# Scoping Study

for the Mineral Water Extraction and Metallic Mineral Resources Processing Sectors

Yerevan, 2021

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# Abbreviations

| | |
|---|---|
| VAT | Value Added Tax |
| MES | Ministry of Emergency Situations |
| EITI | Extractive Industries Transparency Initiative |
| OJSC | Open Joint Stock Company |
| MSG | Multi-Stakeholder Group |
| EEU | Eurasian Economic Union |
| Y | Year |
| YY | Years |
| RA | Republic of Armenia |
| mln | Million |
| EIA | Environmental Impact Assessment |
| ME | Ministry of Environment of the RA |
| SRC | State Revenue Committee of the RA |
| LLC | Limited Liability Company |
| SC | Statistical Committee of the RA |
| MTAI | Ministry of Territorial Administration and Infrastructure of the RA |
| CJSC | Closed Joint Stock Company |

# 1. Introduction

Armenia has been a member of the Extractive Industries Transparency Initiative[1] (EITI) since March 20 17 and has been engaged in transparency and accountability activities in the metal mining sector in accordance with the EITI International Standard requirements to the EITI member countries. Due to the application of the International Standard, comprehensive and up-to-date information on the metal mining sector has been published, and a constructive public discussion platform with the engagement of the EITI Multi-Stakeholder Group has been developed.

Grant Thornton is preparing Armenia's third EITI report for 2019 to cover the metal mining sector of Armenia. In accordance with the MSG decision of 3 June 20202, the report is prepared simultaneously with the Scoping Study to research the expediency of including in the EITI framework (2020 report) the mineral water extraction and metallic mineral resources processing sectors (including activities of local entities engaged in ore and concentrate trading). In other words, the purpose of the Scoping Study is to clarify the scope of the subsequent EITI reports and submit it to the MSG.

The study reviewed the above sectors of mineral groundwater extraction and metallic mineral resources processing (including activities of local entities engaged in ore and concentrate trading) and assessed the need to include these sectors in the subsequent EITI reports.

In order to collect information for this study, we:

- studied the relevant legislation and bylaws to carry out review and analysis of statistical data and relevant reports;
- had discussions with the MSG and EITI National Secretariat;
- held meetings with the representatives of the RA Government and companies.

A detailed list of the discussions and meetings is provided in Annex 1.

## 1.1. Methodology and Framework of the Scoping Study

The activities within the Scoping Study include:

- identifying participants and stakeholders representing the sector;
- studying the MSG work plans;
- reviewing the EITI prior reports, the Scoping Study for the first EITI report, Armenia's EITI Ratification Report, the legal framework for the EITI accountability and the legal mechanisms for identifying the beneficial owners;
- assessing the level of access to the existing information;
- identifying the relevant sources of information and deciding on the options for making them public;
- recommending relevant EITI reporting frameworks, in particular the availability, timeliness and reliability of the requested information;
- identifying factors hindering the disclosure of information and recommending solutions;
- establishing materiality for tax payments and state revenues, proposing materiality thresholds;
- developing a draft list of organizations to be covered by this study;
- identifying the legislative, regulatory, administrative and/or practical factors that prevent full disclosure;
- based on the study, providing the MSG with observations on the expediency of a full review of the mineral groundwater extraction and metallic mineral resources processing sectors (including the activities of local entities engaged in ore and concentrate trading) under the EITI.

This Scoping Study covers:

[1] https://www.eiti.org/
[2] https://www.eiti.am/file_manager/EITI%20Documents/Minutes/MSG_decisions_for_2019_EITI_Report.pdf

- main legislation and fiscal framework for mineral groundwater extraction and metallic mineral resources processing. The procedures for issuing permits and signing contracts, as well as identifying the beneficial owners are described;
- state and community budget revenues from these two sectors and their allocation. Materiality thresholds for payments and revenues are discussed;
- exploration and extraction in the mineral groundwater sector, production and export by metallic mineral resources processing and mineral groundwater extraction companies. The investment of the sectors in the RA economy, as well as the social and environmental expenditures by the companies of the sectors are disclosed;
- legislative and normative regulation, administrative and/or practical factors impeding the disclosure of information, access to information in government agencies and/or through corporate reports. The definition of the term "project" is also discussed;
- recommendations for improving the data quality assurance functions in government agencies in relation to mineral groundwater extraction and metallic mineral resources processing.

Studies on mineral groundwater extraction and metallic mineral resources processing include collection of information from:

- the State Revenue Committee of the RA;
- the Ministry of Territorial Administration and Infrastructure of the RA;
- the Ministry of Environment of the RA;
- the Statistical Committee of the RA;
- study and analysis of legislation, by-laws and relevant reports;
- meetings and discussions with representatives of government bodies.

The Scoping Study includes discussions with the EITI Secretariat to clarify the scope of the study and discuss challenges arising during the study.

## 1.2. Companies Covered by the Scoping Study

The list of mineral groundwater extraction companies is posted on the official website of MTAI and presented below.

*Table 1.2.1*

*List of companies granted with subsoil use rights for the purposes of groundwater extraction as of 1 April 2021*

| Company | Number of the mining contract | Date of contract award |
|---|---|---|
| 1. **Adamand-K LLC** | PV-279 | 23 November 2012 |
| 2. **Avshar Jur LLC** | P-579 | 7 February 2019 |
| 3. **Aratta Gold LLC** | PV-121 | 20 October 2012 |
| 4. **Ararat Group LLC** | PV-125 | 20 October 2012 |
| 5. **Arzni Health Resort CJSC** | PV-147 | 20 October 2012 |
| 6. **Arsen Yev Nerses LLC** | PV-390 | 18 January 2013 |
| 7. **Byuregh Mineral Water CJSC** | PV-117 | 20 October 2012 |
| 8. **Dilijan Mineral Water Plant LLC** | PV-124 | 20 October 2012 |
| 9. **Beer of Yerevan CJSC** | PV-123 | 20 October 2012 |
| 10. **Eco Agro LLC** | P-602 | 17 May 2019 |
| 11. **MIB Consulting LLC** | P-625 | 3 September 2020 |
| 12. **A&M Rare LLC** | P-548 | 13 December 2016 |

| Company | Number of the mining contract | Date of contract award |
|---|---|---|
| 13. **Ijevan Wine-Brandy Factory CJSC** | P-561 | 14 August 2017 |
| 14. **Iren-Mes LLC** | PV-312 | 27 November 2012 |
| 15. **Largo-Vin LLC** | PV-456 | 25 February 2013 |
| 16. **Lichk Mineral Water Plant LLC*** | P-605 | 8 April 2020 |
| 17. **Kara LLC** | P-614 | 20 December 2019 |
| 18. **Hankavan Resort Complex OJSC** | P-536 | 23 May 2016 |
| 19. **Nairi LLC** | PV-359 | 18 December 2012 |
| 20. **New Ida LLC** | P-599 | 25 April 2019 |
| 21. **Jermuk Group CJSC** | P-530 | 23 May 2016 |
| | P-535 | 23 May 2016 |
| 22. **Rafael JV LLC** | PV-118 | 20 October 2012 |
| 23. **RRR Mineral Waters Plant CJSC** | PV-119 | 20 October 2012 |
| | PV-120 | 20 October 2012 |
| 24. **Sevan Mineral Water Plant LLC** | P-507 | 3 October 2014 |
| 25. **Simona Aqua LLC** | PV-449 | 25 February 2013 |
| 26. **SV Jur LLC** | P-627 | 22 September 2020 |
| 27. **Vanaqua Group LLC** | P-593 | 25 October 2018 |
| 28. **Vanadzor Asar Resort LLC** | PV-443 | 11 February 2013 |
| 29. **Vard Aghbyur LLC** | P-533 | 12 April 2016 |
| 30. **Vigen LLC** | PV-365 | 18 December 2012 |
| 31. **VHH LLC** | P-500 | 1 September 2014 |
| 32. **Technoman LLC** | P-506 | 1 July 2014 |
| | P-631 | 30 October 2020 |

Notes: *For Lichk Mineral Water Plant LLC, the permit awarded under a single contract is used to extract mineral groundwater for multiple purposes.
For Jermuk Group LLC and RRR Mineral Waters Plant CJSC, permits for the extraction of mineral water for multiple purposes are issued under various contracts. For Technoman LLC, there are two contracts providing for the permits to extract mineral water from different wells for a single purpose.
Source: MTAI official website[3]

As to the local metallic mineral resources processing companies, in order to identify them by corporate names, the types of activities related to the metallic mineral resources processing sectors were selected from the classifier of economic activities. Based on the selected types of activities, the list of companies operating in that sector was received from SRC. Below is the list of companies, along with the list of classifiers.

[3] http://www.mtad.am/u_files/file/2021-ynderq/28-4HanqayinJrer_cucak.pdf

*Table 1.2.2*

*List of metallic mineral resources processing companies as of April 2021**

| Company | TPIN | Tax treatment |
|---|---|---|
| 1. 47 Jewelry LLC | 02689269 | Micro and turnover tax |
| 2. Amazon-48 LLC | 02639489 | Micro and turnover tax |
| 3. AMP Holding LLC | 00475028 | VAT |
| 4. Anania Shirakatsi Scientific-Educational Center LLC | 00851158 | Micro and turnover tax |
| 5. And Sar Mher LLC | 04424361 | VAT |
| 6. AS Metal LLC | 04233732 | VAT |
| 7. ASCE Group OJSC | 02800538 | VAT |
| 8. Armenian Titanium Production LLC | 00423218 | VAT |
| 9. Arsgoshin LLC | 02809833 | VAT |
| 10. ARSilicium LLC | 02683006 | VAT |
| 11. Arva Aurum LLC | 01564953 | Micro and turnover tax |
| 12. AFZ Production LLC | 04422427 | VAT |
| 13. Best Solution LLC | 00924882 | Micro and turnover tax |
| 14. Glanz LLC | 02659726 | VAT |
| 15. Eco Foil LLC | 05022625 | VAT |
| 16. Mountain Wealth LLC | 02580115 | VAT |
| 17. Ligayan Metal LLC | 04226195 | VAT |
| 18. Karslate LLC | 06952916 | VAT |
| 19. Hak-Yerits LLC | 02642482 | Micro and turnover tax |
| 20. Hemera LLC | 04429245 | Micro and turnover tax |
| 21. Hoktemberyan Machine-Tool Factory LLC | 04433209 | VAT |
| 22. Margaryan Brothers LLC | 03528762 | VAT |
| 23. Plant of Pure Iron OJSC | 00404207 | VAT |
| 24. Moeff Group LLC | 00146767 | VAT |
| 25. Nikol Duman Commercial Organization | 02208258 | VAT |
| 26. N-S LLC | 00002805 | VAT |
| 27. Shin Plaza LLC | 06951037 | VAT |
| 28. Probe Expert LLC | 01290491 | Micro and turnover tax |
| 29. Ruda Group LLC | 00926544 | VAT |
| 30. Rusal Armenal CJSC | 00061695 | VAT |
| 31. Semur & Co LLC | 02560685 | VAT |
| 32. Payloon LLC | 00002779 | Micro and turnover tax |
| 33. Albert Parunakyan IE | 27902108 | Micro and turnover tax |
| 34. Ashot Hakobyan IE | 57359658 | Micro and turnover tax |
| 35. Arman Hakobyan IE | 87840073 | Micro and turnover tax |

| Company | TPIN | Tax treatment |
|---|---|---|
| **36. Armavir Machine-Tool Factory OJSC** | 04401317 | VAT |
| **37. Armen Hakobyan IE** | 28006853 | Micro and turnover tax |
| **38. Armen Matsakyan IE** | 66973484 | Micro and turnover tax |
| **39. Armen Seyranyan IE** | 83710324 | Micro and turnover tax |
| **40. Artak Vardanyan IE** | 35114439 | Micro and turnover tax |
| **41. Artashes Ohanjanyan IE** | 25325338 | Micro and turnover tax |
| **42. Arpine Davtyan IE** | 25272107 | Micro and turnover tax |
| **43. Gayane Amirkhanyan IE** | 70993031 | VAT |
| **44. Garush Poghosyan Commercial Organization** | 83243387 | Micro and turnover tax |
| **45. Giperon LLC** | 04217677 | VAT |
| **46. Edgar Martirosyan IE** | 40571655 | Micro and turnover tax |
| **47. Eduard Sargisov IE** | 27935903 | Micro and turnover tax |
| **48. Tamara Hakobyan IE** | 26539305 | Micro and turnover tax |
| **49. Teymur Seviyan IE** | 47737696 | Micro and turnover tax |
| **50. CooperElectric LLC** | 02239163 | Micro and turnover tax |
| **51. Quartz – Met LLC** | 08619461 | Micro and turnover tax |
| **52. Hayk Grigoryan IE** | 30964039 | Micro and turnover tax |
| **53. Hovhannes Bagratyan IE** | 26544853 | Micro and turnover tax |
| **54. Hovhannes Davtyan IE** | 32547745 | Micro and turnover tax |
| **55. Samvel Aghekyan IE** | 74398841 | Micro and turnover tax |
| **56. Sayid Kuh Khezri IE** | 20111854 | Micro and turnover tax |
| **57. Sargis Ohanyan IE** | 35035965 | Micro and turnover tax |
| **58. Sevak Qilikyan IE** | 35204585 | Micro and turnover tax |
| **59. Vahagn Petrosyan IE** | 88518666 | Micro and turnover tax |
| **60. Vahe Hovhannisyan IE** | 27869658 | Micro and turnover tax |
| **61. Vanush Petrosyan IE** | 20140026 | Micro and turnover tax |
| **62. Vardan Hovhannisyan IE** | 35155483 | Micro and turnover tax |
| **63. Vergine Grigoryan IE** | 85507887 | Micro and turnover tax |
| **64. Fonon LLC** | 00051127 | VAT |

Notes: The list and further analyses do not include mining companies operating under these classification codes
Source: SRC data provided under the EITI Scoping Study

*Table 1.2.3*

*Classifiers of economic activity related to the metallic mineral resources processing sector*

| Activity classifier | Description of the classifier |
|---|---|
| **C24.1** | Production of iron, steel and ferroalloy |
| **C24.10** | Production of iron, steel and ferroalloy |
| **C24.10.0** | Production of iron, steel and ferroalloy |
| **C24.3** | Pretreatment of steel and manufacture of other steel products |
| **C24.4** | Production of precious and basic non-ferrous metals |
| **C24.41** | Production of precious metals |
| **C24.41.1** | Production of precious metals |
| **C24.41.2** | Production of bank gold and standardized bars |
| **C24.42** | Production of aluminium |
| **C24.42.0** | Production of aluminium |
| **C24.43** | Production of lead, zinc and tin |
| **C24.43.0** | Production of lead, zinc and tin |
| **C24.44** | Production of copper |
| **C24.44.0** | Production of copper |
| **C24.45** | Production of other non-ferrous metals |
| **C24.45.0** | Production of other non-ferrous metals |
| **C24.5** | Casting of metals |
| **C24.51** | Casting of iron |
| **C24.51.0** | Casting of iron |
| **C24.52** | Casting of steel |
| **C24.52.0** | Casting of steel |
| **C24.53** | Casting of light metals |
| **C24.53.0** | Casting of light metals |
| **C24.54** | Casting of other non-ferrous metals |
| **C24.54.0** | Casting of other non-ferrous metals |

According to the information provided by SRC, there were 64 metallic mineral resources processing companies as of April 2021 (excluding the two companies engaged in extraction), with 27 of them operating under the VAT tax regime, and the others operating under the micro[4] and turnover tax[5] regime. Four of the 64 companies made purchases from a domestic miner, with all the four of them being VAT payers. Micro enterprises include resident commercial organizations and individual entrepreneurs, whose turnover for all types of activities during the previous tax year did not exceed 24 million drams[6]. Turnover tax payers include resident commercial organizations, individual entrepreneurs and notaries, whose turnover for all types of activities during the previous tax year did not exceed 115 million drams[7]. In other words, small turnover entities are operating under these two

[4] Companies and individuals operating in the micro-enterprise system are exempt, in particular, from VAT and/or profit tax, as well as from turnover tax, in cases defined by Chapter 56 of the Tax Code (http://www.irtek.am/views/act.aspx?aid=150068)
[5] Turnover tax is a tax replacing the value added tax (VAT) and/or profit tax payable to the state budget for the activities carried out by commercial organizations, individual entrepreneurs and notaries in the manner, amount and timelines established by law (https://www.arlis.am/documentview.aspx?docid=80449)
[6] http://www.irtek.am/views/act.aspx?aid=150068, RA Tax Code, Article 267, Clause 3
[7] http://www.irtek.am/views/act.aspx?aid=150068, RA Tax Code, Section 13, Chapter 55, Article 254, Clause 2

tax regimes. The tax rates applied are low, moreover, micro-business entities are exempt of the obligation to calculate and pay any state taxes on micro-entrepreneurial activities, except for cases defined by Part 2, Article 269 of the RA Tax Code. Tax payments of such entities make up a small part of the turnover, so the tax revenues from these companies may not have a significant share in the overall state budget revenues. In particular, the turnover tax rates in production and trade (including metallic mineral resources processing and ore and concentrate trading) make 1.5% and 5%, respectievly. The turnover tax on income from secondary raw material trading (purchase and sale) activities as listed in the RA Government Decree No. 36-N dated 16 February 2017 is set at 1.5%[8].

