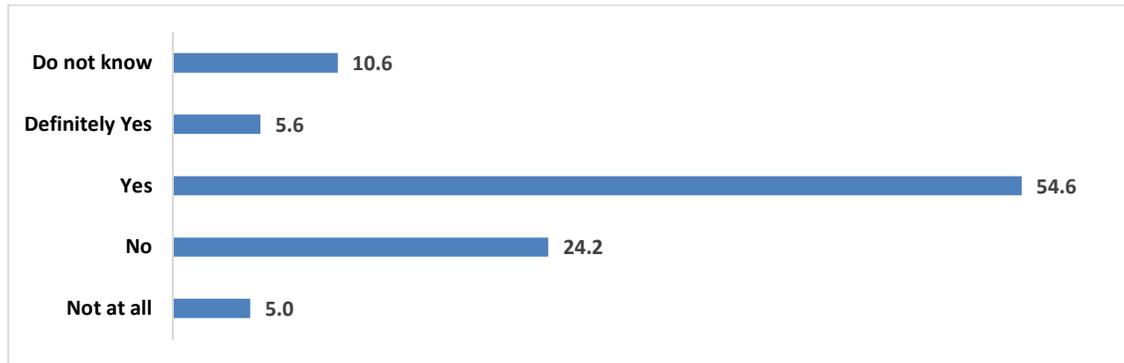


Figure 58: Do you agree that the risk indicators assessment activity through the software program is carried out fairly and impartially according to the procedure established by Law and specially defined methodology?



The analysis in the chart shows the following:

- The level of awareness about the law in Armenia is high among respondents (75.5 percent), according to which tax inspections and studies are conducted based on the assessment of the risk indicators by the SRC internal software.
- The survey results show that the businesses believe that the assessments mentioned above are unbiased and fair. **The influence of the factor of artificial intelligence and automated data processing is obvious.**

The function of the Monitoring Center to identify and notify businesses about risks is still in the making—in some cases the real sector risks are “overestimate.” However, in general, it is welcomed (Figures 59 – 61).

Figure 59: Have you received a notification from the RA SRC Monitoring Center stating that your (taxpayer's) behavior has a risk of transactions done through cash registers and (or) settlement documents?

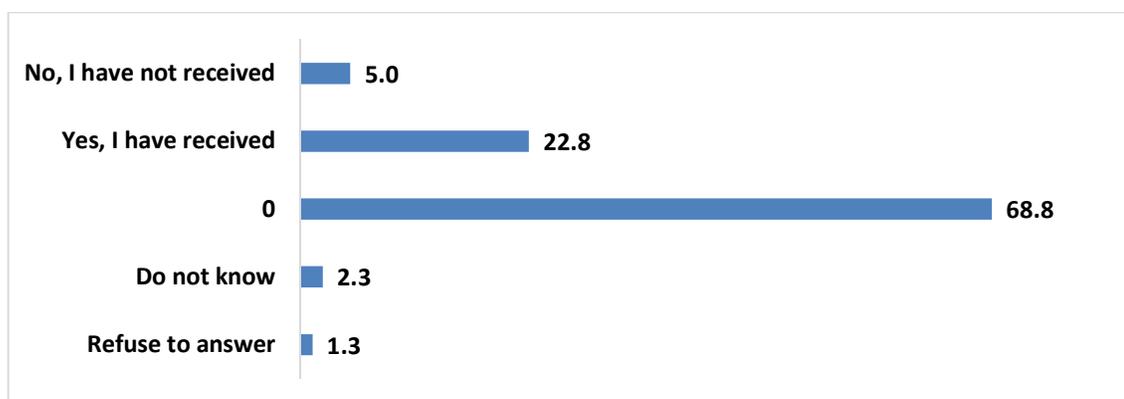


Figure 60: Have you accepted (agreed on) the credibility of the notified risks on those transactions that were identified as a result of inspection?

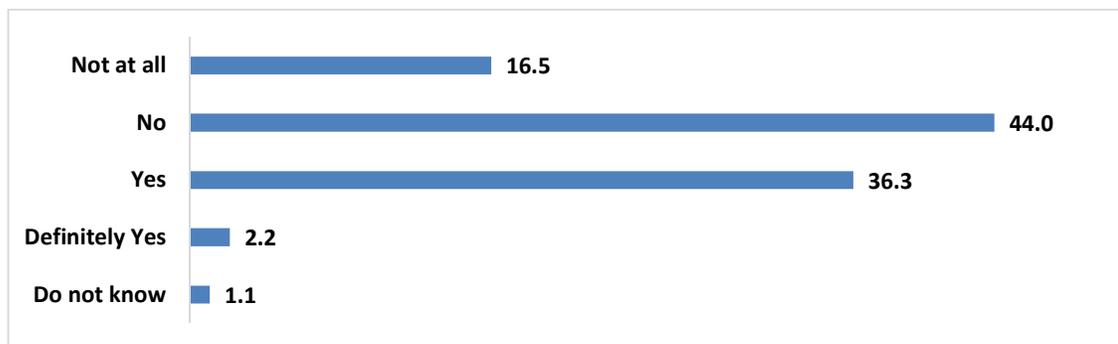
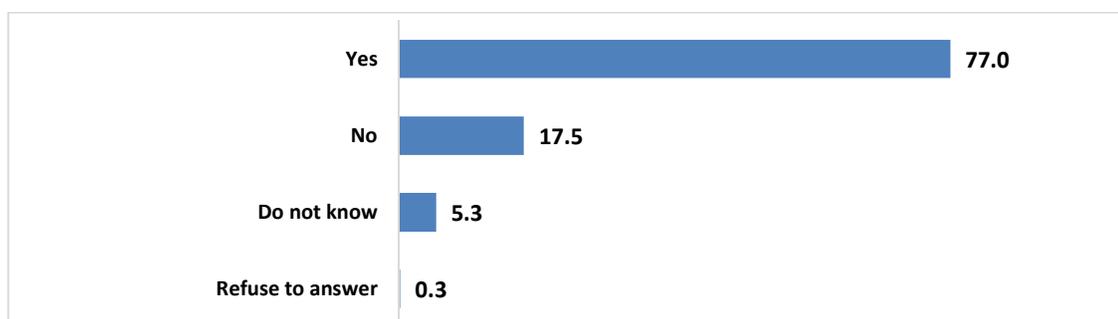


Figure 61: Would you like to receive notifications from the RA SRC that will expose to you the risks related to your activity, enabling you to eliminate the reasons that generate those risks in a work routine format?

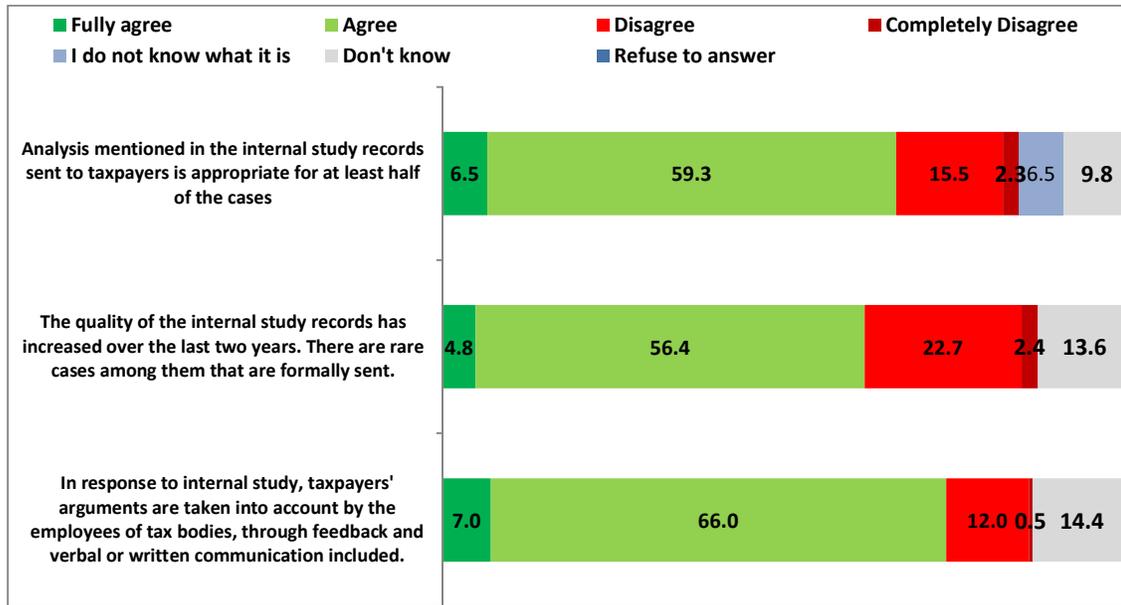


The analysis in the chart above shows the following:

- Monitoring had identified risk symptoms of tax violations in 22.8 percent of the businesses.
- The share of those disagreeing with the tax authority notifications, regarding these risk symptoms is worryingly high – 60.5 percent.
- Despite the abovementioned, the businesses nevertheless are very open to cooperate when it comes to notifications – 77 percent of the businesses want to receive notifications that will identify risks of their operation.

The analyses in the tax internal study protocols have already gained a steady and valued role among the tax administrators and business taxpayers (Figure 62).

Figure 62: Based on your and your partners' experience, to what extent do you agree with following statements?

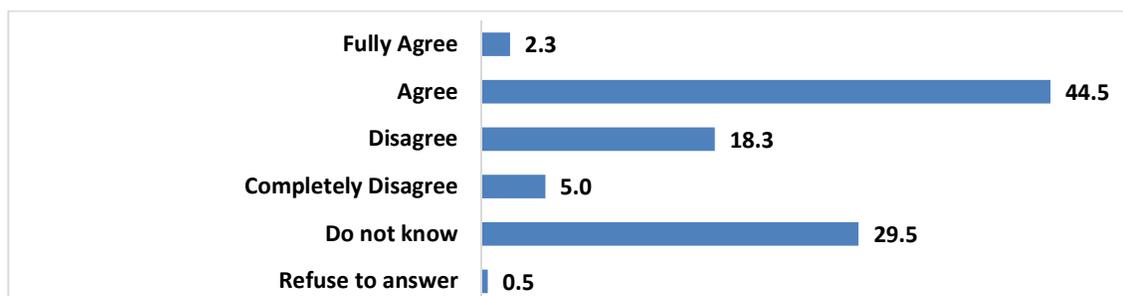


The analysis in the chart shows the following:

- Sixty-five point eight percent of the businesses found at least half of the facts and clauses presented in the protocols of the tax internal studies relevant.
- The businesses thought that the quality of the tax internal studies that they had received had improved over the past two years.
- The businesses agreed that the implementers of these studies in the tax authority read the studies and take into consideration the counter arguments of the taxpayers; 73 percent of the businesses thought so.

In terms of the tax collection function, the taxpayers are only partially confident that the tax authorities show fair and equal attitude toward everyone (Figure 63).

Figure 63: To what extent do you agree with the following viewpoints related to tax influence means/activities of collecting money in case of delaying the payment of taxes? "Charges for tax liabilities amounts, applying ban and forced taxation works are clear, fair, and are equally applied for all"



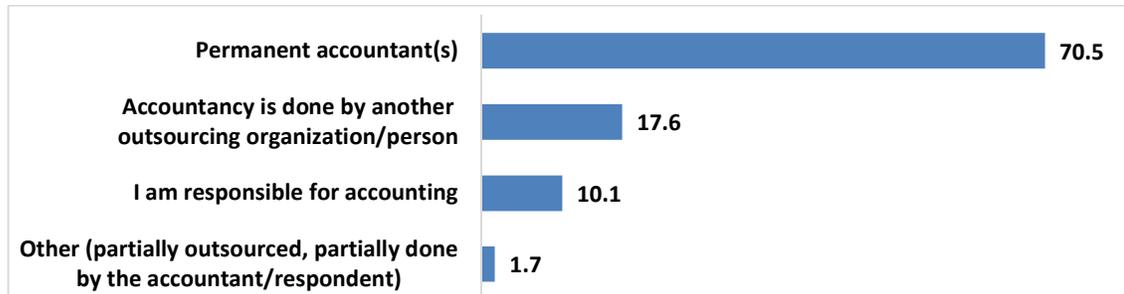
The analysis in the chart shows the following:

- Thirty percent of the surveyed businesses do not know, or cannot assess, whether the charges for tax liabilities amounts, applying ban, and forced taxation operations are clear, fair, and are equally applied for all.
- Only 47 percent of the businesses think that the tax administration functions listed above are fair and equally applied. Twenty-three point three percent simply answered that it is not the case.
 - Note: A cross-comparison of the survey results show that the share of those agreeing with “fair and equal” statement is lower in the regions – 41 percent compared to the average, 47 percent (A4.28.).
- The group of these functions has a lower rating in comparison to all other tax administration functions discussed in this Report and needs improvement. It is essential, as this function is the most important one, while the rest of the functions have a “service” character. It is recommended to make the functions and presentation of the tax authority in this regard more transparent.

ORGANIZING TAX OPERATIONS IN BUSINESS AND BUSINESS PROSPECTS

Business taxpayers are still not inclined to outsource the preparation of the accounting, financial, and tax reports (Figure 64).

Figure 64: Who is responsible for accounting in the organization?



The analysis in the chart shows the following:

- Only 18 percent of the respondents outsource daily accounting and preparation of financial and tax reports.
- Eighty-four point nine percent of the organizations have one or two accountants (see Table A4.29.).
- Ten percent of the BTP do the accounting and taxes themselves.

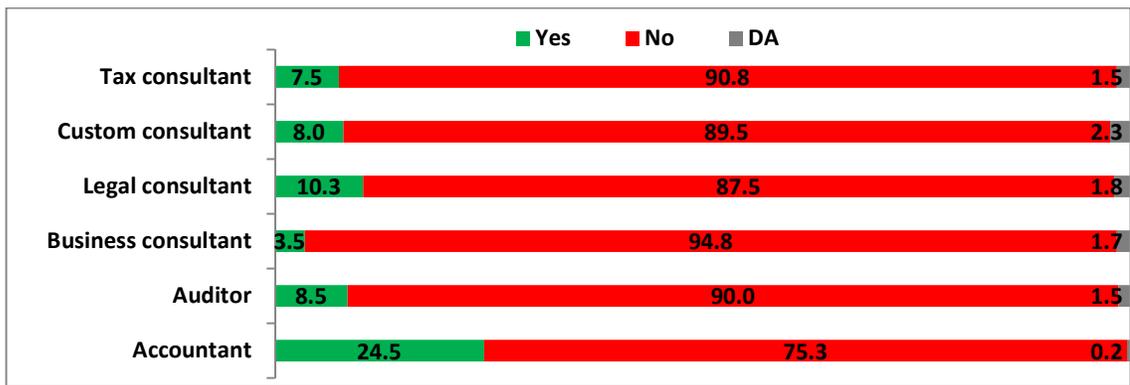
✓ Note: The comparison with the 2013 and 2016 survey results show that no significant changes were registered in the structure of accounting in five years. Particularly on “outsourcing accounting,” the share of the positive responses were 16.3 percent, 13.4 percent and 17.8 percent, respectively.

✓ Note: A cross-comparison of the findings shows (see Table A4.29. and A4.30.) that:

- The practice of outsourcing accounting is even lower in the marzes – 14 percent compared to the average, 18 percent.
- It is higher among young businesses (businesses with less than six years of active operation) with 21.7 percent against the average, 18 percent.

Using consulting services is not the norm. Most are “universal,” and know how to do everything (see Figure 65).

Figure 65: Do you use the service of a paid consultant?