## 1.3. Data Quality and Quality Assurance (Requirement 4.9)

The information used in the preparation of the report was mainly obtained either from official publications or in response to a request for information from official sources. This suggests that there is a certain degree of data reliability, with no verification of the information received. Relevant government agencies are responsible for the completeness and accuracy of the information provided.

The current legislation of the Republic of Armenia does not require a mandatory audit of the financial statements of mineral groundwater extraction and metallic mineral resources processing companies. The RA Laws "On Accounting," "On Auditing Activity" and "On Regulation and Public Control of Accounting and Auditing Activity" adopted by the RA National Assembly on 4 December 2019 came into force on 1 January 2020. These laws define the criteria for statutory audit of financial statements of companies. One of the criteria is the financial performance of companies.

The azdarar.am website has posted the financial reports of some of the mineral groundwater and metallic mineral resources processing companies, along with the auditor's opinion.

*Table 1.3.1*

*Mineral groundwater extraction companies that have published their financial statements with the auditor's opinion*

| Company | Is the external audit report for the reporting year available (Yes/No)? |
|---|---|
| 1. **Adamand-K LLC** | No |
| 2. **Avshar Jur LLC** | No |
| 3. **Aratta Gold LLC** | No |
| 4. **Ararat Group LLC** | No |
| 5. **Arzni Health Resort CJSC** | No |
| 6. **Arsen Yev Nerses LLC** | No |
| 7. **Byuregh Mineral Water CJSC** | No |
| 8. **Dilijan Mineral Water Plant LLC** | No |
| 9. **Beer of Yerevan CJSC** | Yes |
| 10. **Eco Agro LLC** | No |
| 11. **MIB Consulting LLC** | No |
| 12. **A&M Rare LLC** | No |
| 13. **Ijevan Wine-Brandy Factory CJSC** | No |
| 14. **Iren-Mes LLC** | No |
| 15. **Largo-Vin LLC** | No |
| 16. **Lichk Mineral Water Plant LLC*** | No |
| 17. **Kara LLC** | No |

[8] http://www.irtek.am/views/act.aspx?aid=150068, RA Tax Code, Section 13, Chapter 55, Article 258, Clause 1

| Company | Is the external audit report for the reporting year available (Yes/No)? |
|---|---|
| 18. Hankavan Resort Complex OJSC | No |
| 19. Nairi LLC | No |
| 20. New Ida LLC | No |
| 21. Jermuk Group CJSC | No |
| 22. Rafael JV LLC | No |
| 23. RRR Mineral Waters Plant CJSC | Yes |
| 24. Sevan Mineral Water Plant LLC | No |
| 25. Simona Aqua LLC | No |
| 26. SV Jur LLC | No |
| 27. Vanaqua Group LLC | No |
| 28. Vanadzor Asar Resort LLC | No |
| 29. Vard Aghbyur LLC | No |
| 30. Vigen LLC | No |
| 31. VHH LLC | No |
| 32. Technoman LLC | No |

Source: Independent administrator's individual analyses

*Table 1.3.1*

*Metallic mineral resources processing companies that have published their financial statements with the auditor's opinion*

| Company | Is the external audit report for the reporting year available (Yes/No)? |
|---|---|
| 1. 47 Jewelry LLC | No |
| 2. Amazon-48 LLC | No |
| 3. AMP Holding LLC | Yes |
| 4. Anania Shirakatsi Scientific-Educational Center LLC | No |
| 5. And Sar Mher LLC | No |
| 6. AS Metal LLC | No |
| 7. ASCE Group OJSC | No |
| 8. Armenian Titanium Production LLC | No |
| 9. Arsgoshin LLC | No |
| 10. ARSilicium LLC | No |
| 11. Arva Aurum LLC | No |
| 12. AFZ Production LLC | No |
| 13. Best Solution LLC | No |
| 14. Glanz LLC | No |
| 15. Eco Foil LLC | No |
| 16. Mountain Wealth LLC | No |

| Company | Is the external audit report for the reporting year available (Yes/No)? |
|---|---|
| 17. Ligayan Metal LLC | No |
| 18. Karslate LLC | No |
| 19. Hak-Yerits LLC | No |
| 20. Hemera LLC | No |
| 21. Hoktemberyan Machine-Tool Factory LLC | No |
| 22. Margaryan Brothers LLC | No |
| 23. Plant of Pure Iron OJSC | Yes |
| 24. Moeff Group LLC | No |
| 25. Nikol Duman Commercial Organization | No |
| 26. N-S LLC | No |
| 27. Shin Plaza LLC | No |
| 28. Probe Expert LLC | No |
| 29. Ruda Group LLC | No |
| 30. Rusal Armenal CJSC | No |
| 31. Semur & Co LLC | No |
| 32. Payloon LLC | No |
| 33. Albert Parunakyan IE | No |
| 34. Ashot Hakobyan IE | No |
| 35. Arman Hakobyan IE | No |
| 36. Armavir Machine-Tool Factory OJSC | No |
| 37. Armen Hakobyan IE | No |
| 38. Armen Matsakyan IE | No |
| 39. Armen Seyranyan IE | No |
| 40. Artak Vardanyan IE | No |
| 41. Artashes Ohanjanyan IE | No |
| 42. Arpine Davtyan IE | No |
| 43. Gayane Amirkhanyan IE | No |
| 44. Garush Poghosyan Commercial Organization | No |
| 45. Giperon LLC | No |
| 46. Edgar Martirosyan IE | No |
| 47. Eduard Sargisov IE | No |
| 48. Tamara Hakobyan IE | No |
| 49. Teymur Seviyan IE | No |
| 50. CooperElectric LLC | No |
| 51. Quartz – Met LLC | No |

| Company | Is the external audit report for the reporting year available (Yes/No)? |
|---|---|
| 52. Hayk Grigoryan IE | No |
| 53. Hovhannes Bagratyan IE | No |
| 54. Hovhannes Davtyan IE | No |
| 55. Samvel Aghekyan IE | No |
| 56. Sayid Kuh Khezri IE | No |
| 57. Sargis Ohanyan IE | No |
| 58. Sevak Qilikyan IE | No |
| 59. Vahagn Petrosyan IE | No |
| 60. Vahe Hovhannisyan IE | No |
| 61. Vanush Petrosyan IE | No |
| 62. Vardan Hovhannisyan IE | No |
| 63. Vergine Grigoryan IE | No |
| 64. Fonon LLC | No |

Source: Independent administrator's individual analyses

## 1.4. Experience of EITI Member Countries in the Mineral Groundwater Extraction and Metallic Mineral Resources Processing Sectors

Review of the information provided by the EITI member countries in the framework of the EITI reports shows that these countries are engaged in extraction or the following related key activities:

- oil extraction;
- gas extraction;
- extraction and production of non-ferrous metals and other minerals.

Of the 55 EITI member countries, only Togo has included in the EITI reporting framework groundwater trading – an area that is close to one of the areas (groundwater extraction) covered by this study. Togo's 2017 EITI report discloses information in relation to groundwater extraction companies, such as volumes of water production and export by the companies, social and economic obligations and industry legislation[9].

[9] https://itietogo.org/wp-content/uploads/2019/11/Rapport_ITIE-Togo-2017.pdf, Togo's 2017 EITI report

# 2. Legislative and Institutional Framework

## 2.1. Primary Legislation

This section covers the legislative and institutional framework regulating the mineral groundwater extraction and metallic mineral resources processing sectors (hereinafter referred to as "mineral water extraction and metallic mineral resources"), as well as the activities of local companies engaged in ore and concentrate trading. The study is based on the objectives outlined in the EITI Multi-Stakeholder Group's work program and the EITI Standard requirements.

### Mineral Water Extraction

The primary legislation regulating the issuance of mineral water extraction permits includes the RA Subsoil Code[10], the RA Law "On Environmental Impact Assessment and Expertise,"[11] the RA Civil Code[12] as a universal legal act regulating contractual relations, as well as other legal acts regulating administrative relations in the sector. Environmental fees and fiscal relations are regulated by the RA Tax Code[13] and the RA Law "On State Duty."[14] Environmental impact assessment is required for mineral water extraction falling under Category "A" of the EIA Law[15] (commercial exploitation of mineral or groundwater deposits). Mining contracts for mineral water extraction are posted on the website of the Ministry of Territorial Administration and Infrastructure of the RA[16]. Information on mineral water extraction volumes and many other indicators is included in the bulletins of statistical reports published by the Statistical Committee of the RA[17]. The legal acts regulating mineral water extraction and publication of information are presented in Table 2.1.1.

[10] https://www.arlis.am/documentview.aspx?docid=72865, RA Subsoil Code (adopted on 28 November 2011)
[11] https://www.arlis.am/documentview.aspx?docid=91594, RA Law "On Environmental Impact Assessment and Expertise" (adopted on 21 June 2014)
[12] https://www.arlis.am/documentview.aspx?docid=74658, RA Civil Code (adopted on 5 May 1998)
[13] https://www.arlis.am/documentview.aspx?docid=109017, RA Tax Code (adopted on 10 April 2016)
[14] https://www.arlis.am/documentview.aspx?docid=74375, RA Law "On State Duty" (adopted on 27 December 1997)
[15] https://www.arlis.am/documentview.aspx?docid=91594, RA Law "On Environmental Impact Assessment and Expertise"
[16] http://www.mtad.am/hy/mtad29.29.1/, website of the RA Ministry of Territorial Administration and Infrastructure, Natural Resources, Subsoil Use Right
[17] https://www.armstat.am/file/article/eco_book_2019_5.pdf, Environment and Natural Resources in RA for 2019, Extraction and Use of Mineral Waters

*Table 2.1.1*
*Primary legal acts regulating the mineral water extraction sector*

| Legal act | Date of adoption |
|---|---|
| RA Subsoil Code[18] | 28 November 2011 |
| RA Tax Code[19] | 4 October 2016 |
| RA Law "On Environmental Impact Assessment and Expertise"[20] | 21 June 2014 |
| RA Law "On State Duty"[21] | 27 December 1997 |
| RA Law "On Fundamentals of Administration and Administrative Proceedings"[22] | 18 February 2004 |
| RA Law "On Environmental Control"[23] | 11 April 2005 |
| RA Law "On Organizing and Conducting Inspections in the Republic of Armenia"[24] | 17 May 2000 |
| RA Government Decree No. 437-N "On Approving Templates of Mining Contracts"[25] | 22 March 2012 |
| RA State Council of Statistics Decision 56-N "On Approving the "Form 1-Mineral Water" (Annual) Statistical Reporting Form on Mineral Water Extraction and Use and the Instruction for its Completion and Repealing the RA Council of Statistics Decision No. 05-N dated 13 February 2015"[26] | 27 December 2019 |

### Metallic Mineral Resources Processing

The legislative framework regulating the metallic mineral resources processing sector is significantly different. Given that, unlike the subsoil use sector, no special permit or license is required for processing, this type of activity is regulated by legal acts pertaining to other economic activities. This particularly refers to obtaining the necessary permits for air emissions or water resource discharges, as well as industrial waste disposal, based on the production characteristics specific to the given type of activity. According to the RA Law "On Environmental Impact Assessment and Expertise" (hereinafter referred to as the "EIA Law"), the economic activity of the processing sector is subject to environmental impact assessment. This type of proposed activity falls under Clause 4, Part 3, Article 14 of the EIA Law, which defines the types of proposed activities falling under Category "A" for the Environmental Impact Assessment and Expertise. According to the mentioned clause, metal (including radioactive) mineral extraction and/or ore or mineral processing is subject to assessment and expertise under this subsoil use legal framework. It follows from the content of the article that this type of activity should also include an environmental impact assessment and expertise for the mining waste treatment.

Another subclause of Clause 4, Part 3, Article 14 defines the types of activities subject to EIA in the metal production and processing sector, classified under Category "A" as well. In the metal production and processing sector, these are:

- metal (including sulfide) ore roasting and agglomeration;
- production of non-ferrous, noble, rare metals or their alloys from minerals, concentrates or secondary raw materials;
- non-ferrous metal processing, including alloying, product recovery (refining, foundry, etc.)

[18] RA Subsoil Code https://www.arlis.am/documentview.aspx?docid=72865
[19] RA Tax Code https://www.arlis.am/documentview.aspx?docid=109017
[20] RA Law "On Environmental Impact Assessment and Expertise" https://www.arlis.am/documentview.aspx?docid=91594
[21] RA Law "On State Duty" https://www.arlis.am/documentview.aspx?docid=74375
[22] RA Law "On Fundamentals of Administration and Administrative Proceedings" https://www.arlis.am/DocumentView.aspx?DocID=75264
[23] RA Law "On Environmental Control" https://www.arlis.am/documentview.aspx?docID=72899
[24] RA Law "On Organizing and Conducting Inspections in the Republic of Armenia" https://www.arlis.am/documentview.aspx?docid=73114
[25] RA Government Decree No. 437-N dated 22 March 2012 "On Approving Templates of Mining Contracts" https://www.arlis.am/documentview.aspx?docid=75220
[26] RA State Council of Statistics Decision 56-N "On Approving the "Form 1-Mineral Water" (Annual) Statistical Reporting Form on Mineral Water Extraction and Use and the Instruction for its Completion and Repealing the RA Council of Statistics Decision No. 05-N dated 13 February 2015" https://www.arlis.am/DocumentView.aspx?DocID=138149

Thus, the EIA Law is one of the key legal acts regulating the relations in the sector, which establishes the legal regime for the implementation of the EIA for the processing of metal ore, minerals or mining waste.

In contrast to the mineral water extraction sector, operating in the natural metal processing sector requires appropriate permits for air emissions, water discharge, industrial waste disposal and storage and other production activities. These relations are regulated by various laws and bylaws. Legislation for processing also includes legislation on technical safety and expertise, since the buildings used to organize processing, where metal alloys are produced, processed, stored, transported, used and/or received, are deemed hazardous production facilities.

The fiscal relations pertaining to processing are also governed by the general regime, in particular, by the provisions regulating the relations for the formation of environmental tax as defined by the RA Tax Code and general taxes and fees calculated in relation to the tax base of business entities, which will be presented in more detail below. The administration of the processing sector is also regulated on a general basis. The disclosure of information in the processing sector is made by providing statistical reports, as summarized by the Statistical Committee of the RA in the statistical report bulletins, the analysis of which is provided in other sections. The legal acts regulating the processing sector are presented in Table 2.1.2.