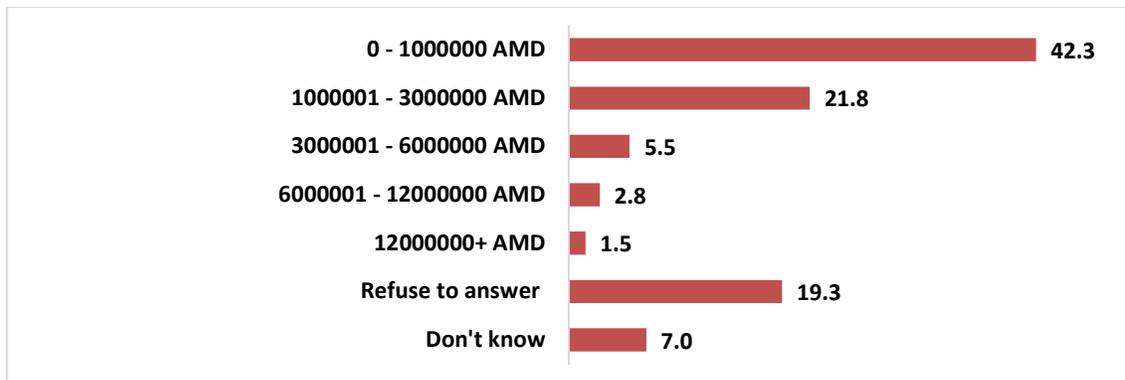
The analysis in the chart shows the following:

- Using external consulting services is not common, however, the most popular among the businesses (10 percent) are the lawyers.
- Only eight percent of the surveyed businesses use tax consulting services.
- A comparatively higher 25 percent for the accounting services may be connected with the fact of outsourced accounting.
- Only four percent of the businesses use business consulting services, which is a very low indicator. Another indirect proof of this attitude is that 80.8 percent of the businesses allocate zero AMD for trainings (see Figure 68).

✓ Note: A comparison with the 2013 and 2016 surveys shows (see Table A3.7) that there was a significant increase in the case of legal consulting.

The businesses do not keep special records on how much they spend on accounting, tax calculations and payments (see Figure 66).

Figure 66: According to rough calculations, how much do you spend per year for maintaining accounting, preparing financial and tax reporting?

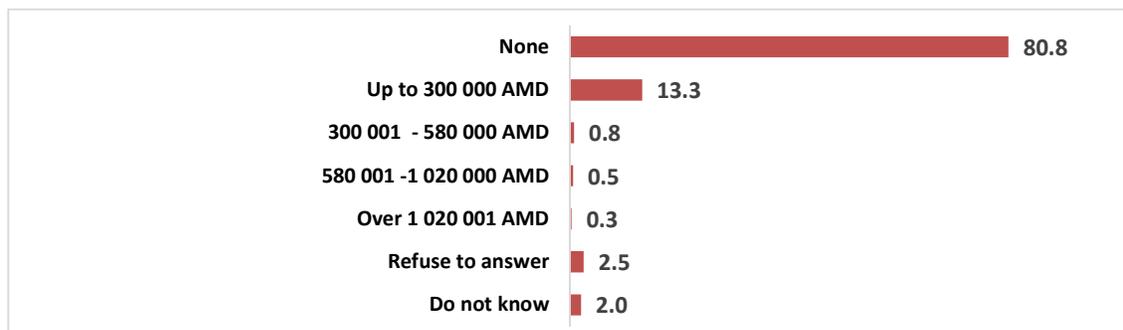


The analysis in the chart shows, that:

- Nineteen point three percent of the businesses did not want, or could not, answer the question.
- Forty-two point three percent of the businesses have spent up to one million AMD for that function. It correlates with the research finding that
 - Eighty-four point nine percent of the organizations have 1-2 accountants.
 - Ten point one percent of the business taxpayers do accounting and taxes themselves.

The budget for trainings on accounting and taxes is shockingly low (see Figure 67).

Figure 67: How much money do you approximately spend yearly on trainings on accounting and tax topics?



The analysis in the chart shows the following:

- Eighty point eight percent of the businesses do not allocate any funds for training on tax and accounting related topics.
- Those that had received training constitute 14.9 percent of the surveyed businesses; moreover, 90 percent of them do not spend more than 300 thousand AMD on trainings annually.
 - ✓ Note: The comparison with the 2013 and 2016 survey results show (see Table A3.8) that this issue has had no progress.

The businesses were surprisingly optimistic about the expected and predicted financial results of the current and the next three years (see Figure 68, 69).

Figure 68: How would you characterize the financial position of your company/business in the previous fiscal year?

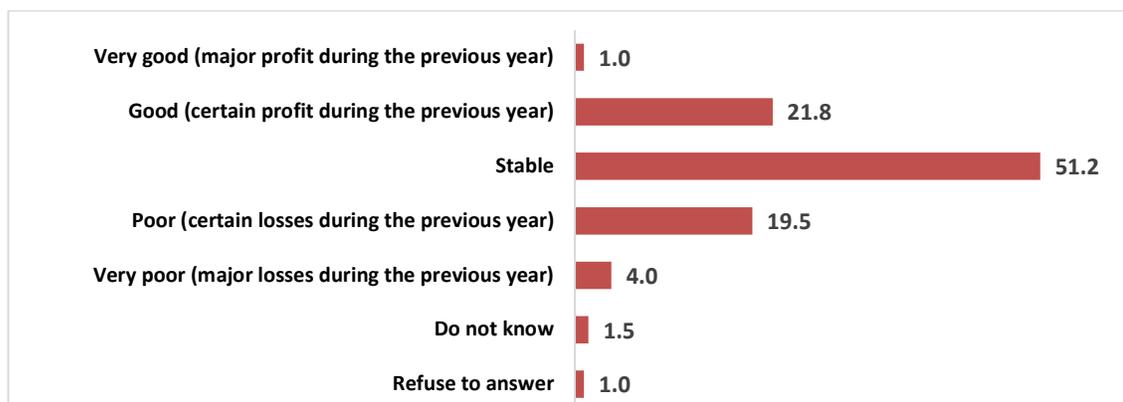
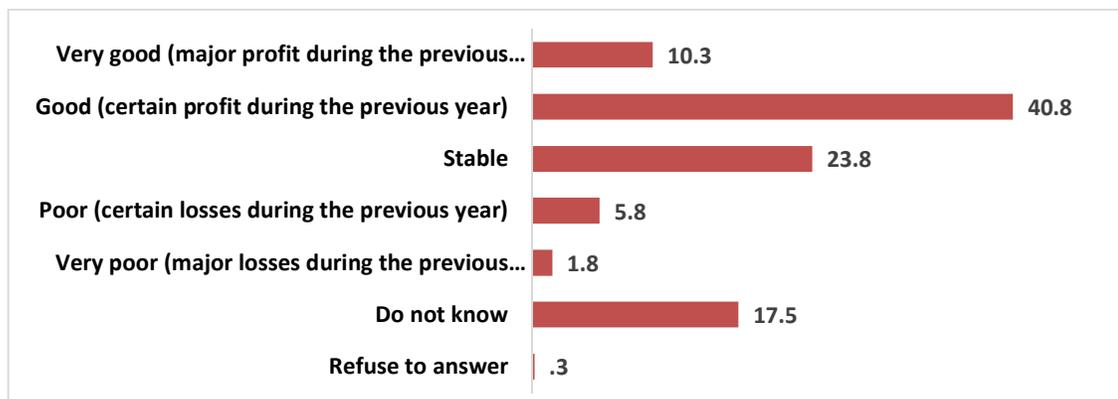


Figure 69: How would you describe the perspectives of your organization/business over this (2018) and the upcoming two (2019-2020) years?



The analysis in the tables and charts shows that:

- Only seven point six percent foresee losses in the current year.
- The expected financial and business prospects over the next three years are even zero point nine percentage points higher than the expected results of the current 2018 among the surveyed businesses - 74.9 percent compared to 74 percent.
- Such optimism is an important factor for productive creative approaches. At the same time, it is desirable and important that it is based on awareness, and not on a popular pathos of the time. There is some discrepancy with other information presented in the preceding sections of this Analytical Report: businesses are not inclined to work with external consultants, and the majority of them allocate no funds for training. It will also be important for businesses to be well-informed about the challenges in Armenia and the region (not directly connected with tax administration functions) and make their calculations and decisions only after being informed, and based on subject analyses.

CONCLUSIONS AND RECOMMENDATIONS

The survey shows significant progress in the customer ratings of the state authorities related to tax administration, both from the perspective of customer service, as well as from the electronic services and tax internal studies. The Training Center of the SRC is developing.

The tax authority also has several areas where there are problems and indicators should be improved. In particular, unified account function, telephone call center, appeal system, equal treatment in tax collection, and adoption of modern technology tools can be improved.

Several activities are proposed to solve these problems. They are mainly aimed at expanding or improving existing services to taxpayers.

1. Enhance taxpayers' awareness of services. Particular attention should be paid to prompt notification of legislative changes.
2. In case of insufficient allocation of funds for consulting services by taxpayers, it is advisable to group the answers to taxpayers' questions and run a special portal.
3. Significantly improve Call Center operations by setting performance improvement indicators.
4. Introduce tax service processes evaluation and efficiency enhancement planning. Periodically inform the public about progress in service delivery by presenting specific technical indicators.
5. Conduct annual surveys among taxpayers for revaluation of these key indicators. The questions of the questionnaire are presented as Annex 1 to this Report.
6. Conduct a one-time survey among taxpayers on technical issues of electronic services. A number of participants additionally mentioned such issues. Subsequently, it is also possible to develop a tax mobile application.
7. Solve the issues connected with the consolidated account; this new service was ranked as the most problematic.
8. Review the notion of the "law-abiding taxpayer" and its future relevance in its current form.
9. The electronic taxation service needs additional clarifications. It is advisable to carry out this through a coordinated clarification.
10. Undertake preparatory activities prior to the introduction of the Horizontal Monitoring System. Taxpayers are not sufficiently aware of it.
11. Work with large accounting companies, with a separate program, for the implementation of public-private program, raising awareness and other maintenance work.
12. Work with non-profit organizations working in corporate governance field to assess cooperation possibilities for including tax payment issues in the agendas of the shareholders and boards of corporations.

Annex 1. Questionnaire of tax administration and tax perceptions survey among
taxpaying organizations and individual



**Tax Administration and Tax Perceptions
Survey of Taxpaying Organizations,
Individual Entrepreneurs
September 2018**

SU ID	_____
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Region	
City/Village	

ID of Interviewer	
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Hello, my name is [last name, first name] and I represent the Caucasus Research Resource Center-Armenia. I am collecting data for a survey conducted by the Caucasus Research Resource Center-Armenia. The goal of the project is to assess the attitudes of the society and the business environments towards the tax administration and the tax policy reforms in Armenia. This is a subsequent survey following previously completed surveys in 2013 and 2016, and aims to bring the data up to date with more recent developments in the field.

Your organization has been randomly selected from the general list, along with 400 other organizations, thus forming a representative sample. The information that you will provide will remain strictly confidential and will be used only in aggregated form and only for research purposes.

Day/Month/Year	____/____/_____
----------------	-----------------

Beginning of interview: [Interviewer: USE 24-HOUR CLOCK] Hour: |__|__| |__|__| Min.

1. BASIC INFORMATION

1.1. (2016-1.1) What is your position (basic responsibility)?

Shareholder/Owner	1
President/Vice President/Executive Director	2
Member of the Board of Directors (including the director and external independent members)	3
Financial Manager	4
Chief Accountant	5
Head of Legal Service	6
Human Resource Manager	7
I am an Individual Entrepreneur	8
Other(Specify _____)	9

1.2. (2016-1.2) How many years has your business/organization been actually (actively) operating in Armenia?

Up to 1 year	1
1 – 3 years	2
4 – 6 years	3
7 – 10 years	4
11 – 15 years	5
More than 15 years	6
Don't know/Refuse to answer	-1/-2

1.3. (2016-1.3) What is the organizational-legal status/form of your business?

Limited liability company	1
Closed joint stock company	2
Open joint-stock company	3
Production cooperative	4
Individual entrepreneur	5
Other (Specify _____)	6

1.4. (2016-1.4) Who is the biggest shareholder/participant of your business?

Physical person from Armenia	1
Physical person from abroad	2
A local self-government body	3
Another Armenian organization	4
A foreign organization	5
The state	6
I am an individual entrepreneur	7
Other(Specify _____)	8
Don't know/Refuse to answer	-1/-2

1.5. (2016-1.5) And what is the main type of your business operations? [Interviewer: accept one response]

Agriculture, Forestry and Fishing	1
Mining and Quarrying	2
Manufacturing	3
Electricity, gas, steam and air conditioning supply	4
Water supply; sewerage, waste management and remediation activities	5
Construction	6
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles	7
Transportation and storage	8
Accommodation and food service activities	9
Information and communication	10
Financial and insurance activities	11
Real Estate Activities	12
Professional, scientific and technical activities	13
Administrative and support service activities	14
Public administration and defense; compulsory social security	15
Education	16
Human health and social work activities	17
Arts, entertainment and recreation	18
Other service activities	19
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	20
Activities of extraterritorial organizations and bodies	21
Don't know/ Refuse to answer	22

1.6. (2016-1.6) Has the corporate governance system (distribution of authorities between the shareholders, board of directors, the director and the commissions, an internal audit function, etc.) been actually launched in your organization?

Yes	1
No	0
I do not know what it is	2
Don't know/Refuse to answer	-1 / -2

1.7. (2016-1.7) Is the director of your enterprise simultaneously also one of the main shareholders/participants?

Yes	1
No	0
Don't know/Refuse to answer	-1/-2

1.8 (2016-4.11) In your company which bodies are the decision makers in tax-related issues?

Majority shareholders	1
Shareholders	2
Board of Directors	3
Executive Director	4
Other _____	5
Don't know/Refuse to answer	-1/-2

1.9. (New Question-CRRC-Armenia) Does your organization have a “law-abiding tax payer” status granted by the RA State Revenue Committee (SRC)?

Yes	1
No	0
Don't know/Refuse to answer	-1/-2

1.10. (2016-2.1) Please mention which of the following types of taxes are paid by your business?

Type of tax	Yes	No	DK/ RA
Profit tax	1	0	-1/ -2
Value added tax	1	0	-1/ -2
Excise tax	1	0	-1/ -2
Income tax (income tax and compulsory social security payment)	1	0	-1/ -2
Property tax	1	0	-1/ -2
Land tax	1	0	-1/ -2
Turnover Tax	1	0	-1/ -2
Environmental and natural resource use fees	1	0	-1/ -2
Other payments (specify _____)	1	0	-1/ -2

1.11. (2016-6.1) Is your business engaged in importing/exporting goods/services?

Import	1
Export	2
Both	3
None	4
Don't know/Refuse to answer	-1/-2

1.12. (2016-1.8) Is your organization a member of any union, association?

Yes	1
No	2
Don't know/Refuse to answer	-1 / -2

2. GENERAL TAX CODE/LAW ABIDANCE

2.1. (2016-1.10) Do you think unions and associations are able to contribute to the improvement of tax policy and tax administration?

Completely can	1
Can rather than cannot	2
Cannot rather than can	3
Completely cannot	4
Don't know/Refuse to answer	-1/-2

2.2. (New Question-CRRC-Armenia) From the point of view of a "taxpayer-tax authority" communication, how useful is the work of the Social Council of Revenue Administration Reforms of the RA State Revenue Committee?

Very useful	1
Useful	2
It has no influence	3
Not useful	4
Not useful at all	5
I do not know what it is	6
Don't know/Refuse to answer	-1 / -2

2.3. (New question SRC) According to your estimations, what is the actual percent of the turnover for the entire economic activity type your business belongs to hidden from the tax body (shadow amount) (in %)

_____	Percent
Don't know/Refuse to answer	-1/-2

2.4. (2016-1.17) (CARD 2.3) Which direction of the reforms of tax administration do you consider to be essential for the improvement of business environment? [Interviewer: accept up to three response writing first, second and third responses in right column]

1	Tax payers service	
2	Tax control	
3	System of liabilities used in case of tax violations	
4	Instrumental tools/system of ensuring fulfillment of tax liabilities	
5	System of appeals against actions or inactivity of tax officers	
6	Other _____	
-1/-2	Don't know/Refuse to answer	

2.5. (2016-6.4) Has becoming a member of the Eurasian Economic Union formed a more trustworthy and comfortable environment for you as regards the customs relationships, taxes and mandatory fees charged by customs authorities?

Yes	1
No	2
No impact	3
Not applicable	4
Don't know/Refuse to answer	-1/-2

2.6. (2016-2.7) Do you agree that the new Tax Code, that came into force in 2018 and grouped the legislative norms regulating the tax relations, has promoted the tax relations to become more perceptive or more accessible to use?

Definitely Yes	1
Yes	2
It has no influence	3
No	4
Not at all	5
Don't know/ Refuse to answer	-1 / -2

2.7. (2016-2.10) Do you think the uncommon tax regimes now underway in Armenia (turnover tax, patent fee, family business) facilitate calculation of tax liabilities and payments?

Definitely Yes	1
Yes	2
It has no influence	3
No	4
Not at all	5
Don't know/Refuse to answer	-1 / -2

2.8. (2016-2.13) (CARD 2.7) In your opinion, what is the biggest advantage of tax code/law abidance for the business on the whole?

Acquiring good reputation	1
Reduced probability to get fined	2
Contributing to the business development, expansion	3
Pay taxes and sleep well	4
Other (specify _____)	5
There is no advantage [Do not read]	6
Don't know/Refuse to answer	-1/ -2

2.9. (2016-2.14) (CARD 2.8) In your opinion, what is the most negative consequence of tax code/law abidance on the business in general?

Our income will be reduced since we cannot raise adequately the prices of our products/services	1
Still, others will not pay, so we are going to suffer in terms of competition	2
Still, we continue dealing with the unfair and unequal attitude from the tax body. I don't think the tax body will notice and encourage the change in my behavior	3
Downturn in business, loss of clients	4
Other (specify _____)	5
No negative consequence [Do not read]	6
Don't know/Refuse to answer	-1/ -2

2.10. (New question SRC) In your opinion, has the behavior of SRC tax/customs authorities /attitude towards their job and taxpayers/ changed within the last 3 months?

Definitely Yes	1
Yes	2
No	3
Not at all	4
Don't know/Refuse to answer	-1 / -2

2.11. (New question SRC) According to your estimations, what is the actual percent of the undocumented turnover of procurement of goods, services for the entire economic activity type your business belongs to (in %)?

_____	Percent
Don't know/Refuse to answer	-1/-2

2.12. (New question CRRC) In your opinion, what is the biggest advantage of decreasing the shadow economy and procurement /undocumented procurement of raw and other materials and labor/ for the country's economy on the whole?

Will lead to increase of tax revenues and, as a result, increase in the wellbeing of the lower and middle income groups	1
Will reduce sponsorship and foster fair competition	2
Will create a solid foundation to protect the rights of shareholders and other beneficiaries	3
Small and medium enterprises will be motivated to do investments	4
Other (specify _____)	5
No negative consequence [Do not read]	6
Don't know/Refuse to answer	-1/ -2

2.13. (New question CRRC) In your opinion, what is the most negative consequence of decreasing the shadow economy and procurement /undocumented procurement of raw and other materials and labor/ for the country’s economy on the whole?

Will lead to increase of consumer prices in Armenia	1
Will lead to dismantling of business transactions and ties	2
Will cause tensions /conflicts/ between various groups in the society	3
Increase in production costs will hinder Armenian companies to be competitive in the international markets	4
Other (specify _____)	5
No negative consequence [Do not read]	6
Don’t know/Refuse to answer	-1/ -2

3. ATTITUDE TOWARDS THE SERVICES RENDERED BY TAX AUTHORITIES

The services provided to taxpayers by tax authorities are various. In recent years, electronic means and modern technologies have widely been used in tax service provision. In this questionnaire, for overall assessment of attitude towards the services rendered to taxpayers, these services have been combined in one question, specifying certain tax-related issues, such as electronic services (e-services), tax body-taxpayer communication, information exchange.

3.1. (2016-5.3) (CARD 3.1) Using a scale of 1-4, where ‘1’ means “Completely useless” and ‘4’ means “Very useful”, how would you assess the following services delivered by the RA Tax Service?

[Interviewer: accept one response per line]

Types of Services		Completely useless	Useless	Useful	Very useful	DK/RA
1.	E-System of Report Submission	1	2	3	4	-1/-2
2.	E-invoicing system	1	2	3	4	-1/-2
3.	RA tax payers search system	1	2	3	4	-1/-2
4.	Online notification system	1	2	3	4	-1/-2
5.	Online correspondence system	1	2	3	4	-1/-2
6.	Law-abiding Taxpayers Registration System	1	2	3	4	-1/-2
7.	Tax calendar	1	2	3	4	-1/-2
8.	E-mail delivery system	1	2	3	4	-1/-2
9.	Call center /Hot line	1	2	3	4	-1/-2
10.	Electronic system of label attribution	1	2	3	4	-1/-2
11.	Other (specify _____)	1	2	3	4	-1/-2

3.2. (New Question-SRC) (CARD 3.2) How do you rate the quality of e-services (electronic services) that are rendered to you by the tax bodies? Use a scale of 1 to 5, where “1” means “Very Bad” and “5” means “Very Good”? [Interviewer: accept one response per line]

Types of Services		Very Bad	Bad	Satisfactory	Good	Very Good	DK/RA
1.	E-System of Report Submission	1	2	3	4	5	-1/-2
2.	E-invoicing system	1	2	3	4	5	-1/-2
3.	RA tax payers search system	1	2	3	4	5	-1/-2
4.	Online notification system	1	2	3	4	5	-1/-2
5.	Online correspondence system	1	2	3	4	5	-1/-2
6.	Law-abiding Taxpayers Registration System	1	2	3	4	5	-1/-2
7.	Tax calendar	1	2	3	4	5	-1/-2
8.	E-mail delivery system	1	2	3	4	5	-1/-2
9.	Call center /Hot line	1	2	3	4	5	-1/-2
10.	Electronic system of label attribution						
11.	Other (specify _____)	1	2	3	4	5	-1/-2

3.3 (New Question-SRC) Does the electronic system of services having been introduced by tax authorities promote the fulfilment of all of the tax obligations?

Definitely Yes	1
Yes	2
It has no influence	3
No	4
Not at all	5
Don't know/Refuse to answer	-1 / -2

3.4 (New Question-SRC) Please tell us to what extent do you agree with the following statements using a scale of 1 to 4 where “1” means “Completely disagree” and “4” means “Fully agree”?

		Completely Disagree	Disagree	Agree	Fully Agree	DK/RA
1.	Now the calculation of taxes is simpler and easier than it was three years ago	1	2	3	4	-1/-2
2.	Now tax payment procedures are simpler and easier than they were three years ago	1	2	3	4	-1/-2
3.	Now tax report submission is simpler and easier than it was three years ago	1	2	3	4	-1/-2

3.5. (New Question-SRC) Has automation of tax administration functions that have taken place in the course of the recent three years led to decrease in face-to-face contacts and communication between taxpayers and tax authorities that as such were required and imposed in the past?

Definitely Yes	1
Yes	2
It has no influence	3
No	4
Not at all	5
Don't know/Refuse to answer	-1 / -2

3.6. (New Question-SRC) Has automation of tax administration functions that have taken place in the course of the recent three years resulted in reduction of costs (administrative costs) for taxpayers to run a business?

Definitely Yes	1
Yes	2
It has no influence	3
No	4
Not at all	5
Don't know/Refuse to answer	-1 / -2

3.7. (New Question-SRC) Which of the below mentioned new online services rendered by tax authorities are you aware of?

	Yes	No	RA
Consolidated Treasury Account for all types of taxes	1	0 ⇒3.9	-2
Automatic transfer of the overpaid tax amounts under one tax type to the repayment of another type of pending tax liabilities	1	0 ⇒3.9	-2
Possibility to pay taxes electronically	1	0 ⇒3.9	-2

3.8. (New Question-SRC) - Do the new type of services being rendered by tax authority (as mentioned in the previous question 3.7) directly promote or at least simplify your business operations?

	Definitely Yes	Yes	It has no influence	No	Not at all	DK /RA
Consolidated Treasury Account for all types of taxes	1	2	3	4	5	-1 / -2
Automatic transfer of overpaid tax amounts under one tax type to the repayment of another type of pending tax liabilities	1	2	3	4	5	-1 / -2
Possibility to pay taxes electronically	1	2	3	4	5	-1 / -2

3.9. (New Question-SRC) How do you rate, in general, the initiatives undertaken by tax authorities over the last three years for the improvement of tax administration (introduction of various e-services, simplifications in tax calculation, etc.)?

Very Positive	1
Positive	2
Satisfactory	3
Negative	4
Very Negative	5
Don't know/Refuse to answer	-1 / -2

3.10. (New Question-CRRC-Armenia) Since July 1, 2018, the eligibility of providing official tax-related clarifications has been transferred from SRC to the RA Ministry of Finance that is responsible for developing state revenue policy and legislation. To what extent do you agree that it will contribute to more explicit performance of tax administration functions by SRC?

Fully Agree	1
Agree	2
Disagree	3
Completely Disagree	4
Don't know/Refuse to answer	-1 / -2

3.11. (New Question-CRRC-Armenia) Starting 2019, the Horizontal Monitoring System (a co-partnership voluntary mechanism that of a tax body-largest taxpayer) will come into effect as defined in Chapter 65 of the Tax Code. To what extent do you agree with the viewpoint given below? Please rate using a scale of 1-4, where "1" means "Completely Disagree" and "4" means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	DK/RA
1.	The Horizontal Monitoring System is evidently a useful tool in terms of simplification of tax administration and communication with tax authorities and we will join this system	1	2	3	4	-1/-2

3.12. (New Question-CRRC-Armenia) Please rate the quality of work of the RA SRC Training Center responding to the following viewpoints to the extent you agree with. Please use a scale of 1-4, where “1” means "Completely Disagree" and “4” means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	DK/RA
1.	Topics included in the Curriculum of the SRC Training Center are always pertinent/up-to-date	1	2	3	4	-1/-2
2.	Dissemination of information about seminars is quite effective	1	2	3	4	-1/-2
3.	The trainers are professionals and the answers to the questions posed are explicit and complete, as a rule.	1	2	3	4	-1/-2
4.	The SRC training courses are more useful and effective than those of similar services providers of the private sector	1	2	3	4	-1/-2

3.13. (New Question-CRRC-Armenia) Please share your opinion with us on the quality of work of the SRC "Call Center" ("Hot Line"), responding to the following viewpoints to the extent you agree with. Please use a scale of 1-4, where “1” means "Completely Disagree" and “4” means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	I have not used	DK/RA
1.	Call Center services are accessible; actually, the phone calls are promptly responded.	1	2	3	4	5	-1/-2
2.	The specialists who respond to the calls are professionals who answer the questions in a clear and explicit manner	1	2	3	4	5	-1/-2
3.	The responses provided by the Call Center are effective so that there does not emerge a further need to apply to tax-related consulting companies	1	2	3	4	5	-1/-2
4.	The Call Center has a FAQ list and it promotes the quick categorization of questions received and provision of the same /identical answers	1	2	3	4	5	-1/-2

3.14. (New Question-CRRC-Armenia) Please rate the quality of work of the Taxpayers Service Centers responding to the following viewpoints to the extent you agree with, using a scale of 1-4, where “1” means "Completely Disagree" and “4” means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	DK/RA
1.	Separation of activity of service centers from inspection and tax collection activities raised the effectiveness of and confidence towards tax administration	1	2	3	4	-1/-2
2.	Information posted on the walls of service centers is regularly updated; taxpayers can use that information for assessing the tax consequences of their transactions	1	2	3	4	-1/-2
3.	Service centers have a queue control panel and it promotes quality service provision	1	2	3	4	-1/-2
4.	Service rendering specialists serve as public service providers rather than representatives of inspection and punitive unit.	1	2	3	4	-1/-2
5.	For expressing their opinion on customer service quality, taxpayers usually use anonymous evaluation equipment installed at service centers	1	2	3	4	-1/-2
6.	Tax information terminals available at service centers are functional and are used by taxpayers and service center specialists for tax operations	1	2	3	4	-1/-2

3.15. (New Question-CRRC-Armenia) Let us talk about the Consolidated Treasury Account: to what extent do you agree with the following viewpoints? Please rate using a scale of 1-4, where “1” means "Completely Disagree" and “4” means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	DK/RA
1.	The availability of Consolidated Treasury Account enables accessing 24/7 online information on taxpayers' tax obligations/responsibilities.	1	2	3	4	-1/-2
2.	Thanks to this account, non-formal claims / exhortation by tax authorities for overpayments are ruled out, because additional payments are not considered as state budget revenue.	1	2	3	4	-1/-2
3.	Thanks to the Consolidated Account, the mechanisms for recalculations done as a result of accurate reports submission, and calculation of penalties for overdue liabilities have been simplified.	1	2	3	4	-1/-2

3.16. (New Question-CRRC-Armenia) Are those who carry out tax administration (taxpayer service centers, those who perform data processing, analysis and monitoring, departments/units that apply tax audits and other means for influence) professional and honest while performing their functions?

Definitely Yes	1
Yes	2
No	3
Not at all	4
Don't know/Refuse to answer	-1 / -2

3.17 (2016-5.1) (CARD 3.17) What are your main sources of receiving information about the changes in tax system/procedures? [Interviewer: Accept up to three responses, writing first, second and third responses in right column]

1	Directly the tax bodies /notifications/	
2	The website of the Tax Service /www.petakamutner.am/	
3	Official bulletins (information systems, arlis.am, irtek.am)	
4	A written inquiry to the SRC of the Republic of Armenia for obtaining information	
5	Other persons/businesses	
6	Public agencies involved in protection of rights	
7	Printed sources	
8	Electronic media	
9	Social networks (Facebook, LinkedIn, Twitter...)	
10	Consultancy companies	
11	Mass media (TV, radio)	
12	Call center	
13	None of the above [Do not read]	
	Don't know/ Refuse to answer	-1 / -2

3.18. (2016-5.2- changed) (CARD 3.17) Please mention, what is the preferable and most reliable way of receiving information from a tax body? [Interviewer: Accept up to three responses, writing first, second and third responses in right column]

1	Directly the tax bodies /notifications/	
2	The website of the Tax Service /www.petakamutner.am/	
3	Official bulletins (information systems, arlis.am, irtek.am)	
4	A written inquiry to the SRC of the Republic of Armenia for obtaining information	
5	Other persons/businesses	
6	Public agencies involved in protection of rights	
7	Printed sources	
8	Electronic media	
9	Social networks (Facebook, LinkedIn, Twitter...)	
10	Consultancy companies	
11	Mass media (TV, radio)	
12	Call center	
13	None of the above [Do not read]	
	Don't know/ Refuse to answer	-1 / -2

3.19. (2016-5.4) (CARD 3.19) In your opinion, to what extent the delivery of the following services by the SRC contributes to the improvement of the public confidence towards the main goal of the SRC. Use a 1-5 scale, where '1' means "Does not contribute at all" and '5' means "Fully contributes".

	Does not contribute at all	Does not contribute	Has no influence	Contributes	Fully	DK/RA
Control over the regulations on transactions/payments using foreign currency on the territory of Armenia	1	2	3	4	5	-1/-2
Application of accounting software	1	2	3	4	5	-1/-2
Application of cash transaction limit	1	2	3	4	5	-1/-2
Implementation of preliminary investigation and probe	1	2	3	4	5	-1/-2
Control over involvement in entrepreneurial activity without state registration and/or without a license (illegal activity)	1	2	3	4	5	-1/-2
Other (specify_____)	1	2		3	4	-1/-2

3.20. (2016-5.5) What new services do you think should be delivered by the SRC?

<p>New services:</p> <p>OR. deliver the existing services in the following way:</p>

4. ATTITUDE ON THE MEANS OF INFLUENCE ON TAXPAYERS

4.1. (2016-3.1) Please, tell me, did any tax inspection (study) take place in your organization/ business during 2017-2018?