*Table 2.1 2*
*Primary legal acts regulating the processing sector*

| Legal act | Date of adoption |
|---|---|
| RA Law "On Environmental Impact Assessment and Expertise"[27] | 21 June 2014 |
| RA Tax Code[28] | 4 October 2016 |
| RA Water Code[29] | 4 June 2002 |
| RA Law "On Protection of Atmospheric Air"[30] | 11 October 1994 |
| RA Law "On Waste"[31] | 24 November 2004 |
| RA Law "On State Regulation of Technical Security"[32] | 24 October 2005 |
| RA Law "On Fundamentals of Administration and Administrative Proceedings"[33] | 18 February 2004 |
| RA Law "On Environmental Control"[34] | 11 April 2005 |
| RA Law "On Organizing and Conducting Inspections in the Republic of Armenia"[35] | 17 May 2000 |
| RA Law "On Official Statistics"[36] | 21 March 2018 |
| RA Law "On Trade and Services"[37] | 24 November 2004 |
| RA Government Decree No. 83-N "On Regulating the Export from the Republic of Armenia to Third Countries and the Import to the Republic of Armenia from Third Countries in Relation to Precious Metals, Precious Stones, Raw Precious Metals, Precious Metal Scrap | 30 January 2015 |

[27] RA Law "On Environmental Impact Assessment and Expertise" https://www.arlis.am/documentview.aspx?docid=91594
[28] RA Tax Code https://www.arlis.am/documentview.aspx?docid=109017
[29] RA Water Code https://www.arlis.am/documentview.aspx?docid=71621
[30] RA Law "On Protection of Atmospheric Air" https://www.arlis.am/documentview.aspx?docID=71305
[31] RA Law "On Waste" https://www.arlis.am/documentview.aspx?docid=1722
[32] RA Law "On State Regulation of Technical Security" https://www.arlis.am/documentview.aspx?docID=65225
[33] RA Law "On Fundamentals of Administration and Administrative Proceedings" https://www.arlis.am/DocumentView.aspx?DocID=75264
[34] RA Law "On Environmental Control" https://www.arlis.am/documentview.aspx?docid=72899
[35] RA Law "On Organizing and Conducting Inspections in the Republic of Armenia" https://www.arlis.am/documentview.aspx?docid=73114
[36] RA Law on Official Statistics https://www.arlis.am/DocumentView.aspx?DocID=120755
[37] RA Law on Trade and Services https://www.arlis.am/documentview.aspx?docid=75239

| Legal act | Date of adoption |
|---|---|
| and Waste, Precious Metal Ores and Concentrates and Raw Materials Containing Precious Metals"[38] | |
| RA Government Decree No. 1359-N "On Approving the Procedure for Conducting Technical Safety Expertise"[39] | 22 September 2011 |
| RA Government Decree No. 1120-N "On Determining the Norms of Composition and Methods of Control of Emissions into the Atnosphere and Repealing the RA Government Decree No. 67-N dated 11 January 2007"[40] | 14 September 2017 |
| RA Government Decree No. 1673-N "On Establishing the Procedure for Developing and Approving Limits for Permissible Emissions of Air Pollutants and Repealing Government Decrees No. 192 Dated 30 March 1999 and No. 953-N Dated 21 August 2008"[41] | 27 December 2012 |
| RA Government Decree No. 160-N "On Approving Limits for Permissible Densities (Permissible Concentrations - "PC") of Air Pollutants in Settlements"[42] | 2 February 2006 |
| RA Government Decree No. 91-N "On Approving the Procedure for Assessing the Impact of Economic Activity on the Atmosphere"[43] | 25 January 2005 |
| RA Government Decree No. 218-N "On Approving the Standard Form of the Water Use Permit and Forms of the Water Use Permit"[44] | 7 March 2003 |
| RA Government Decree No. 75-N "On Establishing Standards of Water Quality Assurance in Each Water Basin Management Area, Depending on the Specifics of the Site"[45] | 27 January 2011 |
| RA Government Decree No. 1110 "On Approving the Procedure for Assessing the Impact of Economic Activity on Water Resources"[46] | 14 August 2003 |
| RA Government Decree No. 2291 "On Approving the Procedure for Approving Draft Waste Generation Standards and Waste Disposal Limits"[47] | 9 December 2005 |
| RA Government Decree No. 1291-N "On Establishing the Procedure for Submission of the Unified Tax Calculation of the Environmental Tax and Natural Resource Utilization Fees[48] | 5 October 2017 |

[38] RA Government Decree No. 83-N dated 30 January 2015 "On Regulating the Export from the Republic of Armenia to Third Countries and the Import to the Republic of Armenia from Third countries in Relation to Precious Metals, Precious Stones, Raw Precious Metals, Precious Metal Scrap and Waste, Precious Metal Ores and Concentrates and Raw Materials Containing Precious Metals https://www.arlis.am/DocumentView.aspx?docid=95623

[39] RA Government Decree No. 1359-N dated 22 September 2011 "On Approving the Procedure for Conducting Technical Safety Expertise" https://www.arlis.am/documentview.aspx?docID=71187

[40] RA Government Decree No. 1120-N dated 14 September 2017 "On Determining the Norms of Composition and Methods of Control of Emissions into the Atnosphere and Repealing the RA Government Decree No. 67-N dated 11 January 2007" https://www.arlis.am/documentview.aspx?docid=116007

[41] RA Government Decree No. 1673-N dated 27 December 2012 "On Establishing the Procedure for Developing and Approving Limits for Permissible Emissions of Air Pollutants and Repealing Government Decrees No. 192 Dated 30 March 1999 and No. 953-N Dated 21 August 2008" https://www.arlis.am/documentview.aspx?docid=80624

[42] RA Government Decree No. 160-N dated 2 February 2006 "On Approving Limits for Permissible Densities (Permissible Concentrations, or "PC") of Air Pollutants in Settlements" https://www.arlis.am/documentview.aspx?docid=73837

[43] RA Government Decree No. 91-N dated 25 January 2005 "On Approving the Procedure for Assessing the Impact of Economic Activity on the Atmosphere" https://www.arlis.am/documentview.aspx?docid=13400

[44] RA Government Decree No. 218-N dated 7 March 2003 "On Approving the Standard Form of the Water Use Permit and Forms of the Water Use Permit" https://www.arlis.am/documentView.aspx?docid=117800

[45] RA Government Decree No. 75-N dated 27 January 2011 "On Establishing Standards of Water Quality Assurance in Each Water Basin Management Area, Depending on the Specifics of the Site" https://www.arlis.am/documentview.aspx?docID=65705

[46] RA Government Decree No. 1110 dated 14 August 2003 "On Approving the Procedure for Assessing the Impact of Economic Activity on Water Resources" https://www.arlis.am/DocumentView.aspx?DocID=55551

[47] RA Government Decree No. 2291 dated 9 December 2005 "On Approving the Procedure for Approving Draft Waste Generation Standards and Waste Disposal Limits" https://www.arlis.am/DocumentView.aspx?docid=21727

[48] RA Government Decree No. 1291-N dated 5 October 2017 "On Establishing the Procedure for Submission of the Unified Tax Calculation of the Environmental Tax and Natural Resource Utilization Fees" https://www.arlis.am/documentview.aspx?docID=116476

| Legal act | Date of adoption |
|---|---|
| RA State Statistics Council Decision No. 05-N "On Approving the Procedure for Collecting Statistical Information and Repealing the RA State Statistics Council Decisions No. 11-N Dated 3 October 2003 and 12-N Dated 12 May 2010"[49] | 20 June 2016 |

## 2.2. Types of Taxes Payable

### Mineral Water Extraction

Mineral water extraction entities shall pay the following types of taxes and fees as defined by Articles 6 and 7 of the RA Tax Code:[50]

- profit tax;
- income tax;
- value added tax;
- local taxes (real estate tax, vehicle property tax);
- customs duty;
- natural resource utilization fee;
- state duty.

It should be noted that taxpayers engaged in mineral water extraction may operate under the turnover tax or micro-enterprise tax regime, if they meet the conditions set by the RA Tax Code.

Pursuant to Article 198 of the RA Tax Code, mining companies engaged in mineral water extraction in the RA (including for the purposes of produced carbon dioxide) are considered payers of the natural resource utilization fee for the extraction of groundwater. According to Article 200 of the same Code, the object of payment for natural resource utilization is the extraction of groundwater (including production of carbon dioxide). The base for the natural resource utilization fee shall be:

- actual volume of extracted mineral water - the volume of water taken (pumped) out of the well (spring) to the surface;
- if the extraction of groundwater is accompanied with the production of carbon dioxide, the actual amount of carbon dioxide produced shall be the base for the natural resource utilization fee payable for the production of carbon dioxide.

Parts 1 and 2 of Article 206 of the same Code set the rates of the natural resource utilization fee for the extraction of mineral water, according to which the natural resource utilization fee for the extracted mineral water resources is calculated at the following rates in relation to the base of the natural resource utilization fee (Table 2.2.1):

*Table 2.2.1*

*Natural resource utilization fee rates for groundwater extraction*

| Purpose (designation) of mineral water extraction | Rate for each cubic meter of extraction during the reporting period (in drams) |
|---|---|
| For industrial purposes | 5,650 |
| For therapeutic purposes, including: | |
| a. for balneotherapy (baths, shower, hydromassage, lavement, drinking, etc.) | 300 |
| b. for use in drinks | 0 |

[49] RA State Statistics Council Decision No. 05-N dated 20 June 2016 "On Approving the Procedure for Collecting Statistical Information and Repealing the RA State Statistics Council Decisions No. 11-N Dated 3 October 2003 and 12-N Dated 12 May 2010" https://www.arlis.am/documentview.aspx?docid=107397

[50] RA Tax Code adopted on 4 October 2016

| | |
|---|---|
| For getting carbon dioxide | 230 |
| For recreational purposes (including for leisure use in swimming pools) | 75 |

Source: RA Tax Code[51]

The natural resource utilization fee for the produced carbon dioxide is calculated at the following rates in relation to the natural resource utilization fee base (Table 2.2.2):

*Table 2.2.2*

*Natural resource utilization fee rates for produced carbon dioxide in relation to the natural resource utilization fee base:*

| Mine | Rate for each cubic meter of carbon dioxide produced (in drams) |
|---|---|
| **Jernuk mine** | 60 |
| **Arzni mine** | 70 |
| **Hankavan mine** | 60 |
| **Bjni mine** | 55 |
| **Lichk mine** | 45 |
| **Solak mine** | 45 |
| **Qarashamb mine** | 60 |
| **Arzakan mine** | 115 |
| **Sayat-Nova mine** | 115 |
| **Other mines** | 45 |

Source: RA Tax Code[52]

If the quotas of the natural resource utilization fee base as defined by Part 1, Article 203 of the RA Tax Code have been exceeded, then for the actual volumes of excess water use for each purpose defined Parts 1 and 2 of the same article, the three-fold of the rates defined by the same parts shall apply.

In case of the zero amount of the natural resource utilization fee base as defined by Part 2, Article 203 of the RA Tax Code, for the actual volumes of water use for each purpose defined by Parts 1 and 2 of the same article, the following rates shall apply:

1. the ten-fold of the rate defined by the same parts – in the Ararat and Armavir marzes of the Republic of Armenia;
2. the five-fold of the rate defined by the same parts – in other territories of the Republic of Armenia.

At the same time, according to Article 206 of the RA Tax Code, the natural resource utilization fee rates for the extraction of mineral groundwater are defined as the product of the rates specified in Tables 2.2.1 and 2.2.2 and the coefficient of 1.1 – starting from 1 January 2018; as the product of these rates and the coefficient of 1.2 – starting from 1 January 2019; and the product of these rates and the coefficient of 1.3 – starting from 1 January 2020.

The entities engaged in mineral water extraction also pay a state duty in the amount of the 5,000-fold of the annual base duty, as defined by Article 19.4 of the RA Law on State Duty[53], which also establishes the obligation to pay a state duty at the same rates for:

- getting a permit to use (operate) each mine or well for industrial (bottling) purposes;

[51] https://www.arlis.am/DocumentView.aspx?DocID=153241, RA Tax Code, Section 10, Chapter 40, Article 206, Clause 1
[52] https://www.arlis.am/DocumentView.aspx?DocID=153241, RA Tax Code, Section 10, Chapter 40, Article 206, Clause 2
[53] RA Law "On State Duty" adopted on 27 December 1997

- getting a permit to use (operate) each mine or well for industrial (producing carbon dioxide) purposes;
- getting a permit to use (operate) each mine or well for therapeutic (recreational) purposes.

According to the amendments to the RA Subsoil Code, for the issuance of a permit for the extraction of mineral water with more than one extraction purposes, the size of the state duty for the permit shall be calculated as the sum of the rates for the purposes defined by the RA Law "On State Duty."[54]

### Metallic Mineral Resources Processing

Processing entities shall pay the following types of taxes and fees as defined by Articles 6 and 7 of the RA Tax Code:

- profit tax;
- income tax;
- value added tax;
- environmental tax;
- local taxes (real estate tax, vehicle property tax);
- customs duty;
- natural resource utilization fee (royalty).

As in the case of mineral water extraction, taxpayers engaged in the processing of metallic mineral resources may operate under the turnover tax or micro-enterprise tax regime, if they meet the conditions set by the RA Tax Code. Taxpayers engaged in the processing of metallic mineral resources are not always deemed payers of the above taxes or fees.

According to Article 198 of the RA Tax Code, royalty payers are:

1. companies operating metallic mineral mines in the Republic of Armenia and producing metal concentrates, alloys or any products resulting from the processing of ore, concentrate or alloy;
2. companies operating metallic mineral mines in the Republic of Armenia and producing any products from metallic minerals extracted from those mines without getting concentrates;
3. companies producing metal concentartes and/or alloys and/or any products resulting from the processing of mining waste, ore, concentrate or alloy, regardless of whether or not they are operating metallic mineral mines.

Therefore, the processing entities operating under the above-mentioned regulation of the RA Tax Code are also royalty payers.

The object of royalty for both the extraction and processing of metallic mineral resources is the alienation of the extracted metallic mineral resources or products resulting from the processing of ore or mining waste. The royalty base is the sales turnover from the supplied concentrate, alloy, instead of concentrate or without producing any concentrate, or any final product resulting from the processing of mining waste, ore, concentrate or alloy (hereinafter referred to in this section, together with the concentrate, as the "product"). For the purposes of determining sales turnover, the physical volume of any product resulting from the ore processing, without the extraction of concentrate, is the actual quantity of the metal contained in that product, in grams or tonnes. The processing entity can be considered a royalty payer if it is also engaged in extraction.

There is a separate regulatory regime for the processing of mining waste. Although there is no precedent for the processing of mining waste in Armenia yet, nonetheless, according to the current legislation, the sales turnover of the products resulting from such processing gives rise to an obligation to pay royalties as well. That is, in this case, the obligation to pay royalties arises if the royalties have not yet been paid for the metal minerals contained in the mining waste.

[54] http://parliament.am/legislation.php?sel=show&ID=7607&lang=arm, RA Law "On Making Amendments to the Subsoil Code of the Republic of Armenia" (HO 172-N, adopted on 14 April 2021)

## 2.3. Procedures for Issuing Permits and Signing Contracts (Requirements 2.2, 2.3 and 2.4)

### Extraction of Mineral Water

According to Article 3 of the RA Subsoil Code, mineral water is a mineral resource, and the subsoil use right is to be issed for their extraction or for geological surveys for such purpose. Extraction of mineral water and geological surveys for such purpose are subject to the same legal treatment as that established by regulations included in the same code in relation to subsoil use. However, in the case of mineral water, there are certain specifics. In particular, no mining allotment is carried out for the extraction of mineral water, which means that in the case of mineral water, the mining allotment act is not an integral part of the subsoil use right.

One of the specifics of issuance of the subsoil use right in mineral water extraction is that in contrast to the legal treatment of metallic mineral resources extraction, in the mineral water sector, more than one subsoil users may use one wellhole, which is stipulated by Clause 23), Part 3, Article 59 of the RA Subsoil Code. Thus, according to the RA Subsoil Code, the person who has received the extraction right is obliged to guarantee the unimpeded extraction work by other subsoil users at the same wellhole or spring of the mineral water mine. The Code does not establish any guarantee mechanism to ensure that.

Some specifics related to the extraction of mineral water are also regulated by the RA Tax Code. Pursuant to Article 212 of the RA Tax Code, payers of the natural resource utilization fee, for the purposes of registration of extracted freshwater resources and in accordance with the procedure established by the RA Government, shall:

1. install water meters (flowmeters) directly on the water pipe coming out of the gas switch located on the wellhole (spring) (hereinafter referred to as the “primary pipe”), when operating the mineral water wellhole (spring) for one purpose only;
2. install water meters (flowmeters) on each pipe designated for each purpose of using mineral water connected to the primary pipe, when operating the mineral water wellhole (spring) for more than one purpose at a time;
3. install a gas meter in the section leading up to the device for receiving carbon dioxide, if such device for receiving carbon dioxide is installed or connected to the gas pipe coming out of the gas switch in order to receive carbon dioxide. The water meters (flowmeters) and gas meters specified in this part shall be sealed by the authorized government bodies as defined by the same regulations in accordance with the procedure established by the Government of the Republic of Armenia. The data on the volumes of extracted resources shall be recorded, in the manner and within the timeframe established by the RA Government, in a joint act of the representatives of the tax authority and the natural resource utilization fee payer.