Yes	1	⇒4.2
No	0	⇒4.5
Don't know/refuse to answer	-1/-2	

4.2 (2016-3.2) What kind of tax inspection (study, measurement) has been performed in your organization/business during 2017-2018? [Interviewer: accept one response per line]

	Yes	No	Not applicable	DK/RA	
Complex Tax Inspection	1 ⇒4.3	0 ⇒4.5	3	-1/-2	
Based on the application about VAT return or clearing	1	0	3	-1/-2	⇒4.5
Cross checking	1	0	3	-1/-2	
Checking of any unregistered employees	1	0	3	-1/-2	
Checking of cash receipts	1	0	3	-1/-2	
Other (specify _____)	1	0	3	-1/-2	

4.3 (2016-3.3) Was the inspection of accuracy of the relationship with the state budget in the scope of the annual plan approved by the tax body?

It was within the scope of the plan	1	⇒ 4.4
It was beyond the scope of the plan	2	⇒4.5
Don't know/Refuse to answer	-1 / -2	

4.4 (2016-3.4) What was the ground for the inspection out of the plan?

No grounds are mentioned in the order	1
According to the investigators' decision that we were not informed about	2
According to the investigators' decision that we were informed about	3
Other, specify (_____)	4
Don't know/Refuse to answer	-1 / -2

4.5 (2016-3.5) (CARD 4.5) Please, mention to what extent you are informed about your rights related to the tax inspections (studies, measurements) using a scale of 1 to 5, where '1' means "Completely not informed" and '5' means "Fully informed"?

Completely not informed	1
Mostly not informed	2
Have moderate knowledge	3
Mostly informed	4
Fully informed	5
Don't know/Refuse to answer	-1 / -2

4.6 (2016-3.6) (CARD 7) Please, mention to what extent you are able to exercise your rights using a scale of 1 to 5, where '1' means "Completely unable" and '5' means "Fully able"?

Completely unable	1
Unable	2
It varies depending on circumstances	3
Able	4
Fully able	5
Don't know/Refuse to answer	-1 / -2

4.7. (2016-3.7) (CARD 4.7) Which of the below items are the negative sides of tax inspections for your business. [Interviewer: accept up to three responses]

Mainly the lengthy, time-consuming process	1
Formal approach, negligence of the content of operations	2
Presumption of guilt of the tax payer from the very beginning	3
Creating panic by the tax inspector	4
Other (specify _____)	5
None of the above [Do not read]	6
Don't know/Refuse to answer	-1/-2

4.8. (2016-3.8) (CARD 4.8) Which of the below items are the positive sides of tax inspections for your business? [Interviewer: accept up to three responses]

Seeing different evaluation on the company's indicators	1
Seeing own mistakes and correcting them	2
"Riddance" without penalties and additional taxes creates a feeling of satisfaction for the paid debts	3
Strengthens the team spirit of the staff	4
Improves the relationship with tax bodies for future	5
Other (specify _____)	6
None of the above [Do not read]	7
Don't know/Refuse to answer	-1/-2

4.9. (2016-3.9) Have you ever expressed your disagreement about the results of tax inspections?

Yes	1	⇒ 4.12
No	0	
There are no controls	2	
Don't know/Refuse to answer	-1/-2	

4.10. (2016-3.10) What steps have you taken up for cases when you have disagreed with the tax inspection results? [Interviewer: accept one response per line]

	Yes	No	DK/RA
Presented disagreement on the draft inspection act	1	0	-1/-2
Presented objection on the inspection act to the appeal commission of the tax body	1	0	-1/-2
Turned to the court	1	0	-1/-2
Expressed the dissatisfaction in friends company	1	0	-1/-2

4.11. (2016-3.11) (CARD 4.11) Please, tell me how satisfied you are with the results. Using a scale of 1-5, where '1' means "Fully dissatisfied" and '5' means "Fully satisfied"? [INTERVIEWER: Accept one response per line. If there are no answers or not applicable then, write 0]

	Code	DK/RA
During the discussion about the draft inspection act		-1/-2
In the process of appealing the inspection act in the Appeal Commission of the SRC		-1/-2
During the court trial		-1/-2

4.12. (New Question-SRC) Are you aware that according to the legislation, tax inspections and investigations are carried out through a domestic software program within SRC based on the assessed risk indicators?

Yes	1	⇒ 4.14
No	0	
Refuse to answer	-2	

4.13. (New Question – CRRC) - Do you agree that the risk indicators assessment activity through the software program is carried out fairly and impartially according to the procedure established by Law and specially defined methodology?

Definitely Yes	1
Yes	2
No	3
Not at all	4
Don't know/Refuse to answer	-1 / -2

4.14. Have you received a notification from the RA SRC Monitoring Center stating that your (taxpayer's) behavior has a risk of transactions done through cash registers and (or) settlement documents?

Yes, I have received	1	⇒ 4.16
No, I have not received	0	
I do not know what it is	2	
Don't know/Refuse to answer	-1 / -2	

4.15. Have you accepted (agreed on) the credibility of the notified risks on those transactions that were identified as a result of inspection?

Definitely Yes	1
Yes	2
No	3
Not at all	4
Don't know/Refuse to answer	-1 / -2

4.16. Would you like to receive notifications from the RA SRC that will expose to you the risks related to your activity, enabling you to eliminate the reasons that generate those risks in a work routine format?

Yes	1
No	2
Don't know/Refuse to answer	-1 / -2

4.17. (New Question-CRRC) – Functions of tax administration include submission of tax internal study records by the tax authority to the taxpayer as a result of internal analysis conducted by the tax body, as

well as monitoring of other information available in the tax body's database and tax reporting. With that regard, to what extent do you agree with the viewpoints? Please rate based on your and your partners experience using a scale of 1-4, where "1" means "Completely Disagree" and "4" means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	I do not know what it is	DK/RA
1.	Analysis mentioned in the internal study records sent to taxpayers is appropriate for at least half of the cases	1	2	3	4	⇒ 4.18	-1/-2
2.	The quality of the internal study records has increased over the last two years. There are rare cases among them that are formally sent.	1	2	3	4		-1/-2
3.	In response to internal study, taxpayers' arguments are taken into account by the employees of tax bodies, through feedback and verbal or written communication included.	1	2	3	4		-1/-2

4.18. (New Question-CRRC-Armenia) To what extent do you agree with the following viewpoints related to tax influence means/activities of collecting money in case of delaying the payment of taxes? Please rate using a scale of 1-4, where "1" means "Completely Disagree" and "4" means "Fully Agree".

	Completely Disagree	Disagree	Agree	Fully Agree	DK/RA
Charges for tax liabilities amounts, applying ban and forced taxation works are clear, fair, and are equally applied for all	1	2	3	4	-1/-2

5. ORGANIZING TAX OPERATIONS IN BUSINESS AND BUSINESS PROSPECTS

5.1. (2016-2.11) Who is responsible for accounting in the organization? [Interviewer: more than one response possible]

Permanent accountant(s) _____	1	How many permanent accountants do you have? _____
Accountancy is done by another outsourcing organization/person	2	
I am responsible for accounting	3	
Other (partially outsourced, partially done by the accountant/respondent)	4	

5.2. (2016-2.12) Do you use the service of a paid consultant? [Interviewer: accept one response per line]

	Yes	No	DK/RA
Tax consultant	1	0	-1/-2

Customs consultant	1	0	-1/-2
Legal consultant	1	0	-1/-2
Business consultant	1	0	-1/-2
Auditor	1	0	-1/-2
Accountant	1	0	-1/-2

5.3. (New Question- SRC) According to rough calculations, how much do you spend per year for maintaining accounting, preparing financial and tax reporting?

_____	Million AMD
Don't know/Refuse to answer	-1 / -2

5.4. (2016-7.1) How much money do you approximately spend yearly on trainings on accounting and tax topics?

0	1
Up to 300 000 AMD	2
300 001 - 580 000 AMD	3
580 001 -1 020 000 AMD	4
Over 1 020 001 AMD	5
Don't know/Refuse to answer	-1 / -2

5.5. (2016-7.2) How would you characterize the financial position of your company/business in the previous fiscal year?

Very poor (major losses during the previous year)	1
Poor (certain losses during the previous year)	2
Stable	3
Good (certain profit during the previous year)	4
Very good (major profit during the previous year)	5
Don't know/Refuse to answer	-1 / -2

5.6. (2016-7.3) How would you describe the perspectives of your organization/business over this and the upcoming two years?

Very poor (major decrease is expected)	1
Poor (moderate decrease is expected)	2
Stable	3
Good (moderate expansion is expected)	4
Very good (major expansion is expected)	5
Don't know/Refuse to answer	-1 / -2

Thank you

Comments.

End of interview [INTERVIEWER: USE A 24-HOUR REGIME]

Hour |__|__| |__|__| Min.

Annex 2. Simple frequency tables

Table № 2.1

	Frequency	Percentage
Private Entrepreneur	57	14.2
Organization	343	85.8
Total	400	100.0

Table № 2.2

	Frequency	Percentage
Up to 58,35 mln	79	19.8
58,35 mln - 115 mln	148	37.0
More than 115 mln	173	43.3
Total	400	100

Table № 2.3

<i>Organizations and private entrepreneurs by marzes</i>		
Marz	Frequency	Percentage
Yerevan	242	60.5
Aragatsotn	4	1.0
Ararat	38	9.5
Armavir	31	7.8
Gegharkunik	18	4.5
Lori	12	3.0
Kotayk	5	1.3
Shirak	17	4.3
Syunik	9	2.3
Vayots Dzor	6	1.5
Tavush	18	4.5
Total	400	100.0

Table № 2.4

<i>Q. 1.1 What is your position (basic responsibility)?</i>		
Position	Frequency	Percentage
Shareholder/Owner	48	12.0
President/Vice President/Executive Director	80	20.0
Member of the Board of Directors (including the director and external independent members)	25	6.3
Financial Manager	178	44.5
Chief Accountant	1	.3
Head of Legal Service	4	1.0
I am an Individual Entrepreneur	31	7.8
Accountant	14	3.5
Other	19	4.8
Total	400	100.0

Table № 2.5

<i>Q. 1.2 How many years has your business/organization been actually (actively) operating in Armenia?</i>		
Years	Frequency	Percentage
Up to 1 year	5	1.3
1 – 3 years	90	22.5
4 – 6 years	80	20.0
7 – 10 years	68	17.0
11 – 15 years	65	16.3
More than 15 years	90	22.5
Don't know	2	.5
Total	400	100.0

Table № 2.6

<i>Q. 1.3 What is the organizational-legal status/form of your business?</i>		
Status	Frequency	Percentage
Limited liability company	280	70.0
Closed joint stock company	31	7.8
Open joint-stock company	14	3.5
Production cooperative	9	2.3
Individual entrepreneur	57	14.2
Branch of a foreign legal entity	9	2.3
Total	400	100.0

Table № 2.7

<i>Q. 1.4 Who is the biggest shareholder/participant of your business?</i>		
	Frequency	Percentage
Physical person from Armenia		
Physical person from abroad	327	81.8
A local self-government body	22	5.5
Another Armenian organization	2	.5
A foreign organization	10	2.5
The state	6	1.5
I am an individual entrepreneur	30	7.5
Refuse to answer	3	.8
Total	400	100.0

Table Nº 2.8

<i>Q. 1.5 What is the main type of your business operations?</i>		
Field	Frequency	Percentage
Agriculture, Forestry and Fishing	12	3.0
Mining and Quarrying	8	2.0
Manufacturing	176	44.0
Electricity, gas, steam and air conditioning supply	30	7.5
Water supply; sewerage, waste management and remediation activities	6	1.5
Construction	41	10.3
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles	82	20.5
Transportation and storage	6	1.5
Accommodation and food service activities	6	1.5
Information and communication	2	.5
Real Estate Activities	3	.8
Professional, scientific and technical activities	7	1.8
Administrative and support service activities	1	.3
Education	1	.3
Human health and social work activities	4	1.0
Arts, entertainment and recreation	1	.3
Other service activities	14	3.5
Total	400	100.0

Table Nº 2.9

<i>Q. 1.6 Has the corporate governance system been actually launched in your organization?</i>		
	Frequency	Percentage
Yes	73	18.3
No	314	78.5
I do not know what it is	11	2.8
Don't know	2	.5
Total	400	100.0

Table Nº 2.10

<i>Q. 1.7 Is the director of your enterprise simultaneously also one of the main shareholders/participants?</i>		
	Frequency	Percentage
Yes	277	69.3
No	117	29.3
Don't know	5	1.3
Refuse to answer	1	.3
Total	400	100.0

Table Nº 2.11

Q. 1.8 In your company which bodies are the decision makers in tax-related issues?		
	Frequency	Percentage
Majority shareholders	85	21.3
Shareholders	32	8.0
Board of Directors	14	3.5
Executive Director	199	49.8
Individual entrepreneur	9	2.3
Director and accountant	21	5.3
Accountant	25	6.3
Don't know	1	.3
Refuse to answer	2	.5
Total	400	100.0

Table № 2.12

Q. 1.9 Does your organization have a "law-abiding tax payer" status granted by the RA State Revenue Committee (SRC)?		
	Frequency	Percentage
Yes	54	13.5
No	331	82.8
Don't know	15	3.8
Total	400	100.0

Table № 2.13

Q. 1.10 Please mention which of the following types of taxes are paid by your business?				
	Yes	No	DA	RA
Profit tax	79	2.8	0	.3
Value added tax	76.3	23.5	0	.3
Excise tax	1.5	88.5	.5	.5
Income tax (income tax and compulsory social security payment)	98	1.8	0	.3
Property tax	55.8	43.8	.3	.3
Land tax	37	61.3	1.5	.3
Turnover Tax	24.3	75.3	.5	0
Environmental and natural resource use fees	37.5	61	1.5	0

Table № 2.14

<i>Q. 1.10 Please mention which of the following types of taxes are paid by your business?</i>		
<i>Other taxes</i>		
	Frequency	Percentage
Tax patent	2	.5
Stamp duties payment	2	.5
Stamp duties payment, Tax patent	1	.3
Compulsory payment for public services	1	.3
Customs payment	1	.3
State duty	1	.3

Table № 2.15

<i>Q. 1.11 Is your business engaged in importing/exporting goods/services?</i>		
	Frequency	Percentage
Import	131	32.8
Export	15	3.8
Both	86	21.5
None	167	41.8
Don't know	1	.3
Total	400	100.0

Table № 2.16

<i>Q. 1.12 Is your organization a member of any union, association?</i>		
	Frequency	Percentage
Yes	51	12.8
No	342	85.5
Don't know	6	1.5
Refuse to answer	1	.3
Total	400	100.0

Table № 2.17

<i>Q. 2.1 Do you think unions and associations are able to contribute to the improvement of tax policy and tax administration?</i>		
	Frequency	Percentage
Completely can	13	3.3
Can rather than cannot	92	23.0
Cannot rather than can	70	17.5
Completely cannot	62	15.5
Don't know	162	40.5
Refuse to answer	1	.3
Total	400	100.0

Table № 2.18

<i>Q. 2.2 From the point of view of a "taxpayer-tax authority" communication, how useful is the work of the Social Council of Revenue Administration Reforms of the RA State Revenue Committee?</i>		
	Frequency	Percentage
Very useful	18	4.5
Useful	107	26.8
It has no influence	52	13.0
Not useful	8	2.0
Not useful at all	4	1.0
I do not know what it is	146	36.5
Don't know	65	16.3
Total	400	100.0

Table № 2.19

<i>Q. 2.3 According to your estimations, what is the actual percent of the turnover for the entire economic activity type your business belongs to hidden from the tax body (shadow amount) (in %)</i>		
%	Frequency	Percentage
0	61	15.3
1	5	1.3
2	1	.3
5	3	.8
8	1	.3
10	11	2.8
11	1	.3
15	5	1.3
17	1	.3
20	11	2.8
25	3	.8
30	9	2.3
40	9	2.3
50	8	2.0
60	2	.5
70	1	.3
85	1	.3
90	3	.8
100	1	.3
Don't know	162	40.5
Refuse to answer	6	1.5
Total	305	76.3

Table № 2.20

<i>Q. 2.4 Which direction of the reforms of tax administration do you consider to be essential for the improvement of business environment? [FIRST ANSWER]</i>		
	Frequency	Percentage
Tax payers service	207	51.7
Tax control	72	18.0
System of liabilities used in case of tax violations	27	6.8
Instrumental tools/system of ensuring fulfillment of tax liabilities	29	7.2
System of appeals against actions or inactivity of tax officers	19	4.8
Creation of partnership relations /coded/	2	.5
None	2	.5
Other	11	2.8
Don't know	30	7.5
Refuse to answer	1	.3
Total	400	100.0