According to the RA Law “On Environmental Impact Assessment and Expertise,” mineral water extraction is an activity subject to EIA assessment and expertise. The EIA process is to be carried out under the Category “A” legal regime (commercial exploitation of mineral or groundwater deposits).

For the extraction of mineral water, a mining contract is signed between the subsoil user and the authorized government body (MTAI), for which the mining contract template approved by the RA Government[55], along with its annexes, is used. As mentioned, the mining contracts awarded for mineral water extraction are posted on the MTAI website[56]. A total of 36 mining contracts, developed by using the mining contract template, are posted.

[55] https://www.arlis.am/documentview.aspx?docid=75220, RA Government Decree No. 437-N dated 22 March 2012 “On Approving the Template of Mining Contracts”
[56] http://mtad.am/hy/mtad01.07.2/, Website of the RA Ministry of Territorial Administration and Infrastructure, Information on subsoil use rights granted for the extraction of carbon dioxide mineral groundwater and posted mining contracts as of 30 June 2021

According to the latest data available on the MTAI website, there are 36 subsoil use rights provided for the extraction of mineral groundwater as of 1 April 2021[57]. The published data include the following information:

- name of the legal entity that has received a permit;
- address of the place of business;
- permit number and month, date and year of issue;
- expiration date;
- month, date and year of the contract;
- purpose of extraction;
- note (for change of the name of a legal entity or any other similar issues).

### Metallic Mineral Resources Processing

For the purposes of the RA Subsoil Code, the processing of metallic minerals is not considered "subsoil use" if, in accordance with the subsoil use project, it does not make part of the subsoil extraction and processing chain. Therefore, as mentioned in the section on legal framework, the processing activity does not require a special permit or license. It follows from these regulations that the requirements of the legislation governing subsoil use for processing apply only to those entities, which, along with the processing of metals, are directly involved in metallic mineral extraction or mining waste processing.

Where the processing is carried out by the entities that do not have the subsoil use right, they are required to obtain only such permits, which are necessary for the given type of activity according to the RA legislation. In particular, for the processing sector, permits for the emission of harmful substances into the atmosphere, disposal and/or storage of industrial waste and water use are normally required. Depending on the production specifics, a permit for the discharge of pollutants into the water basin may be required. Legislative regulations are in place for the issuance of each of these permits. The list of legal acts regulating the relations for obtaining permits is included in Table 2.1.2.

If the type of activity is in the list of the types of activities provided for by Article 14 of the RA Law "On Environmental Impact Assessment and Expertise," it is necessary to conduct an EIA expertise and obtain a positive expert opinion. The EIA expertise is carried out and the expert opinion is provided by the "Environmental Impact Expertise Center" SNCO under the RA Ministry of Environment. The expert opinion is approved by the RA Minister of Environment. It is also required to obtain a positive conclusion of technical safety expertise for the buildings used to organize processing, since they are deemed hazardous production facilities. The technical safety expertise is approved by the Director of the "National Center for Technical Security" SNCO under the RA Ministry of Emergency Situations.

In addition to the said documents, other permits may be required for the entities engaged in the processing of metallic minerals. The need to obtain these permits is conditioned by the specifics of the activity. In particular, if the activity involves the generation of waste, which should be disposed of on the surface of the earth (in pits, tailings, etc.), then the entity must also obtain a permit for waste disposal in accordance with the established procedure[58]. If the activity involves air emissions, a permit must be obtained to make such emissions, based on the limits of permissible emissions. In order to carry out water use during the activity, it is required to obtain a water use permit in accordance with the established procedure. All the above permits are issued by the RA Ministry of Environment. Other permits may be required to carry out the relevant activity, depending on the specifics of the activity.

[57] http://www.mtad.am/u_files/file/2021-ynderq/28-4HanqayinJrer_cucak.pdf. Information on subsoil use rights provided for the extraction of acidulous water as of 1 April 2021

[58] RA Government Decree No. 2291-N dated 9 December 2005 "On Approving the Procedure for Approving Draft Waste Generation Standards and Waste Disposal Limits"

## 2.4. Beneficial Owners (Requirement 2.5)

The legal regulations on the disclosure of the beneficial owners in mineral water extraction and metallic mineral resources processing will include a new mechanism, covering not only the subsoil users, but also all other business entities. On 3 June 2021, the RA National Assembly adopted a package of laws that expands the scope of entities with the obligation to disclose their beneficiaries[59]. With the mentioned changes, the term "real owner" is replaced with the term "beneficial owner" as defined by the RA Law "On Combating Money Laundering and Terrorist Financing." Changes have also been made to the legal basis for identifying a beneficial owner.

The requirement to identify the beneficial owners as defined by the mentioned changes enters into force at different times for different legal entities. In particular:

- the obligatons to disclose the beneficial owners for legal entities operating in the regulated sector of public services, as well as providing audiovisual media services, will arise from 1 September 2021;
- the obligations to disclose the beneficial owners for legal entities other than those involved in the regulated sector of public services will arise from 1 January 2022;
- the obligations to disclose the beneficial owners for limited liability companies whose members include only individuals, as well as for non-commercial organizations, will arise from 1 January 2023.

Thus, when assessing the legal framework for the identification of beneficial owners in mineral water extraction and metallic mineral resources processing, it is necessary to be guided by the developments in the legislation, obligating the disclosure of the beneficial owners of all legal entities operating in Armenia.

## 2.5. Legislative and Institutional Framework Regulating the Activities of Local Companies Engaged in Ore and Concentrate Trading (hereinafter referred to as the "Trading Companies")

The legislative and institutional framework regulating the activities of trading companies is quite multi-layered and includes not only domestic regulations, but also regulations effective within the framework of the customs union. From the legal and institutional point of view, there is a differentiated approach to regulating relations in the purchase and sale of precious metals and non-precious metals. In particular, a detailed legal regulation is established for the export and import of precious metals, raw precious metals, precious metal scrap and waste, precious metal ores and concentrates and raw materials containing precious metals in the Republic of Armenia[60]. There are restrictions on many of these products when moving across the customs border[61], and a license is required to transport them across the border. Licensing is carried out in accordance with the RA Government Decree No. 83-N dated 30 January 2015, the provisions of the Protocol "On Non-Tariff Measures for Third Countries" approved by Annex No. 7 of the Eurasian Economic Union Treaty of 29 May 2014, as well as other decisions adopted within the framework of the Eurasian Economic Union[62]. The list of products containing precious metals[63] includes those for which no export license is required.

No special procedures are required for the import or export of metals which are not included in the list of products containing precious metals. The general fiscal regime defined by the RA Tax Code applies to their import and

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[59] https://www.eiti.am/hy/%D5%86%D5%B8%D6%80%D5%B8%D6%82%D5%A9%D5%B5%D5%B8%D6%82%D5%B6%D5%B6%D5%A5%D6%80/2021/06/23/%D5%88%D5%BE-%D5%A7-%D5%AB%D6%80%D5%A1%D5%AF%D5%A1%D5%B6-%D5%B7%D5%A1%D5%B0%D5%A1%D5%BC%D5%B8%D6%82%D5%B6/108/, EITI website

[60] https://www.arlis.am/DocumentView.aspx?DocID=97322, RA Government Decree No. 83-N dated 30 January 2015 "On Regulating the Export from the Republic of Armenia to Third Countries and the Import to the Republic of Armenia from Third Countries in Relation to Precious Metals, Precious Stones, Raw Precious Metals, Precious Metal Scrap and Waste, Precious Metal Ores and Concentrates and Raw Materials Containing Precious Metals"

[61] Annexes No. 3 and 5 to the RA Government Decree No. 83-N dated 30 January 2015

[62] Website of the RA Ministry of Economy https://mineconomy.am/page/310

[63] RA Government Decree No. 83-N dated 30 January 2015 "On Regulating the Export from the Republic of Armenia to Third Countries and the Import to the Republic of Armenia from Third Countries in Relation to Precious Metals, Precious Stones, Raw Precious Metals, Precious Metal Scrap and Waste, Precious Metal Ores and Concentrates and Raw Materials Containing Precious Metals" https://www.arlis.am/DocumentView.aspx?DocID=97322

export. In particular, in case of trading in the domestic market, royalties on the sales turnover, as well as other general taxes defined by the RA Tax Code (profit tax, VAT, etc., depending on the production specifics) are calculated and paid. In case of resale of the mentioned goods, general tax obligations also arise, except for royalties. No license is required for the import or export of non-precious metals. It should be noted that the royalty payers are already accountable under the EITI, and information about them is disclosed in the EITI reports.

The main indicator of identification of companies and individual entrepreneurs engaged in these activities is the classifier of the type of economic activity, which enables to obtain information on trading companies in Armenia from the RA Agency for State Register of Legal Entities. Tax reports submitted to the State Revenue Committee can also be the basis for identification in terms of assessing the tax regime under which these entities operate. The Statistical Committee of the RA is not provided with disaggregated data on metal ore and concentrate trading either. Companies and individuals engaged in this type of activity are not obliged to submit public reports on paid taxes and other fees on a separate form.

Therefore, based on the existing legal regulations and databases, it is practically impossible to obtain information on the activities of entities engaged in the trading of these products, which would be in line with the EITI Standard’s data transparency requirements.

# 3. State Revenues from the Sectors and Their Distribution

## 3.1. Contributions of Sector Companies to the State Budget (Requirement 4.1)

A key component of the EITI is the disclosure of revenue and payments from the mining sector. All member countries are required to disclose information on taxes and fees paid by mining companies, and that information should be comprehensive, i.e., it should provide a full picture of the total revenue from the use of natural resources.

According to the information provided by SRC, companies engaged in mineral groundwater extraction and metallic mineral resources processing paid the following taxes and state duties to the state budget in 2018 and 2019.

*Table 3.1.1*

*Types of taxes and state duties paid to the state budget by companies engaged in mineral groundwater extraction and metallic mineral resources processing in 2018 and 2019*

| | Mineral groundwater extraction companies | Metallic mineral resources processing companies |
|---|---|---|
| **Profit tax** | ✓ | ✓ |
| **Value added tax** | ✓ | ✓ |
| **Income tax** | ✓ | ✓ |
| **Turnover tax** | ✓ | ✓ |
| **Environmental tax** | ✓ | ✓ |
| **Natural resource utilization fee** | ✓ | ✓ |
| **Excise tax** | ✓ | ✓ |
| **Other taxes or fees** | ✓ | ✓ |
| **State duty for the issuance of a water use permit** | ✓ | ✓ |
| **State duty for the issuance of a permit to use (exploit) each of the mineral water mines or wells for industrial (bottling) purposes** | ✓ | - |

Source: Reports submitted by SRC under the EITI Scoping Study

The list of the identified companies engaged in the sector was sent to SRC in order to receive information on taxes and fees paid by such companies to the state budget. The information provided by SCR is encrypted, as the information on individual companies is a tax secret.

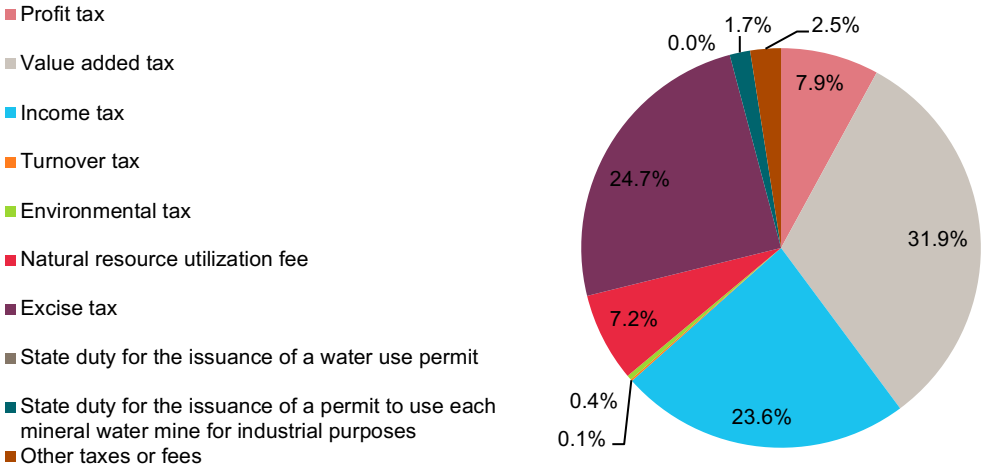
*Before proceeding to the analysis of the taxes and fees paid by the sectors to the state budget, it is worth to note that the amounts of taxes paid by the companies of the two sectors do not provide an accurate picture of the taxes generated and payable as a result of the activities carried out in those two sectors. The reason is that some of the companies from the mineral groundwater extraction and metallic mineral resources processing sector, in addition to these two types of activities, carry out other activities as well. Therefore, the payments made to the state budget by the companies of the sectors also include the taxes and fees arising as a result of such other activities.*

### 3.1.1. Contributions from the Mineral Groundwater Extraction Sector to the State Budget

According to the information provided by SRC, mineral groundwater extraction companies transferred to the state budget 5,528.3 mln drams in 2019, making up 0.38% of the state budget revenues. At that, almost one third of the taxes and duties paid by the sector companies in 2019 accounts is accounted for by the value added tax. Income and excise taxes made 23.6% and 24.7% of the total, respectively.

*Figure 3.1.1.1*

*Proportions of total taxes and duties paid to the state budget by mineral groundwater extraction companies in 2019*




Source: Information submitted by SRC under the EITI Scoping Study

Value added tax payments decreased by 1.3% in 2019, compared to the previous year. At the same time, the other two major taxes, the income tax and the excise tax, increased by 13.4% and 4.1%, respectively, over the same period. Detailed information on these and other types of taxes is provided in the table below.

*Table 3.1.1.1*

*Total taxes and duties paid to the state budget by mineral groundwater extraction companies in 2018 and 2019, million drams*

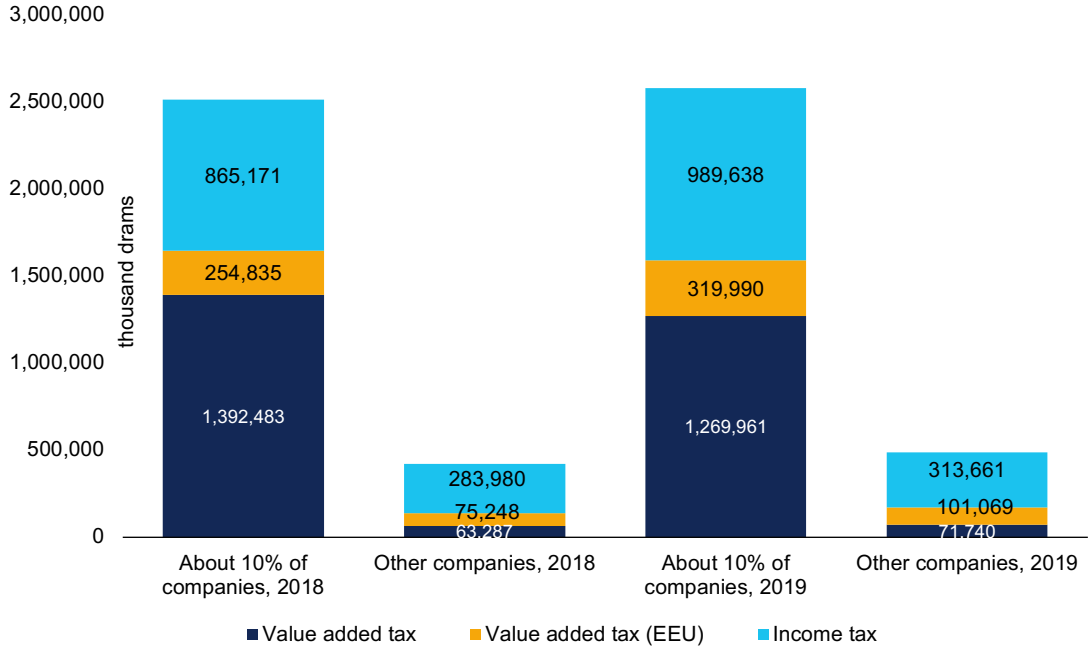
| | 2018 | 2019 | Annual change, % | State budget revenues in 2019 | Share of the sector's revenues in the state budget revenues in 2019, % |
|---|---|---|---|---|---|
| **Profit tax** | 367 | 439 | 19.7% | 181,266 | 0.2% |
| **Value added tax** | 1,786 | 1,763 | -1.3% | 474,377 | 0.4% |
| **Income tax** | 1,149 | 1,303 | 13.4% | 410,348 | 0.3% |
| **Turnover tax** | 6 | 8 | 42.9% | 28,998 | 0.0% |
| **Environmental tax** | 21 | 21 | - | 58,261 | 0.7% |
| **Natural resource utilization fee** | 345 | 398 | 15.5% | | |
| **Excise tax** | 1,313 | 1,366 | 4.1% | 127,535 | 1.1% |
| **State duty for the issuance of a water use permit** | 0 | 0 | - | 45,860 | 0.2% |
| **State duty for the issuance of a permit to use each of the mineral water mines for industrial purposes** | 69 | 92 | 32.8% | | |
| **Other taxes or fees** | 127 | 137 | 8.1% | 137,655 | 0.1% |
| **Total** | **5,183** | **5,528** | **6.7%** | **1,464,300** | **0.4%** |

Source: Reports submitted by SRC under the EITI Scoping Study

About half of the value added tax paid in 2019 was from one company. That indicator was 45.2% in 2018. 23.9% of VAT payments in 2019 and 18.5% of VAT payments in 2018 were in relation to tax liabilities arising from the import of goods from EEU member states.