Table № 2.21

<i>Q. 2.4 Which direction of the reforms of tax administration do you consider to be essential for the improvement of business environment? [SECOND ANSWER]</i>		
	Frequency	Percentage
Tax payers service	50	17.1
Tax control	95	32.4
System of liabilities used in case of tax violations	52	17.7
Instrumental tools/system of ensuring fulfillment of tax liabilities	61	20.8
System of appeals against actions or inactivity of tax officers	28	9.6
Creation of partnership relations /coded/	4	1.4
Other	3	1.0
Total	293	100.0

Table № 2.22

<i>Q. 2.4 Which direction of the reforms of tax administration do you consider to be essential for the improvement of business environment? [THIRD ANSWER]</i>		
	Frequency	Percentage
Tax payers service	21	12.5
Tax control	28	16.7
System of liabilities used in case of tax violations	45	26.8
Instrumental tools/system of ensuring fulfillment of tax liabilities	38	22.6
System of appeals against actions or inactivity of tax officers	30	17.9
Creation of partnership relations /coded/	4	2.4
Other	2	1.2
Total	168	100.0

Table № 2.23

<i>Q. 2.5 Has becoming a member of the Eurasian Economic Union formed a more trustworthy and comfortable environment for you as regards the customs relationships, taxes and mandatory fees charged by customs authorities?</i>		
	Frequency	Percentage
Yes	153	38.3
No	70	17.5
No impact	107	26.8
Not applicable	53	13.3
Don't know	16	4.0
Refuse to answer	1	.3
Total	400	100.0

Table № 2.24

<i>Q. 2.6 Do you agree that the new Tax Code, that came into force in 2018 and grouped the legislative norms regulating the tax relations, has promoted the tax relations to become more perceptive or more accessible to use?</i>		
	Frequency	Percentage
Definitely Yes	31	7.8
Yes	130	32.5
It has no influence	85	21.3
No	73	18.3
Not at all	43	10.8
Don't know	37	9.3
Refuse to answer	1	.3
Total	400	100.0

Table № 2.25

<i>Q. 2.7 Do you think the uncommon tax regimes now underway in Armenia (turnover tax, patent fee, family business) facilitate calculation of tax liabilities and payments?</i>		
	Frequency	Percentage
Definitely Yes	41	10.3
Yes	183	45.8
It has no influence	68	17.0
No	52	13.0
Not at all	8	2.0
Don't know	48	12.0
Total	400	100.0

Table № 2.26

<i>Q. 2.8 In your opinion, what is the biggest advantage of tax code/law abidance for the business on the whole?</i>		
	Frequency	Percentage
Acquiring good reputation	54	13.5
Reduced probability to get fined	84	21.0
Contributing to the business development, expansion	50	12.5
Pay taxes and sleep well	176	44.0
All	5	1.3
There is no advantage	13	3.3
Other	11	2.8
Don't know	5	1.3
Refuse to answer	2	.5
Total	400	100.0

Table № 2.27

<i>Q. 2.9 In your opinion, what is the most negative consequence of tax code/law abidance on the business in general?</i>		
	Frequency	Percentage
Our income will be reduced since we cannot raise adequately the prices of our products/services	98	24.5
Still, others will not pay, so we are going to suffer in terms of competition	53	13.3
Still, we continue dealing with the unfair and unequal attitude from the tax body. I don't think the tax body will notice and encourage the change in my behavior	78	19.5
Downturn in business, loss of clients	38	9.5
Other	11	2.8
No negative consequence	90	22.5
Don't know	28	7.0
Refuse to answer	4	1.0
Total	400	100.0

Table № 2.28

<i>Q. 2.10 In your opinion, has the the behavior of SRC tax/customs authorities /attitude towards their job and taxpayers/ changed within the last 3 months?</i>		
	Frequency	Percentage
Definitely Yes	100	29.6
Yes	150	44.4
No	55	16.3
Not at all	6	1.8
Don't know	25	6.3
Refuse to answer	2	.5
Total	338	100

Table № 2.29

<i>Q. 2.11 According to your estimations, what is the actual percent of the undocumented turnover of procurement of goods, services for the entire economic activity type your business belongs to (in %)?</i>		
%	Frequency	Percentage
0	84	22.2
1	5	1.3
2	2	.5
5	13	3.4
7	1	.3
9	1	.3
10	12	3.2
12	1	.3
15	8	2.1
18	1	.3
20	18	4.7
22	1	.3
23	1	.3
25	7	1.8
30	17	4.5
35	4	1.1
40	4	1.1
50	7	1.8
60	1	.3
65	1	.3
70	3	.8
Don't know	167	44.1
Refuse to answer	20	5.3
Total	379	100

Table № 2.30

<i>Q. 2.12 In your opinion, what is the biggest advantage of decreasing the shadow economy and procurement /undocumented procurement of raw and other materials and labor/ for the country's economy on the whole?</i>		
	Frequency	Percentage
Will lead to increase of tax revenues and, as a result, increase in the wellbeing of the lower and middle income groups	171	50.7
Will reduce sponsorship and foster fair competition	46	13.6
Will create a solid foundation to protect the rights of shareholders and other beneficiaries	10	3.0
Small and medium enterprises will be motivated to do investments	42	12.5
Other	15	4.5
No negative consequence	27	8.0
Don't know	25	7.4
Refuse to answer	1	0.3
Total	337	100

Table № 2.31

<i>Q. 2.13 In your opinion, what is the most negative consequence of decreasing the shadow economy and procurement /undocumented procurement of raw and other materials and labor/ for the country's economy on the whole?</i>		
	Frequency	Percentage
Will lead to increase of consumer prices in Armenia	71	21.1
Will lead to dismantling of business transactions and ties	38	11.3
Will cause tensions /conflicts/ between various groups in the society	41	12.2
Increase in production costs will hinder Armenian companies to be competitive in the international markets	22	6.5
Other	4	1.2
No negative consequence	105	31.3
Don't know	53	15.8
Refuse to answer	2	.6
Total	400	100.0

Table № 2.32

<i>Q. 3.1 Using a scale of 1-4, where '1' means "Completely useless" and '4' means "Very useful", how would you assess the following services delivered by the RA Tax Service?</i>						
	Completely useless	Useless	Useful	Very useful	Don't know	Refuse to answer
E-System of Report Submission	0	1.3	41.8	56.3	0.8	0
E-invoicing system	0.3	2.5	44.8	51.2	1.3	0
RA tax payers search system	0.3	2.8	47.8	39	10.3	0
Online notification system	0.8	3.3	51	41.3	3.8	0
Online correspondence system	0.5	3.3	50	40.5	5.5	0.3
Law-abiding Taxpayers Registration System	1.5	2.5	43.8	28	24	0.3
Tax calendar	0.8	1.5	45.3	34.5	18	0
E-mail delivery system	3.5	6.3	54.3	27.5	8.5	0
Call center /Hot line	0.5	2.3	55.8	31.5	10	0
Electronic system of label attribution	2.5	5.5	34.8	15.5	41.5	0.3

Table № 2.33

<i>3.2 How do you rate the quality of e-services (electronic services) that are rendered to you by the tax bodies?</i>						
	Very Bad	Bad	Satisfactory	Good	Very Good	Don't know
E-System of Report Submission	1.3	5	28	48	15.8	2
E-invoicing system	1.8	4	30	45.8	15.3	3.3
RA tax payers search system	1.3	2.5	23.5	47.3	13.8	11.8
Online notification system	0.8	3.3	24.3	50.2	15.3	6.3
Online correspondence system	0.5	3.8	23.5	48.8	15	8.5
Law-abiding Taxpayers Registration System	0.8	2	19.3	38.8	8	31
Tax calendar	1.3	0.5	17	41.8	17	22.3
E-mail delivery system	0.5	1.5	21.3	50.2	13.5	13
Call center /Hot line	5.3	12.3	26.3	28.5	8.3	19.5
Electronic system of label attribution	2.4	2.7	13	33.7	6.2	42

Table № 2.34

<i>Q. 3.3 Does the electronic system of services having been introduced by tax authorities promote the fulfilment of all of the tax obligations?</i>		
	Frequency	Percentage
Definitely Yes	63	15.8
Yes	221	55.3
It has no influence	79	19.8
No	22	5.5
Not at all	3	.8
Don't know	12	3.0
Total	400	100.0

Table № 2.35

<i>3.4 Please tell us to what extent do you agree with the following statements</i>					
	Fully Agree	Agree	Disagree	Completely disagree	Don't know
Now the calculation of taxes is simpler and easier than it was three years ago	24	57	14	3	4
Now tax payment procedures are simpler and easier than they were three years ago	25	57	13	2	3
Now tax report submission is simpler and easier than it was three years ago	27	62	8	1	3

Table №2.36

<i>Q. 3.5 Has automation of tax administration functions that have taken place in the course of the recent three years led to decrease in face-to-face contacts and communication between taxpayers and tax authorities that as such were required and imposed in the past?</i>		
	Frequency	Percentage
Definitely Yes	138	34.5
Yes	213	53.3
It has no influence	25	6.3
No	12	3.0
Not at all	2	.5
Don't know	10	2.5
Total	400	100.0

Table № 2.37

Q. 3.6 Has automation of tax administration functions that have taken place in the course of the recent three years resulted in reduction of costs (administrative costs) for taxpayers to run a business?		
	Frequency	Percentage
Definitely Yes	54	13.5
Yes	198	49.5
It has no influence	97	24.3
No	30	7.5
Not at all	9	2.3
Don't know	12	3.0
Total	400	100.0

Table № 2.38

Q. 3.7 Which of the below mentioned new online services rendered by tax authorities are you aware of?			
	Yes	No	Refuse to answer
Consolidated Treasury Account for all types of taxes	86.0	12.3	1.8
Automatic transfer of the overpaid tax amounts under one tax type to the repayment of another type of pending tax liabilities	85.3	12.8	2.0
Possibility to pay taxes electronically	92.5	7.0	0.5

Table № 2.39

Q. 3.8 Do the new type of services being rendered by tax authority (as mentioned in the previous question 3.7) directly promote or at least simplify your business operations?						
	Definitely Yes	Yes	It has no influence	No	Not at all	Don't know
Consolidated Treasury Account for all types of taxes	14.2	48.0	15.4	13.4	8.1	0.9
Automatic transfer of the overpaid tax amounts under one tax type to the repayment of another type of pending tax liabilities	12.9	56.6	12.3	10.6	5.0	2.6
Possibility to pay taxes electronically	20.0	61.9	11.4	2.7	1.1	2.7

Table № 2.40

<i>Q. 3.9 How do you rate, in general, the initiatives undertaken by tax authorities over the last three years for the improvement of tax administration (introduction of various e-services, simplifications in tax calculation, etc.)?</i>		
	Frequency	Percentage
Very Positive	28	7.0
Positive	222	55.5
Satisfactory	128	32.0
Negative	12	3.0
Very Negative	2	.5
Don't know	8	2.0
Total	400	100.0

Table № 2.41

<i>Q. 3.10 Since July 1, 2018, the eligibility of providing official tax-related clarifications has been transferred from SRC to the RA Ministry of Finance that is responsible for developing state revenue policy and legislation. To what extent do you agree that it will contribute to more explicit performance of tax administration functions by SRC?</i>		
	Frequency	Percentage
Fully Agree	10	2.5
Agree	86	21.5
Disagree	123	30.8
Completely Disagree	13	3.3
Don't know	167	41.8
Refuse to answer	1	.3
Total	400	100.0

Table № 2.42

<i>Q. 3.11 Starting 2019, the Horizontal Monitoring System (a co-partnership voluntary mechanism that of a tax body-largest taxpayer) will come into effect as defined in Chapter 65 of the Tax Code. To what extent do you agree with the viewpoint given below?</i>						
	Completely Disagree	Disagree	Agree	Fully Agree	Refuse to answer	Don't know
The Horizontal Monitoring System is evidently a useful tool in terms of simplification of tax administration and communication with tax authorities and we will join this system	4.0	9.0	24.3	2.8	0.8	59.3

Table № 2.43

<i>Q. 3.12 Please rate the quality of work of the RA SRC Training Center responding to the following viewpoints to the extent you agree with.</i>						
	Completely Disagree	Disagree	Agree	Fully Agree	Don't know	Refuse to answer
Topics included in the Curriculum of the SRC Training Center are always pertinent/up-to-date	6.3	41.5	8.5	0.5	42.8	0.5
Dissemination of information about seminars is quite effective	9.0	40.8	8.5	0.5	40.8	0.4
The trainers are professionals and the answers to the questions posed are explicit and complete, as a rule	7.5	31.0	9.5	1.0	50.8	0.4
The SRC training courses are more useful and effective than those of similar services providers of the private sector	5.3	25.5	12.3	2.5	54.3	0.3

Table № 2.44

<i>Q. 3.13 Please share your opinion with us on the quality of work of the SRC "Call Center" ("Hot Line"), responding to the following viewpoints to the extent you agree with.</i>					
	Completely Disagree	Disagree	Agree	Fully Agree	Don't know
Call Center services are accessible; actually, the phone calls are promptly responded	5	37	26	13	20
The specialists who respond to the calls are professionals who answer the questions in a clear and explicit manner	6	47	19	5	24
The responses provided by the Call Center are effective so that there does not emerge a further need to apply to tax-related consulting companies	7	43	22	6	23
The Call Center has a FAQ list and it promotes the quick categorization of questions received and provision of the same /identical answers	5	44	13	2	37

Table № 2.45

<i>3.14. Please rate the quality of work of the Taxpayers Service Centers responding to the following viewpoints to the extent you agree with.</i>						
	Completely Disagree	Disagree	Agree	Fully Agree	Don't know	Refuse to answer
Separation of activity of service centers from inspection and tax collection activities raised the effectiveness of and confidence towards tax administration	2	7	68.5	7	15.3	0.3
Information posted on the walls of service centers is regularly updated; taxpayers can use that information for assessing the tax consequences of their transactions	1	8.3	54.3	3.3	33.3	0
Service centers have a queue control panel and it promotes quality service provision	2.5	11.8	49.8	9.8	26.3	0
Service rendering specialists serve as public service providers rather than representatives of inspection and punitive unit.	0	8.8	59.5	14.8	16.8	0.3

For expressing their opinion on customer service quality, taxpayers usually use anonymous evaluation equipment installed at service centers	1,5	9,5	47,8	4,8	36,8	0
Tax information terminals available at service centers are functional and are used by taxpayers and service center specialists for tax operations	1.5	5.3	52.5	6	34.8	0

Table № 2.46

<i>Q. 3.15 Let us talk about the Consolidated Treasury Account: to what extent do you agree with the following viewpoints?</i>						
	Fully Agree	Agree	Disagree	Completely Disagree	Don't know	Refuse to answer
The availability of Consolidated Treasury Account enables accessing 24/7 online information on taxpayers' tax obligations/responsibilities.	2.3	8.3	61.8	15.3	11.8	0.8
Thanks to this account, non-formal claims / exhortation by tax authorities for overpayments are ruled out, because additional payments are not considered as state budget revenue	2.8	12	63	9.3	12	1
Thanks to the Consolidated Account, the mechanisms for recalculations done as a result of accurate reports submission, and calculation of penalties for overdue liabilities have been simplified	2.5	11.8	63	9.3	12.8	0.8

Table № 2.47

<i>Q. 3.16 Are those who carry out tax administration (taxpayer service centers, those who perform data processing, analysis and monitoring, departments/units that apply tax audits and other means for influence) professional and honest while performing their functions?</i>		
	Frequency	Percentage
Definitely Yes	19	4.8
Yes	243	60.8
No	56	14.0
Not at all	7	1.8
Don't know	69	17.3
Refuse to answer	69	17.3
Total	400	100.0

Table № 2.48

<i>Q. 3.17 What are your main sources of receiving information about the changes in tax system/procedures?</i>		
	Frequency	Percentage
Directly the tax bodies /notifications/	95	9.3%
The website of the Tax Service /www.petakamutner.am/	191	18.7%
Official bulletins (information systems, arlis.am, irtek.am)	239	23.3%
A written inquiry to the SRC of the Republic of Armenia for obtaining information	38	3.7%
Other persons/businesses	114	11.1%
Public agencies involved in protection of rights	6	0.6%
Printed sources	51	5.0%
Electronic media	56	5.5%
Social networks (Facebook, LinkedIn, Twitter...)	69	6.7%
Consultancy companies	18	1.8%
Mass media (TV, radio)	48	4.7%
Call center	23	2.2%
None of the above	33	3.2%
Total	1024	100.0%

Table № 2.49

<i>Q. 3.18 Please mention, what is the preferable and most reliable way of receiving information from a tax body?</i>		
	Frequency	Percentage
Directly the tax bodies /notifications/	112	28.0
The website of the Tax Service /www.petakamutner.am/	79	19.8
Official bulletins (information systems, arlis.am, irtek.am)	117	29.3
A written inquiry to the SRC of the Republic of Armenia for obtaining information	13	3.3
Other persons/businesses	12	3.0
Public agencies involved in protection of rights	3	.8
Printed sources	10	2.5
Electronic media	9	2.3
Social networks (Facebook, LinkedIn, Twitter...)	8	2.0
Consultancy companies	2	.5
Mass media (TV, radio)	6	1.5
Call center	10	2.5
None of the above	5	1.3
Don't know	13	3.3
Refuse to answer	1	.3
Total	400	100.0

Table № 2.50

<i>Q. 3.19 In your opinion, to what extent the delivery of the following services by the SRC contributes to the improvement of the public confidence towards the main goal of the SRC.:</i>							
	Fully contributes	Contributes	Has no influence	Does not contribute	Does not contribute at all	Don't know	Refuse to answer
Control over the regulations on transactions/payments using foreign currency on the territory of Armenia	3.5	33.8	24.3	9.8	1.5	27.3	0
Application of accounting software	7.0	42.0	24.8	8.0	0.5	17.5	0.3
Application of cash transaction limit	3.3	35.8	25.5	14.5	1.5	19.5	
Implementation of preliminary investigation and probe	3.0	39.0	18.8	4.0	0	35.3	0
Control over involvement in entrepreneurial activity without state registration and/or without a license (illegal activity)	5	45	18	4	0	28	0

Table № 2.51

<i>Q. 3.20 What new services do you think should be delivered by the SRC?</i>					
New services:			OR. deliver the existing services in the following way:		
Service	Frequency	%	Method	Frequency	%
Support in collecting taxpayers taxes to direct towards paying the taxes	1	2.9	Improve the computer programs	16	10.2

Control over the people who control, conduct internal audit and other organizational arrangements	2	5.9	Intensify the arrangements for informing and consulting the taxpayers	29	18.5
Conduct similar surveys	1	2.9	Presentations of clarifications on the basis of conditional examples by each sector	11	7
Technological changes, mobile application, clarification portal creation and creation of similar tools	29	85.3	Working pattern of a tax employee. Attach a new business to an SRC employee for assistance	2	1.3
Other	1	2.9	Make the unified account more effective	4	2.5
			Improve the excise tax return mechanism, simplify and perform in a timely manner	1	0.6
			Technical improvements	10	6.4
			Make the educational services of SRC free of charge and improve them	8	5.1
			The operations of the webpage	4	2.5
			Change of tax laws / rates / procedures	68	43.3
			Other	4	2.5

Table № 2. 52

<i>Q. 4.1 Please, tell me, did any tax inspection (study) take place in your organization/ business during 2017-2018?</i>		
	Frequency	Percentage
No	240	60.0
Yes	152	38.0
Don't know	4	1.0
Refuse to answer	4	1.0
Total	400	100.0

Table № 2.53

<i>Q. 4.2 What kind of tax inspection (study, measurement) has been performed in your organization/business during 2017-2018?</i>				
	Yes	No	Not applicable	Don't know
Complex Tax Inspection	102	49	0	1
Based on the application about VAT return or clearing	41	107	2	2
Cross checking	32	115	152	5
Checking of any unregistered employees	54	95	2	1
Checking of cash receipts	65	63	23	1
Оунһтн	7	0		0

Table № 2.54

<i>Q. 4.3 Was the inspection of accuracy of the relationship with the state budget in the scope of the annual plan approved by the tax body?</i>		
	Frequency	Percentage
It was within the scope of the plan	10	2.5
It was beyond the scope of the plan	85	21.3
Don't know	7	1.8
Total	400	100.0

Table № 2.55

<i>Q. 4.4 What was the ground for the inspection out of the plan?</i>		
	Frequency	Percentage
No grounds are mentioned in the order	4	1.0
Other	3	.8
Don't know	3	.8

Table № 2.56

<i>Q. 4.4 What was the ground for the inspection out of the plan? Other</i>		
	Frequency	Percentage
Inspection related to recent changes in the country	1	.3
Hot line	1	.3
We have applied for the inspection	1	.3

Table № 2.57

<i>Q. 4.5 Please, mention to what extent you are informed about your rights related to the tax inspections (studies, measurements).</i>		
	Frequency	Percentage
Completely not informed	4	1.0
Mostly not informed	16	4.0
Have moderate knowledge	84	21.0
Mostly informed	163	40.8
Fully informed	130	32.5
Don't know	2	.5
Refuse to answer	1	.3
Total	400	100.0

Table № 2.58

<i>Q. 4.6 Please, mention to what extent you are able to exercise your rights.</i>		
	Frequency	Percentage
Completely unable	16	4.0
Unable	70	17.5
It varies depending on circumstances	170	42.5
Able	129	32.3
Don't know	13	3.3
Refuse to answer	2	.5
Total	400	100.0

Table № 2.59

<i>Q. 4.7 Which of the below items are the negative sides of tax inspections for your business?</i>		
	Frequency	Percentage
Mainly the lengthy, time-consuming process	181	35.1
Formal approach, negligence of the content of operations	71	13.8
Presumption of guilt of the tax payer from the very beginning	102	19.8
Creating panic by the tax inspector	63	12.2
Other	7	1.4
None of the above	91	17.7
Total	515	100.0

Table № 2.60

<i>Q. 4.8 Which of the below items are the positive sides of tax inspections for your business?</i>		
	Frequency	Percentage
Seeing different evaluation on the company's indicators	108	20.0%
Seeing own mistakes and correcting them	225	41.7%
"Riddance" without penalties and additional taxes creates a feeling of satisfaction for the paid debts	69	12.8%
Strengthens the team spirit of the staff	26	4.8%
Improves the relationship with tax bodies for future	48	8.9%
Other	4	0.7%
None of the above	59	10.9%
Total	539	100.0

Table № 2.61

<i>Q. 4.9 Have you ever expressed your disagreement about the results of tax inspections?</i>		
	Frequency	Percentage
Yes	94	23.5
No	206	51.5
There are no controls	94	23.5
Don't know	1	.3
Refuse to answer	5	1.3
Total	400	100.0

Table № 2.62

<i>Q. 4.10 What steps have you taken up for cases when you have disagreed with the tax inspection results?</i>			
	Yes	No	Don't know
Presented disagreement on the draft inspection act	58.5	41.5	0
Presented objection on the inspection act to the appeal commission of the tax body	35.1	63.8	1.1
Turned to the court	18.1	79.8	2.1
Expressed the dissatisfaction in friends company	63.8	35.1	1.1

Table № 2.63

<i>Q. 4.11 Please, tell me how satisfied you are with the results. Using a scale of 1-5, where '1' means "Fully dissatisfied" and '5' means "Fully satisfied"?</i>							
	5	4	3	2	1	Don't know	Not applicable
During the discussion about the draft inspection act	16	19.1	19.1	13.8	9.6	1.1	21.3
In the process of appealing the inspection act in the Appeal Commission of the SRC	11.7	9.6	9.6	6.4	6.4	4.3	52.1
During the court trial	5.3	0	1.1	3.2	1.1	9.6	79.8

Table № 2.64

<i>Q. 4.12 Are you aware that according to the legislation, tax inspections and investigations are carried out through a domestic software program within SRC based on the assessed risk indicators?</i>		
	Frequency	Percentage
Yes	302	75.5
No	94	23.5
Refuse to answer	4	1.0
Total	400	100.0

Table № 2.65

<i>Q. 4.13 Do you agree that the risk indicators assessment activity through the software program is carried out fairly and impartially according to the procedure established by Law and specially defined methodology?</i>		
	Frequency	Percentage
Definitely Yes	17	10.6
Yes	165	5.6
No	73	54.6
Not at all	15	24.2
Don't know	32	10.6
Total	400	100.0

Table № 2.66

<i>Q. 4.14 Have you received a notification from the RA SRC Monitoring Center stating that your (taxpayer's) behavior has a risk of transactions done through cash registers and (or) settlement documents?</i>		
	Frequency	Percentage
Yes, I have received	91	22.8
No, I have not received	275	68.8
I do not know what it is	20	5.0
Don't know	9	2.3
Refuse to answer	5	1.3
Total	400	100.0

Table № 2.67

<i>Q. 4.15 Have you accepted (agreed on) the credibility of the notified risks on those transactions that were identified as a result of inspection?</i>		
	Frequency	Percentage
Definitely Yes	2	2.2
Yes	33	36.3
No	40	44.0
Not at all	15	16.5
Don't know	1	1.1
Total	400	100.0

Table № 2.68

<i>Q. 4.16 Would you like to receive notifications from the RA SRC that will expose to you the risks related to your activity, enabling you to eliminate the reasons that generate those risks in a work routine format?</i>		
	Frequency	Percentage
Yes	308	77.0
No	70	17.5
Don't know	21	5.3
Refuse to answer	1	.3
Total	400	100.0

Table № 2.69

<i>Q. 4.17 Functions of tax administration include submission of tax internal study records by the tax authority to the taxpayer as a result of internal analysis conducted by the tax body, as well as monitoring of other information available in the tax body's database and tax reporting. With that regard, to what extent do you agree with the viewpoints? Please rate based on your and your partners experience using a scale of 1-4, where "1" means "Completely Disagree" and "4" means "Fully Agree".</i>						
	Completely Disagree	Disagree	Agree	Fully Agree	I do not know what it is	Don't know
Analysis mentioned in the internal study records sent to taxpayers is appropriate for at least half of the cases	2	16	59	7	7	10
The quality of the internal study records has increased over the last two years. There are rare cases among them that are formally sent.	2	23	56	5		14
In response to internal study, taxpayers' arguments are taken into account by the employees of tax bodies, through feedback and verbal or written communication included.	1	12	66	7		14

Table № 2.70

<i>Q. 4.18 To what extent do you agree with the following viewpoints related to tax influence means/activities of collecting money in case of delaying the payment of taxes?</i>		
	Frequency	Percentage
Completely disagree	20	5.0
Disagree	73	18.3
Agree	178	44.5
Fully agree	9	2.3
Don't know	118	29.5
Refuse to answer	2	.5
Total	400	100.0

Table № 2.71

<i>Q. 5.1.1 Who is responsible for accounting in the organization?</i>		
	Frequency	Percentage
Permanent accountant(s)	285	70.5
Accountancy is done by another outsourcing organization/ person	71	17.6
I am responsible for accounting	41	10.1
Other (partially outsourced, partially done by the accountant/respondent)	7	1.7
Total	404	100.0

Table № 2.72

<i>Q. 5.1.2 How many permanent accountants do you have?</i>		
	Frequency	Percentage
1	201	72.3
2	35	12.6
3	17	6.1
4	12	4.3
5	4	1.4
6	3	1.1
7	4	1.4
8	1	.4
10	1	.4
Total	278	100.0

Table № 2.73

<i>Q. 5.2 Do you use the service of a paid consultant?</i>			
	Yes	No	Don't know
Tax consultant	7.5	90.8	1.5
Customs consultant	8.0	89.5	2.3
Legal consultant	10.3	87.8	1.8
Business consultant	3.5	94.8	1.5
Auditor	8.5	90.0	1.3
Accountant	24.5	75.3	0.3

Table № 2.74

<i>Q. 5.3 According to rough calculations, how much do you spend per year for maintaining accounting, preparing financial and tax reporting?</i>		
	Frequency	Percentage
0-1000000 AMD	169	42.3
1000001-3000000 AMD	87	21.8
3000001-6000000 AMD	22	5.5
6000001-12000000 AMD	11	2.8
12000000+ AMD	6	1.5
Don't know	28	7.0
Refuse to answer	77	19.3
Total	400	100.0

Table № 2.75

<i>Q. 5.4 How much money do you approximately spend yearly on trainings on accounting and tax topics?</i>		
	Frequency	Percentage
0	323	80.8
Up to 300 000 AMD	53	13.3
300 001 - 580 000 AMD	3	.8
580 001 -1 020 000 ADM	2	.5
Over 1 020 001 AMD	1	.3
Don't know	8	2.0
Refuse to answer	10	2.5
Total	400	100.0

Table № 2.76

<i>Q. 5.5 How would you characterize the financial position of your company/business in the previous fiscal year?</i>		
	Frequency	Percentage
Very poor (major losses during the previous year)	16	4.0
Poor (certain losses during the previous year)	78	19.5
Stable	205	51.2
Good (certain profit during the previous year)	87	21.8
Very good (major profit during the previous year)	4	1.0
Don't know	6	1.5
Refuse to answer	4	1.0
Total	398	100.0

Table № 2.77

<i>Q. 5.6 How would you describe the perspectives of your organization/business over this and the upcoming two years?</i>		
	Frequency	Percentage
Very poor (major decrease is expected)	7	1.8
Poor (moderate decrease is expected)	23	5.8
Stable	95	23.8
Good (moderate expansion is expected)	163	40.8
Very good (major expansion is expected)	41	10.3
Don't know	70	17.5
Refuse to answer	1	.3
Total	400	100.0

Annex 3. Some comparative tables

Table № 3.1

Question 2.1 Do you think unions and associations are able to contribute to the improvement of tax policy and tax administration?

	Completely can	Can rather than cannot	Cannot rather than can	Completely cannot	DA	RA
2018	3.3	23.0	17.5	15.5	40.5	.3
2016	.5	11.0	28.0	21.5	39.0	0
2013	1.3	15.8	24.3	23.3	35.5	0

Table № 3.2

Question 2.6 Do you agree that the new Tax Code, that came into force in 2018 and grouped the legislative norms regulating the tax relations, has promoted the tax relations to become more perceptible or more accessible to use?

	Definitely Yes	Yes	It has no influence	No	Not at all	DA	RA
2018	7.8	32.5	21.3	18.3	10.8	9.3	.3
	Yes		No		DA		
2016*	23.36		40.4		36.2		

• In 2016, the question was formulated as follows: «Do you think the lately adopted Tax code will result in the improvement of tax law abidance? », and the proposed options were yes, no and don't know.

Table № 3.3

Question 2.7 Do you think the uncommon tax regimes now underway in Armenia (turnover tax, patent fee, family business) facilitate calculation of tax liabilities and payments?

	Definitely Yes	Yes	It has no influence	No	Not at all	DA/RA
2018	10.3	45.8	17.0	13.0	2.0	12.0
	Yes		No		DA/RA	
2016*	27.7		27.7		45	

• In 2016, the question was formulated as follows: «Do you think the uncommon tax regimes now underway in Armenia (turnover tax, patent fee, fixed fee) contribute to the tax law abidance? », and the proposed options were yes, no or refuse to answer.

Table № 3.4

Question 2.8 In your opinion, what is the biggest advantage of tax code/law abidance for the business on the whole?

	2018	2016	2013
Acquiring good reputation	13.5	13.4	12.3
Reduced probability to get fined	21	20.9	16.8
Contributing to the business development, expansion	12.5	14.7	19.8
Pay taxes and sleep well	44	39.5	36.5
All	1.3	0	0
There is no advantage	3.3	4.5	8.8
Other	2.8	1.3	0.8
DA	5.8	5.8	5.3

Table № 3.5

Question 2.9 In your opinion, what is the most negative consequence of tax code/law abidance on the business in general?