*Figure 3.1.1.2*

*Value added tax and income tax paid to the state budget by the mineral groundwater extraction companies in 2018 and 2019, broken down by the percentage of companies, thousand drams*




Source: Information submitted by SRC under the EITI Scoping Study

As to the excise tax, only two companies made payment of that tax in 2018 and 2019. At that, about 92% of the payment was made by one of these companies.

10% of the companies were identified based on the amount of taxes and other fees paid by these companies to the state (contributions to the state budget by these companies were the largest).

*Table 3.1.1.2*

*Amounts of all taxes and state duties paid to the state budget by mineral groundwater extraction companies in 2018 and 2019, broken down by the percentage of companies, thousand drams*

| | 2018 | | 2019 | |
|---|---|---|---|---|
| | Payment | Share | Payment | Share |
| **About 10% of companies** | 4,396,242 | 84.8% | 4,605,909 | 83.3% |
| **Remaining companies** | 786,401 | 15.2% | 922,369 | 16.7% |
| **Total** | **5,182,643** | **100.0%** | **5,528,278** | **100.0%** |

Source: Reports submitted by SRC under the EITI Scoping Study

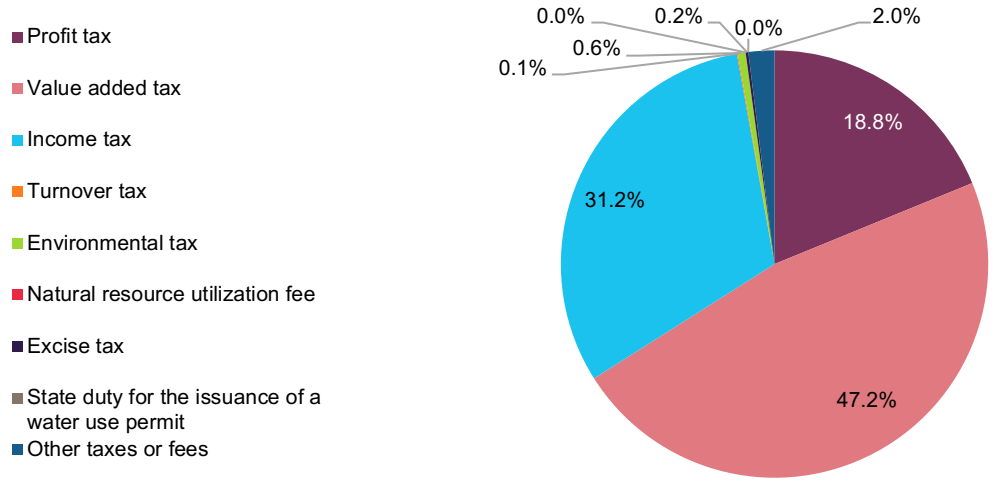
### 3.1.2. Contributions from the Metallic Mineral Resources Processing Sector to the State Budget

As mentioned in Introduction, companies in the sector are classified into two groups: VAT and micro and turnover tax payers. 64 companies were engaged in the processing of metallic natural resources in 2019. Payments by these companies to the state budget amounted to 8,163.9 mln drams, which makes about 0.56% of the state budget revenues. At that, the value added tax makes almost half of the taxes and duties paid in 2019, with only 27 of the 64 companies operating under the VAT tax regime in 2019. The remaining companies operated under the micro and turnover tax regimes. The companies operating under the VAT regime also paid the profit tax, which made 18.8% of the total payments to the state budget from the sector in 2019. As to the income tax, the payment of this tax does not depend on whether the entity operates under any of the two tax regimes referred to in this paragraph. Thus, the state budget revenues from income tax payments in 2019 account for 31.2% of

total sector revenues. In general, about 99.9% of the total amount of taxes and duties paid by 64 companies in the sector in 2019 is from the companies operating under the VAT regime.

*Figure 3.1.2.1*

*Proportions of total taxes and duties paid to the state budget by metallic mineral resources processing companies in 2019*




Source: Reports submitted by SRC under the EITI Scoping Study

The amounts of all of the three major types of taxes increased in 2019, compared to the previous year. Detailed information on them is provided below.

*Table 3.1.2.1*

*Total taxes and duties paid to the state budget by metallic mineral resources processing companies in 2018 and 2019, million drams*

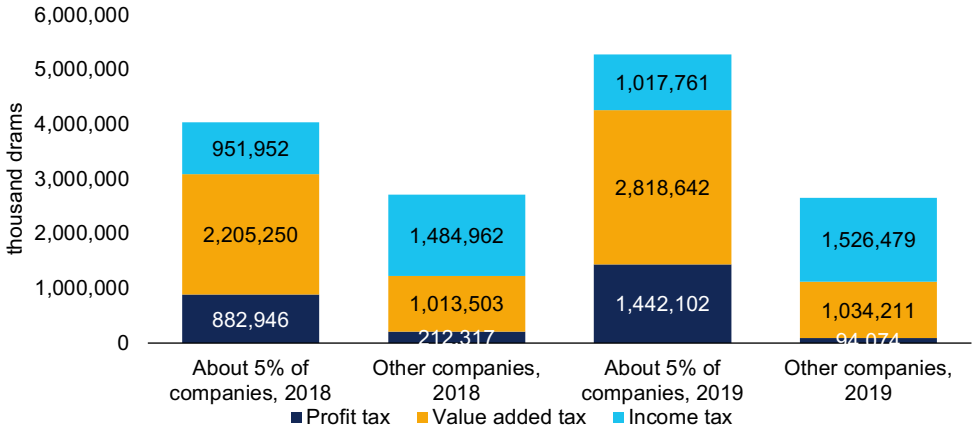
| | 2018 | 2019 | Annual change, % | State budget revenues in 2019 | Share of the sector's revenues in the state budget revenues in 2019, % |
|---|---|---|---|---|---|
| **Profit tax** | 1,095 | 1,536 | 40.3% | 181,266 | 0.8% |
| **Value added tax** | 3,219 | 3,853 | 19.7% | 474,377 | 0.8% |
| **Income tax** | 2,437 | 2,544 | 4.4% | 410,348 | 0.6% |
| **Turnover tax** | 5 | 6 | 27.3% | 28,998 | 0.0% |
| **Environmental tax** | 30 | 47 | 53.2% | 58,261 | 0.1% |
| **Natural resource utilization fee** | 1 | 1 | -12.2% | | |
| **Excise tax** | 22 | 17 | -25.5% | 127,535 | 0.0% |
| **State duty for the issuance of a water use permit** | 0 | 0 | 0.0% | 45,860 | 0.0% |
| **Other taxes or fees** | 131 | 160 | 22.2% | 137,655 | 0.1% |
| **Total** | **6,941** | **8,164** | **17.6%** | **1,464,300** | 0.6% |

Source: Information submitted by SRC under the EITI Scoping Study

A little more than half of the profit tax and 28.2% of VAT paid in 2019 was from one company. 14.4% of VAT payments in 2019 were in relation to tax obligations arising from the import of goods from EEU member states.

*Figure 3.1.2.2*

*Profit tax, value added tax and income tax paid to the state budget by the metallic mineral resources processing companies in 2018 and 2019, broken down by the percentage of companies, thousand drams*




Source: Reports submitted by SRC under the EITI Scoping Study

As to the excise tax, only two companies made payment of that tax for the import of goods from EEU member states in 2019. At that, 99.5% of the payment was made by one of them.

As in the case of mineral groundwater extraction companies, 5% of the companies have been identified based on the amount of taxes and other fees paid by them to the state.

*Table 3.1.2.2*

*Amounts of all taxes and state duties paid to the state budget by the metallic mineral resources processing companies in 2018 and 2019, broken down by the percentage of companies, thousand drams*

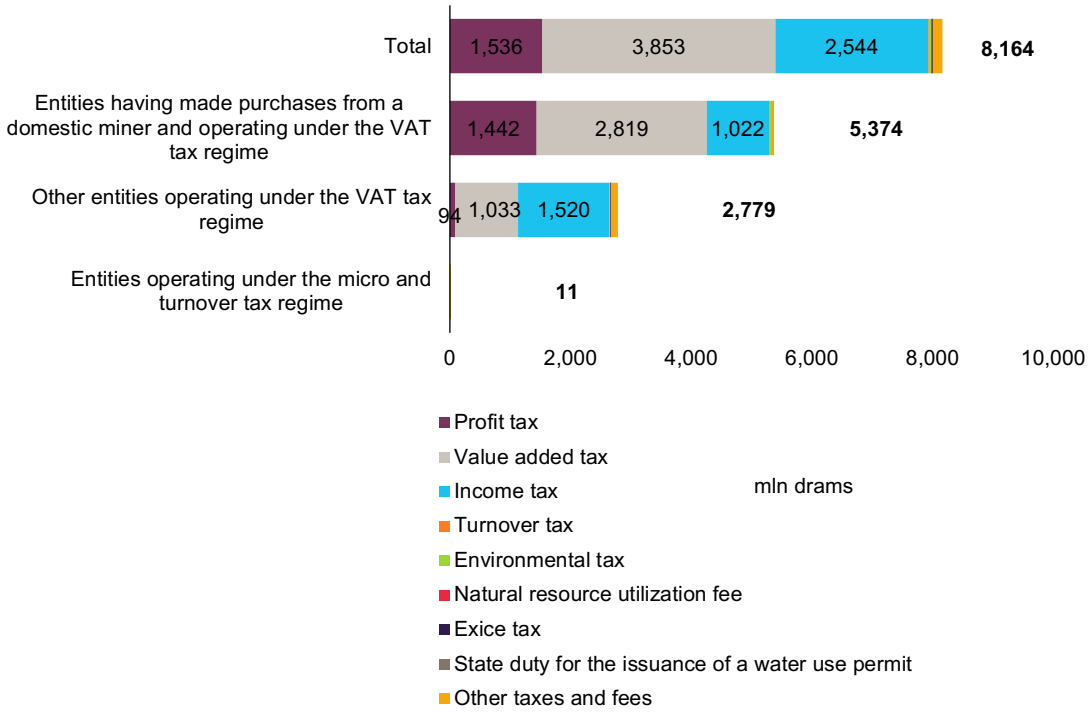
| | 2018 | | 2019 | |
|---|---|---|---|---|
| | Payment | Share | Payment | Share |
| **About 5% of companies** | 4,115,013 | 59.3% | 5,368,961 | 65.8% |
| **Remaining companies** | 2,825,937 | 40.7% | 2,794,987 | 34.2% |
| **Total** | 6,940,951 | 100.0% | 8,163,948 | 100.0% |

Source: Reports submitted by SRC under the EITI Scoping Study

Overall, the majority (about 66%) of the taxes and other fees paid to the state budget by the metallic mineral resources processing companies in 2019 were from four companies having made purchases from local mining companies and operating under the VAT tax regime (5,373.6 mln drams). Payments from the 37 companies operating under the micro and turnover tax regime in the same year amounted to only about 11 mln drams, or 0.1% of the total.

*Figure 3.1.2.3*

*Amounts of all taxes and state duties paid to the state budget by the metallic mineral resources processing companies in 2019, broken down by tax regimes, million drams*




**Source: Information submitted by SRC under the EITI Scoping Study**

## 3.2. Contributions of the Sector Companies to Community Budgets (Requirement 4.6)

According to the verbal clarifications provided by MTAI and SRC, no information is collected on to the community budgets by the companies engaged in the mineral groundwater extraction and the metallic mineral resources processing sectors (including ore and concentrate trading). There is information on the community budget revenues on the official website of MTAI[64], where the revenues to the community budgets are not separated into the revenues from the above two sectors. Information on the communities where the companies from these sectors operate and the taxes and other fees paid by them should be collected from individual communities based on a specific instruction or legal regulation.

## 3.3. Revenue Distribution (Requirements 5.1, 5.2 and 5.3)

According to the RA Law "On Targeted Use of Environmental Payments Made by Companies," allocations from the environmental tax paid from companies having the right to subsoil use for the purposes of metallic mineral extraction in the Republic of Armenia and other companies are made to and information on them is reflected separately in the budget of the community where these companies' operations have a harmful effect[65]. The contributions from the environmental tax to the administrative and fund budgets of the communities are used exclusively for the implementation of environmental projects in the respective communities.

The list of other companies mentioned in the previous paragraph is determined on the basis of the criteria defined by a decree of the Government of the Republic of Armenia.

[64] http://www.mtad.am/hy/budgetary-incomes/ , MTAI official website
[65] https://www.arlis.am/DocumentView.aspx?DocID=143046, RA Law "On Targeted Use of Environmental Payments Made by Companies," Article 1

The Law "On Making Amendments to the Law "On Targeted Use of Environmental Payments Made by Companies" defines a list of companies, other than those having the permit to extract metallic minerals, whose payments of the environmental tax are partly used to implement environmental activities in the communities[66].

The RA Government Decree "On Setting the Criteria for the Selection of Other Companies as Defined by the Law of the Republic of Armenia "On Targeted Use of Environmental Payments Made by Companies" was adopted on 15 July 2021 and entered into force on 17 July 15 2021[67]. It will apply to legal relations arising after 1 January 2022. According to the decree, the list of other companies will include the companies in relation to which the total tax calculated for the two years preceding the given year in line of at least one of the amounts of the environmental tax for the emission into the air of harmful substances from stationary sources, discharge of harmful substances and/or compounds into water resources and disposal and storage of mining, production and/or consumption waste, as defined by the RA Tax Code, is not less than 2 mln drams.

According to the clarifications provided by MTAI, since some of the companies engaged in the extraction of mineral groundwater and the processing of metallic minerals pay an environmental tax, in case the established limits have been exceeded, the environmental taxes paid by those companies will also be allocated to the implementation of environmental projects in communities.

The process of using the payments to the state and community budgets from the mineral groundwater extraction and metallic mineral resources processing sectors is largely uncontrolled by the public, since they accumulate in the state and community budgets and are spent on a general basis, along with tax and other payments from other sectors. There is a tool for public control over the expenditures from the revenues received from these sectors only with regard to the environmental tax payments under the RA Law "On Targeted Use of Environmental Payments Made by Companies." As already mentioned, according to that law, the allocations to the administrative and fund budgets of the communities are targeted funds, and they should be used exclusively for the implementation of environmental and health projects in the given communities. At that, the allocations to the communities are made in the form of subsidies.

## 3.4. Materiality Thresholds for Disclosing Information

Guidelines No. 13 to the EITI Standard provide guidance on how to define materiality through the following four steps:

1. clearly understand the revenue streams from the sector;
2. determine which revenue streams are material and whether payment thresholds should be applied;
3. identify reporting companies;
4. document the MSG discussions and judgments on this issue.

Revenues and payments are considered material if their omission could significantly affect the comprehensiveness of the EITI report.

The table below shows the share of taxes and fees paid by the sector companies to the state budget in total state budget revenues, as well as in taxes and fees paid by the metal ore extraction companies.