	2018	2016	2013
Our income will be reduced since we cannot raise adequately the prices of our products/services	24.5	23.0	19.3
Still, others will not pay, so we are going to suffer in terms of competition	13.3	17.0	12.5
Still, we continue dealing with the unfair and unequal attitude from the tax body. I don't think the tax body will notice and encourage the change in my behavior	19.5	15.7	23.8
Downturn in business, loss of clients	9.5	22.0	24.8
Other	2.8	0.5	0.8
No negative consequence	22.5	8.6	8.0
DA/RA	8.0	13.1	11.0

Table № 3.6

Question 5.1 Who is responsible for accounting in the organization?

	2018	2016
Permanent accountant(s)	70.5	43.5
Accountancy is done by another outsourcing organization/ person	17.6	13.4
I am responsible for accounting	10.1	43.2
Other (partially outsourced, partially done by the accountant/respondent)	1.7	0

Table № 3.7

Question 5.2 Do you use the service of a paid consultant?

	2018				2016				2013		
	Yes	No	DA	RA	Yes	No	DA	RA	Yes	No	DA
Tax consultant	7.5	90.8	1.5	.3	2.6	96.1	.8	.3	9.3	90.5	.3
Customs consultant	8.0	89.5	2.3	.3	.8	98.2	.8	.3	3.0	96.8	.3
Legal consultant	10.3	97.8	1.8	.3	1.8	97.1	.8	.3	6.0	93.8	.3
Business consultant	3.5	98.2	.8								
Auditor	4.2	95.0	.8								
Accountant	11.3	88.2	.5								

Table № 3.8

Question 5.4 How much money do you approximately spend yearly on trainings on accounting and tax topics?

	2018	2016
0	80.8	76.7
Up to 300 000 AMD	13.3	15.7
300 001 - 580 000 AMD	.8	1.0
580 001 -1 020 000 ADM	.5	.8
Over 1 020 001 AMD	.3	.3
Don't know	2.0	1.6
Refuse to answer	2.5	3.9

Annex 4. Some crosstabs

Table № 4.1. A key direction of the reforms of tax administration in terms of improvement of the business environment according to business operation years (first choice) (*Question 2.4 li 1.2*)

Direction	Up to 6	7 and more	Total	Up to 6	7 and more	Total
Years						
Tax payers service	83	123	206	47.4%	55.2%	51.8%
Tax control	36	36	72	20.6%	16.1%	18.1%
System of liabilities used in case of tax violations	12	15	27	6.9%	6.7%	6.8%
Instrumental tools/system of ensuring fulfillment of tax liabilities	10	18	28	5.7%	8.1%	7.0%
System of appeals against actions or inactivity of tax officers	10	9	19	5.7%	4.0%	4.8%
Establishment of partnership relations /coded/	2	0	2	1.1%	0.0%	0.5%
None	0	2	2	0.0%	0.9%	0.5%
Other	5	6	11	2.9%	2.7%	2.8%
Refuse to answer	0	1	1	0.0%	0.4%	0.3%
Don't know	17	13	30	9.7%	5.8%	7.5%
Total	175	223	398	100.0%	100.0%	100.0%

Table № 4.2. A key direction of the reforms of tax administration in terms of improvement of the business environment according to business operation years (second choice) (*Question 2.4 li 1.2*)

Direction	Up to 6	7 and more	Total	Up to 6	7 and more	Total
Years						
Tax payers service	14	36	50	11.5%	21.3%	17.2%
Tax control	39	56	95	32.0%	33.1%	32.6%
System of liabilities used in case of tax violations	25	26	51	20.5%	15.4%	17.5%
Instrumental tools/system of ensuring fulfillment of tax liabilities	27	34	61	22.1%	20.1%	21.0%
System of appeals against actions or inactivity of tax officers	15	13	28	12.3%	7.7%	9.6%
Establishment of partnership relations /coded/	2	1	3	1.6%	0.6%	1.0%
None	0	3	3	0.0%	1.8%	1.0%
Total	122	169	291	100.0%	100.0%	100.0%

Table № 4.3. A key direction of the reforms of tax administration in terms of improvement of the business environment according to business operation years (third choice) (*Question 2.4 li 1.2*)

Direction	Years		Total	%		Total
	Up to 6	7 and more		Up to 6	7 and more	
Tax payers service	9	12	21	13.6%	11.9%	12.6%
Tax control	8	19	27	12.1%	18.8%	16.2%
System of liabilities used in case of tax violations	19	26	45	28.8%	25.7%	26.9%
Instrumental tools/system of ensuring fulfillment of tax liabilities	13	25	38	19.7%	24.8%	22.8%
System of appeals against actions or inactivity of tax officers	15	15	30	22.7%	14.9%	18.0%
Establishment of partnership relations /coded/	2	2	4	3.0%	2.0%	2.4%
None	0	0	0	0.0%	2.0%	1.2%
Other	0	2	2	0%	0%	0%
Refuse to answer	0	0	0	0%	0%	0%
Don't know	0	0	0	0%	0%	0%
Total	66	101	167	100.0%	100.0%	100.0%

Table № 4.4. A key direction of the reforms of tax administration in terms of improvement of the business environment according to decision-makers in tax-related issues (first choice) (*Question 2.4*)

Direction Decision-maker	Taxpayers that make decisions on high level	Other	Total	Taxpayers that make decisions on high level	Other	Total
	Tax payers service	83	124	207	63.4%	46.1%
Tax control	15	57	72	11.5%	21.2%	18.0%
System of liabilities used in case of tax violations	8	19	27	6.1%	7.1%	6.8%
Instrumental tools/system of ensuring fulfillment of tax liabilities	7	22	29	5.3%	8.2%	7.2%
System of appeals against actions or inactivity of tax officers	5	14	19	3.8%	5.2%	4.8%
Establishment of partnership relations /coded/	2	0	2	1.5%	0.0%	0.5%
None	0	2	2	0.0%	0.7%	0.5%
Other	4	7	11	3.1%	2.6%	2.8%
Refuse to answer	0	1	1	0.0%	0.4%	0.3%
Don't know	7	23	30	5.3%	8.6%	7.5%
Total	131	269	400	100.0%	100.0%	100.0%

Table № 4.5. Automation of tax administration functions that have taken place in the course of the recent three years resulted in reduction of costs (administrative costs) for taxpayers to run a business (answers according to business operation years) (*Questions 3.6 and 1.2*)

Opinion	Years					
	Up to 6	7 and more	Total	Up to 6	7 and more	Up to 6
Definitely Yes	3	51	54	5.3%	14.9%	13.5%
Yes	23	175	198	40.4%	51.0%	49.5%
It has no influence	24	73	97	42.1%	21.3%	24.3%
No	2	28	30	3.5%	8.2%	7.5%
Not at all	2	7	9	3.5%	2.0%	2.3%
Don't know	3	9	12	5.3%	2.6%	3.0%
Total	57	343	400	100.0%	100.0%	100.0%

Table № 4.6. Automation of tax administration functions that have taken place in the course of the recent three years resulted in reduction of costs (administrative costs) for taxpayers to run a business (answers according to the operating subjects) (*Question 3.6*)

Opinion	Operating Subject					
	Individual entrepreneur	Other	Total	Individual entrepreneur	Other	Total
Definitely Yes	3	51	54	5.3%	14.9%	13.5%
Yes	23	175	198	40.4%	51.0%	49.5%
It has no influence	24	73	97	42.1%	21.3%	24.3%
No	2	28	30	3.5%	8.2%	7.5%
Not at all	2	7	9	3.5%	2.0%	2.3%
Don't know	3	9	12	5.3%	2.6%	3.0%
Total	57	343	400	100.0%	100.0%	100.0%

Table № 4.7. Evaluation of the initiatives undertaken by tax authorities over the last three years for the improvement of tax administration (introduction of various e-services, simplifications in tax calculation, etc.) according to business operation years (*Questions 3.9 li 1.2*)

Other Years	Up to 6	7 and more	Total	Up to 6	7 and more	Total
	Very Positive	9	19	28	5.1%	8.5%
Positive	93	128	221	53.1%	57.4%	55.5%
Satisfactory	66	62	128	37.7%	27.8%	32.2%
Negative	6	6	12	3.4%	2.7%	3.0%
Very Negative	0	2	2	0.0%	0.9%	0.5%
Don't know	1	6	7	0.6%	2.7%	1.8%
Total	175	223	398	100.0%	100.0%	100.0%

Table № 4.8. Evaluation of the initiatives undertaken by tax authorities over the last three years for the improvement of tax administration (introduction of various e-services, simplifications in tax calculation, etc.) according to those who received a consultancy of tax consultant or accountant (*Question 3.9*)

Opinion User	Tax or accounting consultancy receivers	Other	Total	Tax or accounting consultancy receivers	Other	Total
	Very Positive	7	21	28	6.1%	7.4%
Positive	71	151	222	61.7%	53.0%	55.5%
Satisfactory	31	97	128	27.0%	34.0%	32.0%
Negative	3	9	12	2.6%	3.2%	3.0%
Very Negative	1	1	2	0.9%	0.4%	0.5%
Don't know	2	6	8	1.7%	2.1%	2.0%
Total	115	285	400	100.0%	100.0%	100.0%

Table № 4.9. Since July 1, 2018, the eligibility of providing official tax-related clarifications has been transferred from SRC to the RA Ministry of Finance that is responsible for developing state revenue policy and legislation. To what extent do you agree that it will contribute to more

explicit performance of tax administration functions by SRC? (answers according to those who received a consultancy of tax consultant or accountant) (<i>Question 3.10</i>)						
Opinion User	Tax or accounting consultancy receivers	Other	Total	Tax or accounting consultancy receivers	Other	Total
Fully Agree	5	5	10	4.3%	1.8%	2.5%
Agree	30	56	86	26.1%	19.6%	21.5%
Disagree	41	82	123	35.7%	28.8%	30.8%
Completely Disagree	5	8	13	4.3%	2.8%	3.3%
Refuse to answer	0	1	1	0.0%	0.4%	0.3%
Don't know	34	133	167	29.6%	46.7%	41.8%
Total	115	285	400	100.0%	100.0%	100.0%

Table № 4.10. In your opinion, has the behavior of SRC tax/customs authorities /attitude towards their job and taxpayers/ changed within the last 3 months? (answers according to business operation years) (*Question 2.10*)

Opinion Years	Up to 6	7 and more	Total	Up to 6	7 and more	Total
Fully Agree	49	56	105	29.9%	26.5%	28.0%
Agree	63	105	168	38.4%	49.8%	44.8%
Disagree	29	37	66	17.7%	17.5%	17.6%
Completely Disagree	2	5	7	1.2%	2.4%	1.9%
Refuse to answer	1	1	2	0.6%	0.5%	0.5%
Don't know	20	7	27	12.2%	3.3%	7.2%
Total	164	211	375	100.0%	100.0%	100.0%

Table № 4.11. Usefulness level of the Horizontal Monitoring System (a co-partnership voluntary mechanism that of a tax body-largest taxpayer) among taxpayers (*Question 3.11*)

Opinion Sphere	Taxpayers of the manufacturing industry	Other	Total	Taxpayers of the manufacturing industry	Other	Other
Completely Disagree	13	3	16	5.5%	1.8%	4.0%
Disagree	25	11	36	10.5%	6.7%	9.0%
Agree	55	42	97	23.2%	25.8%	24.3%
Fully Agree	8	3	11	3.4%	1.8%	2.8%
Refuse to answer	2	1	3	0.8%	0.6%	0.8%
Don't know	134	103	237	56.5%	63.2%	59.3%
Total	237	163	400	100.0%	100.0%	100.0%

Table № 4.12. Usefulness level of the Horizontal Monitoring System (a co-partnership voluntary mechanism that of a tax body-largest taxpayer) among taxpayers (*Question 3.11*)

Opinion Sphere	Taxpayers of trade and service industry	Other	Total	Taxpayers of trade and service industry	Other	Total
Completely Disagree	3	13	16	1.8%	5.5%	4.0%
Disagree	11	25	36	6.7%	10.5%	9.0%
Agree	42	55	97	25.8%	23.2%	24.3%
Fully Agree	3	8	11	1.8%	3.4%	2.8%
Refuse to answer	1	2	3	0.6%	0.8%	0.8%
Don't know	103	134	237	63.2%	56.5%	59.3%
Total	163	237	400	100.0%	100.0%	100.0%

Table № 4.13. Usefulness scale of the Horizontal Monitoring System (a co-partnership voluntary mechanism that of a tax body-largest taxpayer) among taxpayers (*Question 3.11*)

Opinion	Sphere	Taxpayers of a corporate governance system	Other	Total	Taxpayers of a corporate governance system	Other	Total
		Completely Disagree	3	13	16	4.1%	4.0%
Disagree	6	30	36	8.2%	9.2%	9.0%	
Agree	23	74	97	31.5%	22.6%	24.3%	
Fully Agree	3	8	11	4.1%	2.4%	2.8%	
Refuse to answer	2	1	3	2.7%	0.3%	0.8%	
Don't know	36	201	237	49.3%	61.5%	59.3%	
Total	73	327	400	100.0%	100.0%	100.0%	

Table № 4.14. The rate of the quality of work of the RA SRC Training Center: To what extent do you agree with the following viewpoint? **Topics included in the Curriculum of the SRC Training Center are always pertinent/up-to-date** (answers according to business operation years) (*Question 3.12*)

	Up to 6	7 and more	Total	Up to 6	7 and more	Total
Completely Disagree	1	1	2	0.6%	0.4%	0.5%
Disagree	17	17	34	9.7%	7.6%	8.5%
Agree	66	99	165	37.7%	44.4%	41.5%
Fully Agree	11	14	25	6.3%	6.3%	6.3%
Refuse to answer	0	2	2	0.0%	0.9%	0.5%
Don't know	80	90	170	45.7%	40.4%	42.7%
Total	175	223	398	100.0%	100.0%	100.0%

Table № 4.15. The rate of the quality of work of the RA SRC Training Center: To what extent do you agree with the following viewpoint? **Dissemination of information about seminars is quite effective** (answers according to business operation years) (*Question 3.12*)

	Up to 6	7 and more	Total	Up to 6	7 and more	Total
Completely Disagree	1	2	3	0.6%	0.9%	0.8%
Disagree	19	15	34	10.9%	6.7%	8.5%
Agree	58	104	162	33.1%	46.6%	40.7%
Fully Agree	13	23	36	7.4%	10.3%	9.0%
Refuse to answer	0	1	1	0.0%	0.4%	0.3%
Don't know	84	78	162	48.0%	35.0%	40.7%
Total	175	223	398	100.0%	100.0%	100.0%

Table № 4.16. The rate of the quality of work of the RA SRC Training Center: To what extent do you agree with the following viewpoint? **The SRC training courses are more useful and effective than those of similar services providers of the private sector** (answers according to business operation years) (*Question 3.12*)

	Up to 6	7 and more	Total	Up to 6	7 and more	Total
Completely Disagree	5	5	10	2.9%	2.2%	2.5%
Disagree	22	27	49	12.6%	12.1%	12.3%
Agree	40	61	101	22.9%	27.4%	25.4%
Fully Agree	7	14	21	4.0%	6.3%	5.3%
Refuse to answer	0	1	1	0.0%	0.4%	0.3%
Don't know	101	115	216	57.7%	51.6%	54.3%
Total	175	223	398	100.0%	100.0%	100.0%

Table № 4.17. The rate of the quality of work of the RA SRC Training Center: To what extent do you agree with the following viewpoint? **Topics included in the Curriculum of the SRC Training Center are always pertinent/up-to-date** (answers according to geographical placement) (*Question 3.12*)

	Yerevan	Marzes	Total	Yerevan	Marzes	Total
Completely Disagree	1	1	2	0.4%	0.6%	0.5%
Disagree	12	22	34	5.0%	13.9%	8.5%
Agree	111	55	166	45.9%	34.8%	41.5%
Fully Agree	16	9	25	6.6%	5.7%	6.3%
Refuse to answer	1	1	2	0.4%	0.6%	0.5%
Don't know	101	70	171	41.7%	44.3%	42.8%
Total	242	158	400	100.0%	100.0%	100.0%