[66] https://www.arlis.am/DocumentView.aspx?DocID=143032, RA Law "On Making Amendments to the Law "On Targeted Use of Environmental Payments Made by Companies, Article 4"
[67] https://www.arlis.am/DocumentView.aspx?docID=154470, RA Government Decree "On Setting the Criteria for the Selection of Other Companies as Defined by the Law of the Republic of Armenia "On Targeted Use of Environmental Payments Made by Companies"

*Table 3.4.1*

*Taxes paid by companies of the mineral groundwater extraction and metallic mineral resources processing sectors in 2019 and their share in the state budget revenues and total taxes paid to the state budget by the metal ore extraction companies, million drams*

| Sector | Total taxes and fees paid | State budget revenues | Taxes paid to the state budget by metal ore extraction companies |
|---|---|---|---|
| | | 1,464,300 | 84,996 |
| **Mineral groundwater extraction** | 5,528 | 0.38% | 6.1% |
| **Metallic mineral resources processing** | 8,164 | 0.56% | 8.8% |

In terms of the total state budget revenues, the flows from the sectors can be considered insignificant, but when compared to the taxes paid by metal ore extraction companies, they make up 6 to 9% of such taxes and can be considered material by the Multi-Stakeholder Group. The amounts paid by metallic mineral resources processing companies are especially significant. It should be noted, however, that 66% of them, or 5,373 mln drams, were paid by four companies that made purchases from domestic miners. Therefore, when determining whether to include metallic mineral resources processing companies in the EITI framework, the said four companies may be considered by taking into account the fact that, as mentioned at the beginning of the section, the list of companies included in the analysis is not limited to companies processing metals extracted in Armenia only, since the companies were selected based on economic classifiers, where this sector was not identified. It should be noted that these four companies have not yet paid any royalties to the state budget.

As to the mineral groundwater extraction companies, the data presented here cannot be considered representative of the mineral water extraction sector, as it is obvious from the study of the list of companies that, along with mineral water extraction, they are engaged in the production of other products and rendering of other services as well, and therefore, the presented amounts of taxes and fees paid cannot be fully attributed to the extraction of mineral water. It is currently impracticable to separate taxes and fees from mineral groundwater extraction from taxes and fees from other activities.

Under the above restrictions, it is not possible to make a sound decision on the sector materiality.

In addition, in deciding whether to include sectors in the EITI framework, we suggest to take into account the quality criteria of materiality, such as the importance of mineral water as a natural resource, as well as the impact of the sector on the environment.

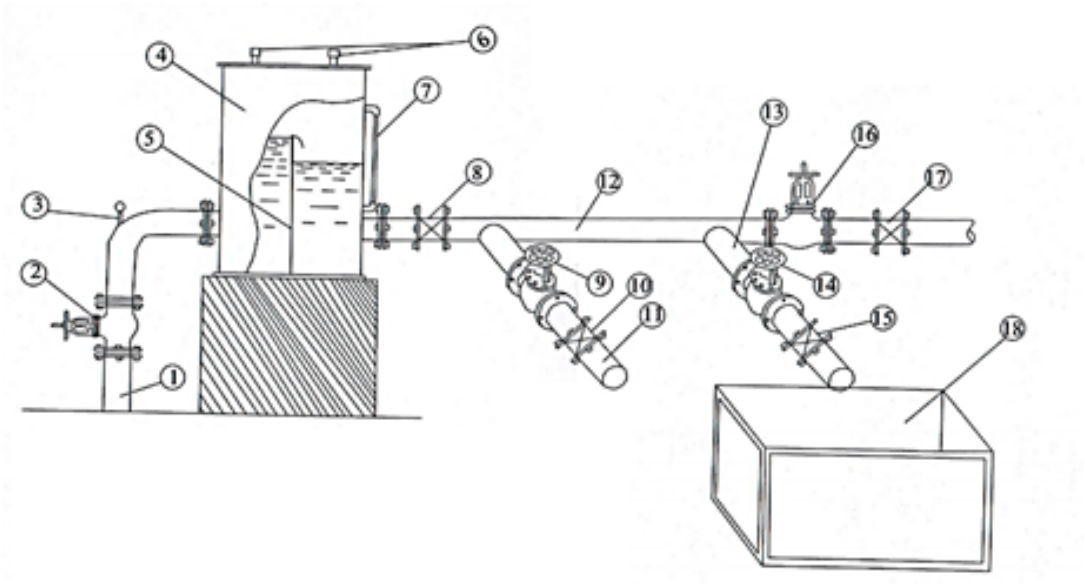
# 4. Sector Exploration, Extraction and Import

## 4.1. Background Information

### 4.1.1. Definition of the Mineral Water and Drilling Mechanism

The Republic of Armenia has groundwater resources. According to the RA Water Code, groundwater is liquid, vaporous or solid water, fresh or mineral, found in the subsurface rock that makes up the earth crust. Underground fresh water is the water with mineralization of up to 1 g/l, and mineral water is the water with mineralization above 1 g/l[68]. Mineral water is the natural water having a therapeutic effect on the human body due to its main ionic-gaseous composition, high content of biologically active substances and unique properties (radioactivity, ambient temperature, reaction). Mineral water is found in the rock caving zones and comes out to the surface of the earth through cold and hot springs (natural springs). Natural mineral water is also obtained by drilling a hole in the ground (mineral water well). The well must be properly equipped, and some of the relevant requirements are established by law[69]. Below is a diagram of the mineral water well head, which gives an idea of the mineral water extraction process.

*Figure 4.1.1.1*
*Scheme of a carbonated mineral water intake well head*




[68] https://www.arlis.am/documentview.aspx?docid=121550, RA Water Code, Chapter 1, Article 1
[69] https://www.arlis.am/DocumentView.aspx?DocID=116492, RA Government Decree"On the Procedures and Timelines for Installing and Sealing Water Meters (Flowmeters) and Gas Meters and Registering Information on the Volumes of Extracted Resources of Underground Mineral Water and Produced Carbon Dioxide for the Purposes of Keeping Records of the Extracted Resources of Undeground Mineral Water and Produced Carbon Dioxide"

1. Well edge
2. Well valve
3. Pressure meter
4. Gas switch
5. Gas switch partition
6. Free gas metering output
7. Water metering glass
8. Primary water meter
9. Release valve
10. Technical water meter
11. Release pipe
12. Primary pipe
13. Water flow meter
14. Water flow metering valve
15. Technical water meter
16. Primary pipe valve
17. Detached water meter
18. Water flow measuring tank

Notes: This structure may vary depending on the purpose of the mineral water extraction or other circumstances, but all the major structural components are listed here.

Source: MTAI, Subsoil Department

Mineral water in mines may flow naturally or require a pre-irritation process. Once the mineral water starts flowing from the well, it may not be advisable to interrupt the water flow, since periodic interruption of the water flow would change the quality of the water. Therefore, the flow of water from the well should not be completely shut off from the moment the mine is put into operation. As a result of monitoring, it may be brought to the valve mode (2) by reducing the flow, but there are mines from which the flow of water never stops.

Exploitation of mineral water mines by wells, depending on the conditions of the mine, the ratio of water and released carbon dioxide and the purpose of use, can be done with a gas switch (4) and without a gas switch[70]. Carbon dioxide is either released into the atmosphere (6) from the gas switch or can flow through the gas pipe, in which case the extinguished gas is used to produce carbon dioxide. In the case of carbon dioxide production, the water leaving the gas switch is immediately disposed of through the release pipe (11), unless it is used for other purposes.

In case of extraction of mineral water for purposes other than carbon dioxide extraction (bottling, therapy and recreation), after gas separation (if any), the water flows through the primary pipe (12) and passes through the primary pipe valve (16). The valve is designed to regulate the amount of mineral water required for production by manufacturing companies. A separate pipe is installed for each separate purpose of mineral water extraction. The difference between the volume of mineral water flowing from the well and the mineral water used for production purposes (free flow) is removed through the release pipe, which must be located in such a way as to exclude the subsequent use of the running water for other purposes.

As a result of discussions with the specialist of the Republican Geological Fund, it becomes clear that the use of the extracted mineral water is not optimal. Most of the water flowing from the well is removed through the release pipe. This is considered a “natural” water loss, since although the volumes of water, while flowing, do not serve any industrial purpose, stopping the flow would lead to a deterioration in the properties of the mineral water. Under these conditions, at least carbon dioxide may be extracted along with using the same water quantities for the respective purposes (other than the extraction of carbon dioxide). However, there is an obstacle here, as the extraction of carbon dioxide requires a separate permit, despite the fact that the same water quantities that will subsequently serve a different purpose are used for the extraction of carbon dioxide. It may be appropriate to allow the production of carbon dioxide in addition to the right to extract mineral water for bottling or therapeutic (recreational) purposes.

Also, only one extracting entity normally uses each well, although the well can be operated by more than one extracting entities (if sufficient water is available). Such approach will enable to avoid the operation of new wells, provided there is sufficient water, and reduce the free flow of mineral water.

The water flow meter (13) is designed for mineral water quality monitoring. During inspections, the reduction of water quantities flowing continuously from the well is monitored so that the properties of the mineral water remain unchanged.

[70] https://www.arlis.am/DocumentView.aspx?DocID=116492, RA Government Decree “On the Procedures and Timelines for Installing and Sealing Water Meters (Flowmeters) and Gas Meters and Registering Information on the Volumes of Extracted Resources of Underground Mineral Water and Produced Carbon Dioxide for the Purposes of Keeping Records of the Extracted Resources of Undeground Mineral Water and Produced Carbon Dioxide,” Clause 4

### 4.1.2. Metal Processing

Metal processing is the processing of metal ores and concentrates to obtain pure metals. The purpose of processing is to obtain ready-made metal components that can be subsequently used in different sectors of the economy. Metal processing can be done in different ways:

- *Casting of concentrates and metal ores.* Primary materials (concentrates and metal ores) are separated from other useless materials and undergo primary processing through casting, the output of which is a mixture with special properties.
- *Cooling of molten metals.* This involves placing the molten metal in special heat-resistant objects, as a result of which the molten metal takes on the appearance of those objects.
- *Stamping of metals.* This involves the processing of solid metal by applying force through strokes.
- *Ensuring the final appearance of metals.* This involves welding or cutting of metals, as well as their modification with special equipment[71].

## 4.2. Sector Exploration (Requirement 3.1)

According to the information provided by MTAI, as of February 2021, Armenia has 24 mineral water mines with estimated and developed reserves, which, in accordance with the legislation, are registered in the state balance of mineral resources. 17 of the 24 mines are in operation. From the perspective of MTAI, the mine is considered in operation if a permit has been issued for its operation. There are 82 wells, of which 31 are in operation, and four springs, of which 2 are in operation. Information on the mines and their location is presented in the table.

*Table 4.2.1*

*Mineral water mines in the Republic of Armenia, broken down by marzes*

| Location of the mine (marz) | Mine | Status |
|---|---|---|
| Ararat marz | Ararat mine in Vedi | In operation |
| Gegharkunik marz | Lichk mine | In operation |
| | Sevan mine | In operation |
| | Arevik mine | Not in operation |
| Lori marz | Meghrut section mine in Kirovakan | In operation |
| | Katnaghbyur mine (including "Lusaghbyur" spring site) | In operation |
| | Dzoraget mine | Not in operation |
| Kotayk marz | Hankavan mine | In operation |
| | Bjni mine | In operation |
| | Arzakan mine | In operation |
| | Solak mine | Not in operation |
| | Qarashamb mine | In operation |
| | Arzni mine | In operation |
| | Ulashik Spring No. 5 mine | In operation |
| Shirak marz | Ghukasyan mine | In operation |
| Syunik marz | Shenatagh No. 1 Mineral Water Spring mine | In operation |
| Vayots Dzor marz | Jermuk mine (including “Puchur Get” and “Jermuk-1” sections) | In operation |
| | Arpi mine | Not in operation |
| | Sayat-Nova mine | Not in operation |

[71] http://www.ilocis.org/documents/chpt82e.htm

| | | |
|---|---|---|
| | Areni No. 1 Mineral Water Spring mine | Not in operation |
| Tavush marz | Nerkin Aghdan (Aknaghbyur) mine | In operation |
| | Laligyugh mine | Not in operation |
| | Dilijan mine | In operation |
| | Frolova-Balka mine | In operation |

Source: Information provided by MTAI, individual analyses

Precise information on the condition of wellholes and natural springs is available only for those in operation.

*According to the comments provided by MTAI, the technical condition of the wellholes and springs that have not been put into operation is unknown, since no stock-taking has been made for at least 20 years.*

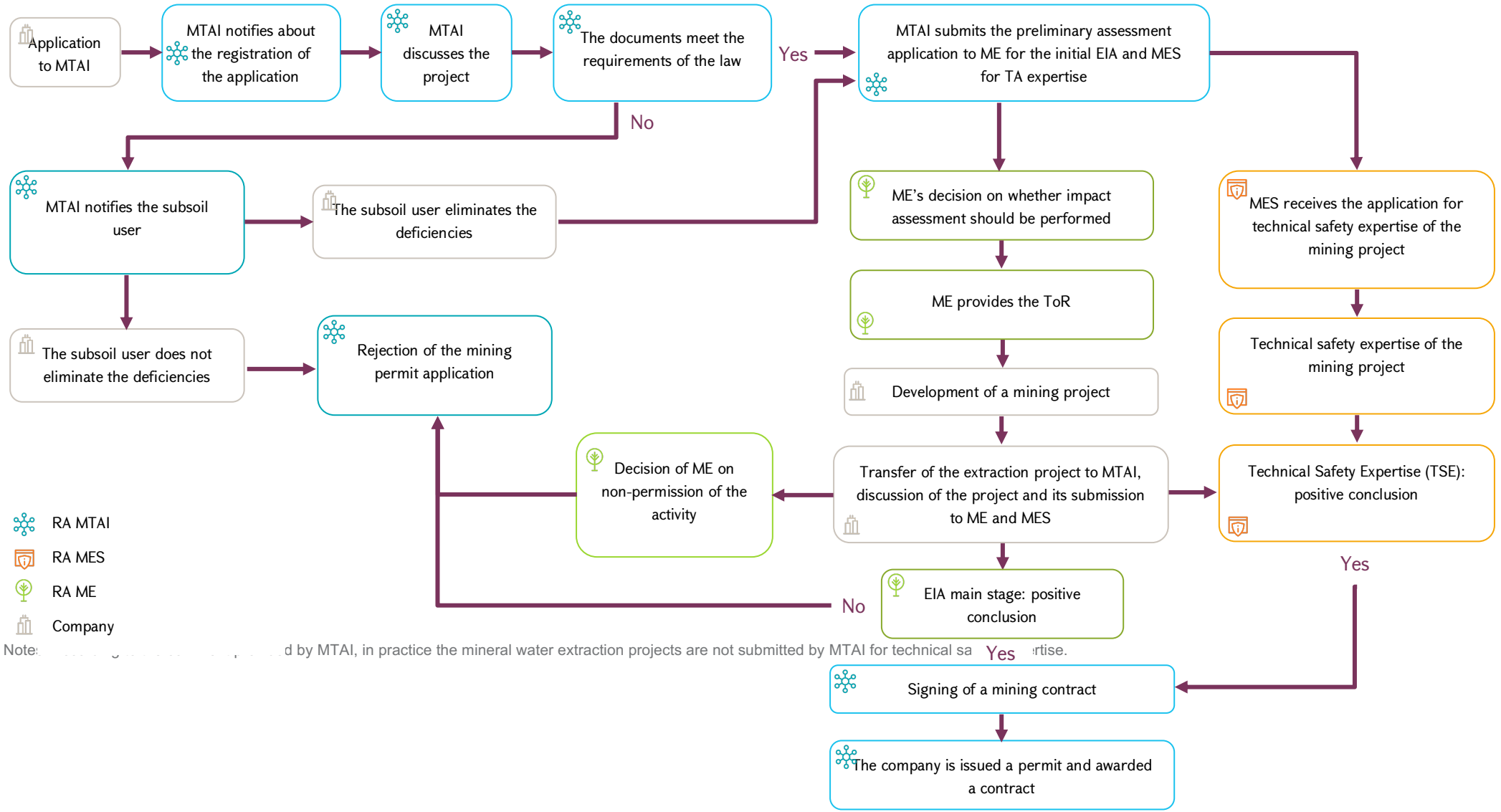
According to the data as of July 2011, the maximum possible amount of mineral water extraction in the Republic of Armenia is 298.74 liters/second (under natural gravity conditions). Since no new mines have been found since then, this volume is considered unchanged as of 1 January 2021. These amounts include mining capacities both for opreated and non-operated mines. The volume of water flowing from the mines put into operation is 68.73 liters/second as of 1 January 2021.