Table № 4.18. The rate of the quality of work of the RA SRC Training Center: To what extent do you agree with the following viewpoint? **Dissemination of information about seminars is quite effective** (answers according to geographical placement) (*Question 3.12*)

	Yerevan	Marzes	Total	Yerevan	Marzes	Total
Completely Disagree	1	1	2	0.4%	0.6%	0.5%
Disagree	12	22	34	5.0%	13.9%	8.5%
Agree	111	55	166	45.9%	34.8%	41.5%
Fully Agree	16	9	25	6.6%	5.7%	6.3%
Refuse to answer	1	1	2	0.4%	0.6%	0.5%
Don't know	101	70	171	41.7%	44.3%	42.8%
Total	242	158	400	100.0%	100.0%	100.0%

Table № 4.19. The rate of the quality of work of the RA SRC Training Center: To what extent do you agree with the following viewpoint? **The trainers are professionals and the answers to the questions posed are explicit and complete, as a rule sector** (answers according to geographical placement) (*Question 3.12*)

	Yerevan	Marzes	Total	Yerevan	Marzes	Total
Completely Disagree	0	4	4	0.0%	2.5%	1.0%
Disagree	19	19	38	7.9%	12.0%	9.5%
Agree	75	49	124	31.0%	31.0%	31.0%
Fully Agree	21	9	30	8.7%	5.7%	7.5%
Refuse to answer	0	1	1	0.0%	0.6%	0.3%
Don't know	127	76	203	52.5%	48.1%	50.7%
Total	242	158	400	100.0%	100.0%	100.0%

Table № 4.20. The rate of the quality of work of the RA SRC Training Center: To what extent do you agree with the following viewpoint? **The SRC training courses are more useful and effective than those of similar services providers of the private sector** (answers according to geographical placement) (*Question 3.12*)

	Yerevan	Marzes	Total	Yerevan	Marzes	Total
Completely Disagree	8	2	10	3.3%	1.3%	2.5%
Disagree	24	25	49	9.9%	15.8%	12.3%
Agree	57	45	102	23.6%	28.5%	25.5%
Fully Agree	17	4	21	7.0%	2.5%	5.3%
Refuse to answer	0	1	1	0.0%	0.6%	0.3%
Don't know	136	81	217	56.2%	51.3%	54.3%
Total	242	158	400	100.0%	100.0%	100.0%

Table № 4.21. Rate of the quality of work of the SRC "Call Center" ("Hot Line"). To what extent do you agree with the following viewpoint? **Call Center services are accessible; actually, the phone calls are promptly responded** (answers according to those who received a consultancy of tax consultant and accountant and those who work with auditor) (*Question 3.13*)

Opinion User	Those who received a consultancy of tax consultant and accountant and those who work with auditor			Those who received a consultancy of tax consultant and accountant and those who work with auditor		
		Other	Total		Other	Total
Completely Disagree	23	29	52	16.8%	11.0%	13.0%
Disagree	38	66	104	27.7%	25.1%	26.0%
Agree	58	90	148	42.3%	34.2%	37.0%
Fully Agree	3	15	18	2.2%	5.7%	4.5%
Refuse to answer	0	0	0	0%	0%	0%
Don't know	15	63	78	10.9%	24.0%	19.5%
Total	137	263	400	100.0%	100.0%	100.0%

Table № 4.22. Rate of the quality of work of the SRC "Call Center" ("Hot Line"). To what extent do you agree with the following viewpoint? **Call Center services are accessible; actually, the phone calls are promptly responded** (answers according to business operation years) (*Question 3.13*)

Opinion User	Up to 6			7 and more		
		7 and more	Total		7 and more	Total
Completely Disagree	8	11	19	4.6%	4.9%	4.8%
Disagree	43	32	75	24.6%	14.3%	18.8%
Agree	78	108	186	44.6%	48.4%	46.7%
Fully Agree	8	15	23	4.6%	6.7%	5.8%
Refuse to answer	0	0	0	0%	0%	0%
Don't know	38	57	95	21.7%	25.6%	23.9%
Total	175	223	398	100.0%	100.0%	100.0%

Table № 4.23. Those who carry out tax administration (taxpayer service centers, those who perform data processing, analysis and monitoring, departments/units that apply tax audits and other means for influence) are **professional and honest while performing their functions** (answers according to geographical placement) (*Question 3.16*)

	Yerevan	Marzes	Total	Yerevan	Marzes	Total
Definitely Yes	12	7	19	5.0%	4.4%	4.8%
Yes	141	102	243	58.3%	64.6%	60.8%
No	38	18	56	15.7%	11.4%	14.0%
Not at all	4	3	7	1.7%	1.9%	1.8%
Refuse to answer	2	4	6	0.8%	2.5%	1.5%
Don't know	45	24	69	18.6%	15.2%	17.3%
Total	242	158	400	100.0%	100.0%	100.0%

Table № 4.24. Those who carry out tax administration (taxpayer service centers, those who perform data processing, analysis and monitoring, departments/units that apply tax audits and other means for influence) are **professional and honest while performing their functions** (answers according to the operating subjects) (*Question 3.16*)

	Individual entrepreneur	Other	Total	Individual entrepreneur	Other	Total
Definitely Yes	2	17	19	3.5%	5.0%	4.8%
Yes	34	209	243	59.6%	60.9%	60.8%
No	10	46	56	17.5%	13.4%	14.0%
Not at all	1	6	7	1.8%	1.7%	1.8%
Refuse to answer	0	6	6	0.0%	1.7%	1.5%
Don't know	10	59	69	17.5%	17.2%	17.3%
Total	57	343	400	100.0%	100.0%	100.0%

Table № 4.25. What are your main sources of receiving information about the changes in tax system/procedures? (answers according to business operation years) (*Question 3.17*)

	Up to 6 years	More than 7 years	Total	Up to 6 years	More than 7 years	Up to 6 years
Directly the tax bodies /notifications/	35	60	95	20.2%	27.1%	24.1%
The website of the Tax Service /www.petakamutner.am/	80	110	190	46.2%	49.8%	48.2%
Official bulletins (information systems, arlis.am, irtek.am)	102	135	237	59.0%	61.1%	60.2%
A written inquiry to the SRC of the Republic of Armenia for obtaining information	16	21	37	9.2%	9.5%	9.4%
Other persons/businesses	49	65	114	28.3%	29.4%	28.9%
Public agencies involved in protection of rights	0	6	6	0.0%	2.7%	1.5%
Printed sources	25	26	51	14.5%	11.8%	12.9%
Electronic media	16	40	56	9.2%	18.1%	14.2%
Social networks (Facebook, LinkedIn, Twitter...)	33	36	69	19.1%	16.3%	17.5%
Consultancy companies	7	11	18	4.0%	5.0%	4.6%
Mass media (TV, radio)	29	19	48	16.8%	8.6%	12.2%
Call center	9	14	23	5.2%	6.3%	5.8%
None of the above	19	14	33	11.0%	6.3%	8.4%
Total	173	221	394			100.0%

Table № 4.26. What are your main sources of receiving information about the changes in tax system/procedures? (answers according to geographical placement) (*Question 3.17*)

	Yerevan	Marzes	Total	Yerevan	Marzes	Total
Directly the tax bodies /notifications/	43	52	95	18.0%	33.1%	24.0%
The website of the Tax Service /www.petakamutner.am/	84	107	191	35.1%	68.2%	48.2%
Official bulletins (information systems, arlis.am, irtek.am)	173	66	239	72.4%	42.0%	60.4%
A written inquiry to the SRC of the Republic of Armenia for obtaining information	22	16	38	9.2%	10.2%	9.6%
Other persons/businesses	74	40	114	31.0%	25.5%	28.8%
Public agencies involved in protection of rights	3	3	6	1.3%	1.9%	1.5%
Printed sources	33	18	51	13.8%	11.5%	12.9%
Electronic media	32	24	56	13.4%	15.3%	14.1%
Social networks (Facebook, LinkedIn, Twitter...)	36	33	69	15.1%	21.0%	17.4%
Consultancy companies	14	4	18	5.9%	2.5%	4.5%
Mass media (TV, radio)	25	23	48	10.5%	14.6%	12.1%
Call center	11	12	23	4.6%	7.6%	5.8%
None of the above	21	12	33	8.8%	7.6%	8.3%
Total	239	157	396			100.0%

Table № 4.27. What are your main sources of receiving information about the changes in tax system/procedures? (answers according to the operating subjects) (*Question 3.17*)

	Individual entrepreneur	Other	Total	Individual entrepreneur	Other	Total
Directly the tax bodies /notifications/	10	85	95	17.9%	25.0%	24.0%
The website of the Tax Service /www.petakamutner.am/	24	167	191	42.9%	49.1%	48.2%
Official bulletins (information systems, arlis.am, irtek.am)	30	209	239	53.6%	61.5%	60.4%
A written inquiry to the SRC of the Republic of Armenia for obtaining information	5	33	38	8.9%	9.7%	9.6%
Other persons/businesses	19	95	114	33.9%	27.9%	28.8%
Public agencies involved in protection of rights	0	6	6	0.0%	1.8%	1.5%
Printed sources	3	48	51	5.4%	14.1%	12.9%
Electronic media	7	49	56	12.5%	14.4%	14.1%
Social networks (Facebook, LinkedIn, Twitter...)	10	59	69	17.9%	17.4%	17.4%
Consultancy companies	1	17	18	1.8%	5.0%	4.5%
Mass media (TV, radio)	12	36	48	21.4%	10.6%	12.1%
Call center	3	20	23	5.4%	5.9%	5.8%
None of the above	6	27	33	10.7%	7.9%	8.3%
Total	56	340	396			100.0%

Table № 4.28. To what extent do you agree with the following viewpoints related to tax influence means/activities of collecting money in case of delaying the payment of taxes? (answers according to geographical placement) (*Question 4.18*)

	Yerevan	Marzes	Total	Yerevan	Marzes	Total
Completely Disagree	18	2	20	7.4%	1.3%	5.0%
Disagree	39	34	73	16.1%	21.5%	18.3%
Agree	90	88	178	37.2%	55.7%	44.5%
Fully Agree	9	0	9	3.7%	0.0%	2.3%
Refuse to answer	1	1	2	0.4%	0.6%	0.5%
Don't know	85	33	118	35.1%	20.9%	29.5%
Total	242	158	400	100.0%	100.0%	100.0%

Table № 4.29. Who is responsible for accounting in the organization? (answers according to geographical placement) (*Question 5.1*)

	Yerevan	Marzes	Total
Permanent accountant(s)	176	109	285
Accountancy is done by another outsourcing organization/ person	35	36	71
I am responsible for accounting	28	13	41
Other (partially outsourced, partially done by the accountant/respondent)	5	2	7
Total	242	158	400

Table № 4.30. Who is responsible for accounting in the organization? (answers by business operation years) (*Questions 5.1 and 1.2*)

	0-6 years	7 and more years	Total
Permanent accountant(s)	118	166	284
Accountancy is done by another outsourcing organization/person	38	32	70
I am responsible for accounting	15	26	41
Other (partially outsourced, partially done by the accountant/respondent)	4	3	7
Total	175	223	398

Annex 5. Short survey questionnaire of tax administration

Hello! The RA State Revenue Committee is conducting a short survey to assess the attitude of taxpayers towards the services rendered by tax authorities and the tax-abidance. The results of the assessment will be used to increase the efficiency of the SRC and improve the quality of the services rendered by tax authorities. Your organization, along with a number of others, has been randomly selected from the list of taxpayers forming a representative sample. The information you will provide will remain strictly confidential and will be used only in aggregated form and for research purposes.

day/month/year	____/____/____
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1. In your opinion, has the behavior of SRC tax/customs authorities /attitude towards their job and taxpayers/ changed within the last months?

Definitely Yes	1
Yes	2
No	3
Not at all	4
Don't know/Refuse to answer	-1 / -2

2. How do you rate the quality of services that are rendered to you by the tax bodies? Use a scale of 1 to 5, where "1" means "Very Bad" and "5" means "Very Good"?

Types of Services		Very Bad	Bad	Satisfactory	Good	Very Good	DK/RA
12.	E-System of Report Submission	1	2	3	4	5	-1/-2
13.	E-invoicing system	1	2	3	4	5	-1/-2
14.	Call center /Hot line	1	2	3	4	5	-1/-2
15.	SRC Training Center						
16.	Taxpayers Service Centers						
17.	Other (specify _____)	1	2	3	4	5	-1/-2

3. To what extent do you agree that the procedure of providing official tax-related clarifications is functioning efficiently?

Fully Agree	1
Agree	2
Disagree	3
Completely Disagree	4
Don't know/Refuse to answer	-1 / -2

4. Please rate the quality of work of the RA SRC Training Center responding to the following viewpoints to the extent you agree with. Please use a scale of 1-4, where "1" means "Completely Disagree" and "4" means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	DK/RA
1.	Topics included in the Curriculum of the SRC Training Center are always pertinent/up-to-date	1	2	3	4	-1/-2
2.	Dissemination of information about seminars is quite effective	1	2	3	4	-1/-2
3.	The trainers are professionals and the answers to the questions posed are explicit and complete, as a rule.	1	2	3	4	-1/-2
4.	The SRC training courses are more useful and effective than those of similar services providers of the private sector	1	2	3	4	-1/-2

5. Please share your opinion with us on the quality of work of the SRC "Call Center" ("Hot Line"), responding to the following viewpoints to the extent you agree with. Please use a scale of 1-4, where "1" means "Completely Disagree" and "4" means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	I have not used	DK/RA
5.	Call Center services are accessible; actually, the phone calls are promptly responded.	1	2	3	4	5	-1/-2

6.	The specialists who respond to the calls are professionals who answer the questions in a clear and explicit manner	1	2	3	4	5	-1/-2
7.	The responses provided by the Call Center are effective so that there does not emerge a further need to apply to tax-related consulting companies	1	2	3	4	5	-1/-2
8.	The Call Center has a FAQ list and it promotes the quick categorization of questions received and provision of the same /identical answers	1	2	3	4	5	-1/-2

6. Please rate the quality of work of the Taxpayers Service Centers responding to the following viewpoints to the extent you agree with, using a scale of 1-4, where “1” means "Completely Disagree" and “4” means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	DK/RA
1.	Separation of activity of service centers from inspection and tax collection activities raised the effectiveness of and confidence towards tax administration	1	2	3	4	-1/-2
2.	Information posted on the walls of service centers is regularly updated; taxpayers can use that information for assessing the tax consequences of their transactions	1	2	3	4	-1/-2
3.	Service centers have a queue control panel and it promotes quality service provision	1	2	3	4	-1/-2
4.	Service rendering specialists serve as public service providers rather than representatives of inspection and punitive unit.	1	2	3	4	-1/-2
5.	For expressing their opinion on customer service quality, taxpayers usually use anonymous evaluation equipment installed at service centers	1	2	3	4	-1/-2
6.	Tax information terminals available at service centers are functional and are used by taxpayers and service center specialists for tax operations	1	2	3	4	-1/-2

7. Let us talk about the Consolidated Treasury Account: to what extent do you agree with the following viewpoints? Please rate using a scale of 1-4, where “1” means "Completely Disagree" and “4” means "Fully Agree".

		Completely Disagree	Disagree	Agree	Fully Agree	DK/R A
1.	The availability of Consolidated Treasury Account enables accessing 24/7 online information on taxpayers’ tax obligations/responsibilities.	1	2	3	4	-1/-2
2.	Thanks to this account, non-formal claims / exhortation by tax authorities for overpayments are ruled out, because additional payments are not considered as state budget revenue.	1	2	3	4	-1/-2
3.	Thanks to the Consolidated Account, the mechanisms for recalculations done as a result of accurate reports submission, and calculation of penalties for overdue liabilities have been simplified.	1	2	3	4	-1/-2

8. What new services do you think should be delivered by the SRC?

<p>New services:</p> <p>OR deliver the existing services in the following way:</p>

Thank you!

<p>Comments</p>