## 4.3. Mineral Groundwater Resources Extraction and Production, Metallic Mineral Resources Processing (Requirement 3.2)

### 4.3.1. Mineral Groundwater Resources Extraction Companies

According to the information posted on the MTAI official website, 36 mining permits were issued for the extraction of groundwater in the Republic of Armenia as of 1 April 2021. Below is the information on the procedure for obtaining the said permit, the list of companies having it, the place and purpose of their operation, the date of issuance of the permit and the expiration date.

*Figure 4.3.1.1*
*Procedure for the issuance of a mineral groundwater extraction permit*




Note: d by MTAI, in practice the mineral water extraction projects are not submitted by MTAI for technical sa rtise.

*Table 4.3.1.1*

*List of companies with the right to subsoil use for the purposes of mineral groundwater extraction as of 1 April 2021*

| Legal entity | Place of business | Date of issuance of the permit | Expiration date | Purpose of extraction |
|---|---|---|---|---|
| **Adamand-K LLC** | Vayots Dzor marz, Jermuk mine | 23 November 2012 | 15 August 2022 | therapeutic (recreational) |
| **Avshar Jur LLC** | Ararat marz, Ararat mine in Vedi | 7 February 2019 | 7 February 2069 | industrial (bottling) |
| **Ararat Gold LLC** | Kotayk marz, Hankavan mine | 20 October 2012 | 18 September 2021 | carbon dioxide extraction |
| **Ararat Group LLC** | Ararat marz, Ararat mine in Vedi | 20 October 2012 | 28 June 2036 | industrial (bottling) |
| **Arzni Health Resort CJSC** | Kotayk marz, Arzni mine | 20 October 2012 | 27 August 2021 | therapeutic (recreational) |
| **Arsen Yev Nerses LLC** | Syunik marz, Shenatagh mine | 18 January 2013 | 17 November 2021 | industrial (bottling) |
| **Byuregh Mineral Water CJSC** | Kotayk marz, Bjni mine | 20 October 2012 | 13 July 2021 | industrial (bottling) |
| **Dilijan Mineral Water Plant LLC** | Tavush marz, Dilijan mine | 20 October 2012 | 7 August 2067 | industrial (bottling) |
| **Beer of Yerevan CJSC** | Vayots Dzor marz, Jermuk mine | 20 October 2012 | 16 March 2036 | industrial (bottling) |
| **Eco Agro LLC** | Kotayk marz, Qarashamb mine | 17 April 2019 | 17 April 2069 | industrial (bottling) |
| **MIB Consulting LLC** | Tavush marz, Frolova-Balka mine | 3 September 2020 | 3 September 2070 | industrial (bottling) |
| **A&M Rare LLC** | Kotayk marz, Ulashik mine | 3 December 2016 | 3 December 2066 | industrial (bottling) |
| **Ijevan Wine-Brandy Factory CJSC** | Tavush marz,Nerkin Aghdan (Aknaghbyur) mine | 17 July 2017 | 17 July 2067 | industrial (bottling) |
| **Iren-Mes LLC** | Kotayk marz, Arzakan mine | 27 November 2012 | 26 December 2069 | therapeutic (recreational) |
| **Largo-Vin LLC** | Kotayk marz, Hankavan mine | 25 February 2013 | 21 August 2021 | therapeutic (recreational) |
| **Lichk Mineral Water Plant LLC** | Gegharkunik marz, Lichk mine | 8 April 2020 | 8 May 2070 | industrial (bottling) |
| **Lichk Mineral Water Plant LLC** | Gegharkunik marz, Lichk mine | 8 April 2020 | 8 May 2070 | carbon dioxide extraction |
| **Kara LLC** | Tavush marz, Frolova-Balka mine | 20 December 2019 | 20 December 2069 | industrial (bottling) |
| **Hankavan Resort Complex OJSC** | Kotayk marz, Hankavan mine | 17 May 2016 | 17 May 2066 | therapeutic (recreational) |
| **Nairi LLC** | Gegharkunik marz, Lichk mine | 18 December 2012 | 15 April 2069 | carbon dioxide extraction |
| **New Ida LLC** | Lori marz, | 25 April 1919 | 25 April 2069 | industrial (bottling) |

| Legal entity | Place of business | Date of issuance of the permit | Expiration date | Purpose of extraction |
|---|---|---|---|---|
| | Katnaghbyur mine | | | |
| **Jermuk Group CJSC** | Vayots Dzor marz, Jermuk mine | 17 May 2016 | 17 May 2028 | therapeutic (recreational) |
| **Jermuk Group CJSC** | Vayots Dzor marz, Jermuk mine | 17 May 2016 | 17 May 2051 | industrial (bottling) |
| **Rafael JV LLC** | Kotayk marz, Arzakan mine | 20 October 2012 | 15 October 2024 | therapeutic (recreational) |
| **RRR Mineral Waters Plant CJSC** | Kotayk marz, Bjni mine | 20 October 2012 | 25 December 2021 | industrial (bottling) |
| **RRR Mineral Waters Plant CJSC** | Kotayk marz, Bjni mine | 20 October 2012 | 25 December 2021Y | carbon dioxide extraction |
| **Sevan Mineral Water Plant LLC** | Gegharkunik marz, Sevan mine | 25 September 2014 | 25 September 2064 | industrial (bottling) |
| **Simona Aqua LLC** | Ararat marz, Ararat mine in Vedi | 25 February 2013 | 30 December 2022 | industrial (bottling) |
| **SC Jur LLC** | Kotayk marz, Arzni mine | 22 September 2020 | 22 September 2070 | industrial (bottling) |
| **Vanaqua Group LLC** | Vayots Dzor marz, Jermuk mine | 25 October 2018 | 25 October 2068 | industrial (bottling) |
| **Vanadzor Asar Resort LLC** | Lori marz, Kirovakan mine | 11 February 2013 | 18 May 2023 | therapeutic (recreational) |
| **Vard Aghbyur LLC** | Shirak marz, Ghukasyan mine | 27 February 2016 | 27 February 2066 | industrial (bottling) and carbon dioxide extraction |
| **Vigen LLC** | Gegharkunik marz, Lichk mine | 18 December 2012 | 21 December 2070 | carbon dioxide extraction |
| **VHH LLC** | Gegharkunik marz, Daranak mine | 23 August 2014 | 23 August 2064 | fresh water |
| **Technoman LLC** | Gegharkunik marz, Lichk mine | 26 June 2014 | 26 June 2064 | carbon dioxide extraction |
| **Technoman LLC** | Gegharkunik marz, Lichk mine | 30 October 2020 | 30 October 2070 | carbon dioxide extraction |

Source: MTAI official website[72]

The said companies carry out extraction in eight marzes of Armenia: Ararat, Gegharkunik, Lori, Kotayk, Syunik, Vayots Dzor, Tavush and Shirak. Almost one third of the companies operate in Kotayk marz, and one company operates in each of Shirak and Syunik marzes (Vard Aghbyur LLC and Arsen and Nerses LLC, respectively). This is due to the quantity of mines in the respective marzes.

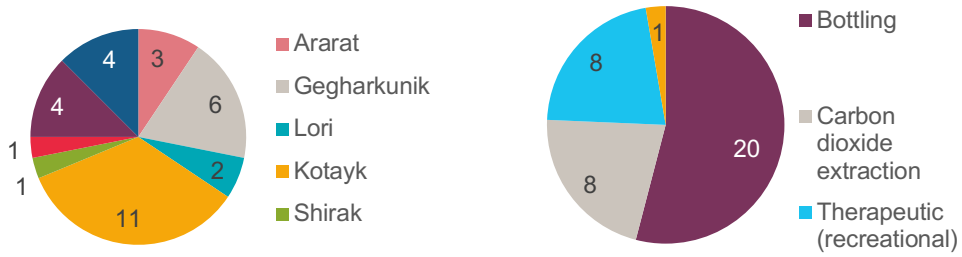
The companies pursue the following goals in their activity: bottling, carbon dioxide extraction, therapeutics and recreational. Only one company, VHH LLC, has been granted the right to use subsoil for mineral water extraction and has also obtained through the court a permit to extract fresh water under the same right and is engaged in that activity. Most companies extract groundwater for bottling. Each of the extraction permits has been issued for the implementation of only one of the above purposes, with the exception of Vard Aghbyur LLC and Lichk Mineral Water Plant LLC, which have a single permit entitling them to extract mineral water both for bottling and carbon dioxide extraction. Currently, there is no such entitlement, and a separate permit is required for each of the activities. The same company may obtain different mineral water extraction permits for different purposes. Such companies include RRR Mineral Waters Plant CJSC, Technoman LLC and Jermuk Group CJSC.

[72] http://www.mtad.am/u_files/file/2021-ynderq/28-4HanqayinJrer_cucak.pdf

Thus, 32 companies have the right to use subsoil for the extraction of mineral groundwater. Below is the quantity of such companies by the location (marz) and purpose of activity.

*Figure 4.3.1.1*

*Number of companies by places (marzes) and purpose of activity*




Source: MTAI official website[73], individual analyses

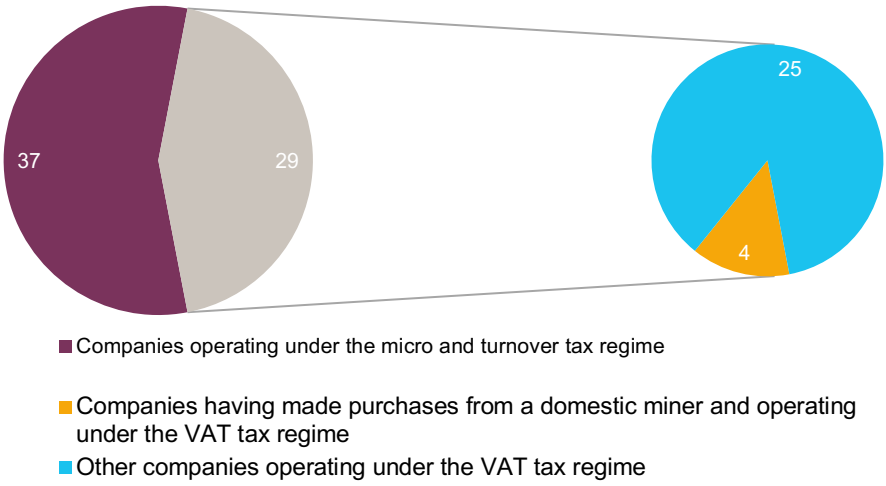
### 4.3.2. Metallic Mineral Resources Processing Companies

As to the local metallic mineral resources processing companies, there were 66 of such companies as of April 2021, as mentioned in the introduction to this Scoping Study.

In 2021, 29 of the 66 companies operated under the VAT tax regime, with four of them having made purchases from a domestic miner. The complete list of companies is provided in Table 1.2.2.

*Figure 4.3.2.1*

*Number of companies by tax regimes*




Source: Information provided by SRC under the EITI Scoping Study

### 4.3.3. Mineral Groundwater Extraction

The actual extraction of mineral groundwater almost doubled in 2015-2019, reaching 356.4 thousand cubic meters per year in 2019 (see the table below). The volumes of mineral water extraction set by the subsoil use right increased about 2.5 times during the same period. Extraction volumes set by the right showed an average growth rate of 26% per year compared to the previous year in 2015-2019. As to the actual volume of mineral water extraction, it showed a 13.6% decrease in 2016, compared to 2015, and 17.1% decrease in 2017, compared to 2016, despite the fact that during those years additional six permits were issued for the extraction of mineral water, five of which in 2016. In 2018 and 2019, the actual volumes increased by 74.9% and 73.8%, respectively, compared to the previous

[73] http://www.mtad.am/u_files/file/2021-ynderq/28-4HanqayinJrer_cucak.pdf

year. The volumes of mineral water as defined by the subsoil use right and the volumes of actual extraction, as well as the free flows conditioned by the difference between them are presented below.

*Table 4.3.3.1*

*Mineral water extraction in RA in 2015-2019, thousand cubic meters*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Volumes of mineral water extraction according to the subsoil use right** | 639 | 869 | 883 | 1,136 | 1,612 |
| **Actual volumes of mineral water extraction** | 164 | 141 | 117 | 205 | 356 |
| **Share of the volume of actual extraction of mineral water in the volume of extraction set by the subsoil use right** | 25.6% | 16.3% | 13.3% | 18.0% | 22.1% |
| **Free flows** | **475** | **728** | **766** | **931** | **1,256** |

Source: Statistical Committee of the Republic of Armenia[74]

There is no regulation restricting the free flow.

Most of the mineral water is extracted in Gegharkunik, Kotayk and Vayots Dzor marzes. The volume of mineral water extracted in these three marzes during the observed period averaged 96.1% of the total, against 99.4% of the total in 2019. Below are the actual volumes of mineral water extraction by marzes.

*Table 4.3.3.2*

*Actual volumes of mineral water extraction in RA in 2015-2019, thousand cubic meters*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Ararat** | 0.5 | 15.6 | 0.7 | 0.6 | 0.6 |
| **Gegharkunik** | 109.8 | 55.9 | 58.8 | 60.1 | 198.7 |
| **Lori** | 0.3 | 0.2 | 0.3 | 0.2 | 0.2 |
| **Kotayk** | 19.2 | 39.2 | 36.0 | 103.3 | 110.9 |
| **Shirak** | - | - | - | - | - |
| **Syunik** | 0.9 | 0.8 | 0.9 | 0.9 | 0.8 |
| **Vayots Dzor** | 30.8 | 28.6 | 19.2 | 39.4 | 44.8 |
| **Tavush** | 2.1 | 1.1 | 1.3 | 0.5 | 0.4 |
| **Total in RA** | **163.6** | **141.4** | **117.2** | **205.0** | **356.4** |

Source: Statistical Committee of the Republic of Armenia[75]

The volume of mineral water used for the extraction of carbon dioxide exceeds the volume of mineral water used for bottling. On average, 99.5% of mineral water extracted in 2015-2019 was used for capturing carbon dioxide. The volume of mineral water extraction for bottling in Kotayk marz was not large either - 28.5% on average; moreover, this share tends to decrease and made 11.3% in 2019, as the volume of water extraction for recreation increased significantly. At the same time, the relatively large volume of extraction in Vayots Dzor marz is largely due to the extraction of mineral water for bottling (averaging 66%). The extraction in Ararat, Syunik and Tavush marzes was entirely for bottling, while the extraction in Lori marz - entirely for therapeutic purposes. There was no mineral water extraction in Shirak marz during the observed period. The table below shows the volumes of extracted mineral water by purpose.

[74] https://www.armstat.am/file/article/eco_book_2019_5.pdf, Environment and Natural Resources in RA
[75] https://www.armstat.am/file/article/eco_book_2019_5.pdf, Environment and Natural Resources in RA

*Table 4.3.3.3*
*Volumes of mineral water in RA, broken down by the purposes of use, in 2015-2019, thousand cubic meters*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Bottling** | 34.9 | 46.7 | 26.1 | 40.8 | 44.9 |
| **Extraction of carbon dioxide**[76] | 109.4 | 55.0 | 58.5 | 72.1 | 198.5 |
| **Therapeutics** | 16.2 | 16.4 | 14.1 | 14.7 | 5.3 |
| **Recreational** | 1.3 | 21.5 | 18.0 | 76.8 | 89.6 |
| **Total** | **161.8** | **139.6** | **116.7** | **204.4** | **338.3** |

Source: Statistical Committee of the Republic of Armenia[77]

Carbon dioxide extraction volumes do not include the volume of water used to generate carbon dioxide accompanying the complex use of mineral water. This is the volume of carbon dioxide extracted during the use of mineral water for purposes other than carbon dioxide extraction.

There is some difference between the amount of mineral water extracted and the amount actually used. According to statistics, this is due to two factors: loss of water and transfer of water to other companies without use. In other words, the extracting companies did not use the mineral water for production, but extracted and transferred it to other companies for the latter to use it for the respective production. There was transfer of mineral water to other companies during the entire observed period, but statistics have been disclosed starting from 2019 only. The transfers from the extracted water in Vayots Dzor and Tavush marzes amounted to 13.6 thousand and 0.2 thousand cubic meters, respectively. The remaining difference is due to water loss. Details of the latter are presented in the table below.

*Table 4.3.3.4*
*Loss of mineral water in RA in 2015-2019, broken down by marzes, thousand cubic meters*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Ararat** | - | 0.7 | 0.2 | 0.1 | - |
| **Gegharkunik** | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| **Lori** | - | - | - | - | - |
| **Kotayk** | 0.2 | 0.6 | - | - | 4.1 |
| **Shirak** | - | - | - | - | - |
| **Syunik** | - | - | - | - | - |
| **Vayots Dzor** | 1.1 | 0.2 | - | 0.3 | 0.1 |
| **Tavush** | 0.4 | 0.2 | 0.2 | 0.1 | - |
| **Total in RA** | **1.8** | **1.8** | **0.5** | **0.6** | **4.3** |

Source: Statistical Committee of the Republic of Armenia[78]

In this context, the loss is the loss of mineral water after passing through the company's separate pipe. Losses mainly occur during the use of the extracted mineral water for production. Although, according to statistics, the total volume of losses is a very small part of the total volume of mineral water used, the losses occurring during production activities have a significant share in the volume of mineral water used for production purposes. This is especially noticeable in 2019, when the level of losses increased sharply. According to the clarification given by the Statistical Committee of the RA,

[76] Exclusive of the amount of water consumed to receive the accompanying carbon dioxide during the complex use of mineral water.
[77] https://www.armstat.am/file/article/eco_book_2019_5.pdf, Environment and Natural Resources in RA
[78] https://www.armstat.am/file/article/eco_book_2019_5.pdf, Environment and Natural Resources in RA

this is due to the fact that the bottling company operating in Kotayk marz washes its production lines with mineral water. The volume of water used for washing was calculated as a loss.

According to the clarifications given by the Statistical Committee of the RA, the volume of losses does not include the losses during the use of mineral water transferred to other companies, since those companies do not provide such data.

Some of the extracted mineral water is to be disposed after being used for the respective purpose. In other words, disposal is the process of releasing water that is not usable after the targeted use of mineral water. All mineral water used for carbon dioxide extraction and recreation is disposed of. Mineral water extracted for therapeutic use, which is used externally, is disposed of, while mineral water intended for drinking is not disposed of. Below are the volumes of mineral water disposal.

*Table 4.3.3.5*

*Disposal of mineral water in RA in 2015-2019, thousand cubic meters*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Ararat** | - | 0.1 | - | 0.1 | - |
| **Gegharkunik** | 109.5 | 55.1 | 58.6 | 59.8 | 198.6 |
| **Lori** | 0.3 | 0.2 | 0.3 | 0.2 | 0.3 |
| **Kotayk** | 7.6 | 27.8 | 23.9 | 87.0 | 94.7 |
| **Shirak** | - | - | - | - | - |
| **Syunik** | - | - | - | - | - |
| **Vayots Dzor** | 9.7 | 137.8 | 0.1 | 0.3 | - |
| **Tavush** | 0.9 | - | - | - | - |
| **Total in RA** | **128.0** | **221.0** | **82.9** | **147.4** | **293.6** |

Source: Statistical Committee of the Republic of Armenia[79]

The large volume of mineral water (in excess of the use) disposed of in Vayots Dzor marz in 2019 is due to the fact that it includes part of free flow that was removed by sewerage. There were large disposal volumes in Gegharkunik and Kotayk marzes in 2019, since the mineral water in Gegharkunik marz was mainly used for the carbon dioxide extraction, and in Kotayk marz for the recreational purpose. For both of these uses, as mentioned, all volumes of mineral water are subject to disposal.

### 4.3.4. Use of Extracted Mineral Water

As already mentioned, the extracted mineral water is used for the following main purposes: bottling, extraction of carbon dioxide, therapeutic and recreational. Mineral drinking water is the water with the mineralization of at least 1 g/dm$^3$ or below this level, but containing biologically active substances in the quantities that are not less than the accepted balneological norms for drinking mineral water[80].

The volumes of drinking mineral water produced in the Republic of Armenia are presented in quantitative and monetary expressions in the tables below.

*Table 4.3.4.1*

*Production of drinking mineral water in RA in 2015-2019, thousand liters*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Mineral water - carbonated, unsweetened and unflavored** | 45,066 | 48,397 | 41,431 | 40,962 | 45,012 |

[79] https://www.armstat.am/file/article/eco_book_2019_5.pdf, Environment and Natural Resources in RA
[80] https://www.arlis.am/documentview.aspx?docID=93840, RA Government Decree "On Approving the Requirements to Mineral Water," Clause 2

| | | | | | |
|---|---|---|---|---|---|
| **Natural mineral water - noncarbonated** | 31,629 | 32,282 | 36,897 | 39,345 | 49,814 |
| **Total** | **76,695** | **80,679** | **78,328** | **80,307** | **94,826** |

Source: Statistical Committee of the Republic of Armenia[81]

*Table 4.3.4.2*

*Mineral water production and its share in the total output of RA in 2015-2019, million drams*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Production of natural mineral and other bottled water** | 13,087 | 11,834 | 13,147 | 13,071 | 14,602 |
| **Output of goods and services in RA** | 7,069,111 | 7,148,940 | 7,782,851 | 8,391,362 | 9,037,520 |
| **Share of the sector in the total output** | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |

Source: Statistical Committee of the Republic of Armenia[82]

Production of natural mineral and other bottled water in 2015-2019 made 0.2% of the total output of goods and services in RA in 2015-2019.

It should be noted that these volumes of production include not only natural mineral water, but also artificial mineral water, ordinary natural water, ice and snow and artificially frozen water. At the same time, these volumes do not include flavored and sweetened mineral water: these are included in the "Other non-alcoholic beverages" section and make part of it.

*For more comprehensive and precise information on the production of drinking mineral water, it is necessary to separate the "Production of natural mineral water" subsection from the "Production of natural mineral and other bottled water" section, as well as the "Production of flavored and sweetened natural mineral water" subsection from the "Non-alcoholic beverages" section.*

The data on the volumes of mineral water extracted for therapeutic purposes are not broken down into the volumes of drinking water and water used for external use. There is no information on the volumes of mineral water used for therapeutic purposes through external use expressed in quantitative and monetary terms, since the mineral water for external use is not a final use product, and it is used to provide the relevant services. Individual companies may have and provide such information, based on the amount of mineral water they use.

Mineral water used for recreational purposes mainly refers to water basins, which are primarily used for rest. There are some fees for using them, but there is no information about the value generated as a result of these activities.

The data on the production of carbon dioxide extracted from mineral water are not presented separately in the statistical information provided by the Statistical Committee of the RA, but are included in the "Industrial gas production" section and make part of it.

*Since the activity of this branch and the volumes of the activity are also directly related to the volume of extracted mineral water, in order to get clear information about the products created by the branch and value added, it is necessary to separate the volumes of carbon dioxide produced through mineral groundwater extraction from the "Industrial gas production" section.*

[81] https://www.armstat.am/file/doc/99520938.pdf, Industry Yearbook

[82] Main indicators of industrial companies according to the five-digit classification of economic activity for the respective years, classifier code: 11.07.1

### 4.3.5. Metallic Natural Resources Processing

According to the information provided by RA SC, the following information is available on the volumes of product types related to processing:

*Table 4.3.5.1*

*Production related to the processing of metallic minerals, tonnes*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Plain carbon steel casts** | 19,315 | 15,725 | 17,968 | 17,410 | 14,810 |
| **Steel pipes, hollows sections and their fittings** | 10,371 | 8,046 | 10,991 | 10,543 | 11,342 |
| **Multilayer panels from steel sheets** | 5,259 | 6,401 | 8,054 | 12,306 | 26,744 |
| **Aluminum plates, sheets, strips and tapes with a thickness of more than 0.2 mm** | 11 | 6 | 543 | 164 | 11 |
| **Aluminum foil with a thickness not exceeding 0.2 mm** | 29,642 | 29,011 | 33,181 | 28,359 | 30,547 |
| **Copper grinder** | 11,601 | 12,920 | 12,051 | 8,831 | - |

Source: Information provided by RA SC under the EITI Scoping Study

At the same time, monetary data on the processing of metallic minerals are available on the RA SC official website.

*Table 4.3.5.2*

*Production related to the processing of metallic minerals at current prices, million drams*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Steel pipes, hollows sections and their fittings** | 2,001 | 1,571 | 2,071 | 3,204 | 2,365 |
| **Cold stamping or bending of steel** | 4,514 | 4,856 | 6,487 | 6,892 | 7,353 |
| **Iron casting** | 6,132 | 6,445 | 5,388 | 371 | 254 |
| **Steel casting** | 8,934 | 6,315 | 6,820 | 5,029 | 5,742 |
| **Metal bending, pressing, stamping, rolling** | 137 | 144 | 143 | 310 | 1,437 |
| **Metal processing and coating** | 394 | 224 | 368 | 648 | 213 |
| **Mechanical processing of metals** | - | - | 0 | 4 | 17 |

Source: Statistical Committee of the Republic of Armenia[83]

It is noticeable that the total output of iron and steel casting decreased in 2015-2019. At that, the volume of cast iron decreased by about 24 times in monetary terms during the mentioned period, reaching 254 mln drams.

[83] https://www.armstat.am/file/article/5nish_12_2019-.pdf
https://www.armstat.am/file/article/5nish_12_2018.pdf
https://www.armstat.am/file/article/5nish_12_2017.pdf
https://www.armstat.am/file/article/5nish-12-2016.pdf
Main indicators of industrial companies according to the five-digit classification of economic activity for the respective years

## 4.4. Export of Extracted Mineral Groundwater and Processed Metalic Minerals (Requirement 3.3)

### 4.4.1. Export of Mineral Water

The export volumes of drinking mineral water are presented in quantitative and monetary terms in the tables below.

*Table 4.4.1.1*

*Exports of natural mineral water from Armenia in 2015-2019, thousand liters*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Natural mineral water (noncarbonated)** | 560.8 | 690.1 | 799.5 | 912.6 | 1,107.5 |
| **Natural mineral water (other)** | 8,482.2 | 8,651.8 | 9,438.7 | 9,745.0 | 11,698.6 |
| **Total** | **9,043.0** | **9,341.9** | **10,238.2** | **10,657.6** | **12,806.1** |

Source: Statistical Committee of the Republic of Armenia[84]

*Table 4.4.1.2*

*Exports of natural mineral water from Armenia and their share in the total exports from Armenia in 2015-2019, US dollars*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Natural mineral water (noncarbonated)** | 299,984 | 427,712 | 444,183 | 489,982 | 519,546 |
| **Natural mineral water (other)** | 4,971,249 | 4,711,961 | 5,727,710 | 5,357,042 | 6,032,262 |
| **Total** | **5,271,233** | **5,139,673** | **6,171,893** | **5,847,024** | **6,551,808** |
| **Total exports from Armenia, thousand US dollars** | 1,485,332 | 1,791,724 | 2,237,698 | 2,412,433 | 2,648,583 |
| **Share of the sector's exports in total exports** | 0.35% | 0.29% | 0.28% | 0.24% | 0.25% |

Source: Statistical Committee of the Republic of Armenia[85]

The share of natural mineral water exports in the total exports during the same period ranged between 0.24% and 0.35%. The data here better reflect the quantities of mineral water, although the quantities of flavored natural mineral water are not included in this case either.

Below are the quantities of carbon dioxide exports.

[84] Foreign Trade of the Republic of Armenia (according to the 10-digit classification of the Commodity Nomenclature of Foreign Economic Activity), Finished Food Products section, Classifier Codes: 2201101100, 2201101900
[85] Foreign Trade of the Republic of Armenia (according to the 10-digit classification of the Commodity Nomenclature of Foreign Economic Activity), Finished Food Products section, Classifier Codes: 2201101100, 2201101900

*Table 4.4.1.3*

*Exports of carbon dioxide from Armenia in 2015-2019*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Carbon dioxide (kg)** | 507,854.1 | 675,680.5 | 1,054,820.1 | 1,418,540.0 | 1,867,546.3 |
| **Carbon dioxide (USD)** | 116,618 | 132,979 | 185,577 | 255,929 | 336,819 |

Source: Statistical Committee of the Republic of Armenia[86]

Carbon dioxide can be produced by various methods, one of which is its extraction from mineral water. The indicators in the table above include the volumes of export of carbon dioxide produced by all production methods (the volumes of carbon dioxide extracted and exported from specific types of mineral water are not separated).

There is no export of mineral water for external use (for therapeutic and recreational purposes).

### 4.4.2. Export of Ores and Concentrates

Below is the volume of exports of ores and concentrates in 2015-2019, in monetary and quantitative expressions.

*Table 4.4.2.1*

*Exports of ores and concentrates, tonnes*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Copper ore, concentrate** | 309,184 | 397,207 | 475,759 | 424,815 | 562,016 |
| **Zinc ore, concentrate** | 14,137 | 9,256 | 10,193 | 12,473 | 12,158 |
| **Molybdenum ore, concentrate** | 960 | 210 | 1,214 | 762 | 2,092 |
| **Precious metal ore, concentrate** | 6,497 | 6,062 | 2,164 | 3,100 | 3,306 |

Source: Statistical Committee of the Republic of Armenia[87]

*Table 4.4.2.2*

*Exports of ores and concentrates, thousand US dollars*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Copper ore, concentrate** | 316,636 | 356,721 | 571,485 | 525,478 | 626,668 |
| **Zinc ore, concentrate** | 12,021 | 9,617 | 16,589 | 20,489 | 16,475 |
| **Molybdenum ore, concentarte** | 5,763 | 963 | 8,641 | 7,641 | 17,902 |
| **Precious metal ore, concentrate** | 31,562 | 33,172 | 2,002 | 3,273 | 3,090 |

Source: Statistical Committee of the Republic of Armenia[88]

There was no export of aluminum, manganese, nickel, lead, cobalt, chromium, tungsten or titanium ores in 2014-2019. Iron export figures for the same period were insignificant and non-regular: only 0.05 tonnes were exported in 2018.

According to the verbal clarification provided by SC, there is no more data on the export of metallic mineral resources processing products than is provided on the SC official website.

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[86] Foreign Trade of the Republic of Armenia (according to the 10-digit classification of the Commodity Nomenclature of Foreign Economic Activity), Other Inorganic Acids and Other Inorganic Compounds with Non-Metallic Oxygen Content, Classifier Code: 2811210000

[87] https://www.armstat.am/am/?nid=148, External Trade Database According to the Commodity Nomenclature at the 4-Digit Level

[88] https://www.armstat.am/am/?nid=148, External Trade Database According to the Commodity Nomenclature at the 4-Digit Level

## 4.5. Social and Environmental Expenditures by the Sector Companies (Requirement 6.1)

### 4.5.1. Social and Economic Expenditures by the Sector Companies

The MTAI official website presents the subsoil use rights/mining contracts issued/awarded for the extraction of acidulous water as of 30 June 2021. According to the information from these agreements, some companies have undertaken commitments for the socio-economic development of the communities. These commitments are presented in the table below.

*Table 4.5.1.1*

*Socio-economic obligations of mineral groundwater extraction companies under the contracts*

| Company | Commitment | Performance time | Contribution amount (thousand drams) |
|---|---|---|---|
| **Avshar Jur LLC** | Contribution to Dashtakar community budget | annual | 50 |
| **Eco Agro LLC** | Participation in socio-economic development projects of Teghenik community of Kotayk marz | annual | 250 |
| **MIB Consulting LLC** | Participation in socio-economic development projects of the community by making payments to the community budget | annual | 400 |
| **A&M Rare LLC** | School furnishing and/or similar activities | 2017 | 300 |
| | Repair of community roads | annual | 200 |
| | Assistance to socially vulnerable families | annual | 500 |
| | Furnishing of the sports ground | 2017–2019 | 500 |
| **Ijevan Wine-Brandy Factory CJSC** | Contribution to Achajur community budget | annual | 500 |
| **Lichk Mineral Water Plant LLC** | Participation in socio-economic development projects of the community by making payments to the community budget (including financial assistance to the kindergarten's activities and acquisition of stationery for the school) | annual | 150 |
| **Lichk Mineral Water Plant LLC*** | Participation in socio-economic development projects of the community by making payments to the community budget (including financial assistance to the kindergarten's activities and acquisition of stationery for the school) | annual | 100 |
| **Kara LLC** | Participation in socio-economic development projects of Dilijan community of Tavush marz by making payments to the community budget | annual | 200 |
| **Hankavan Resort Complex OJSC** | Contribution to the community budget | annual | 1,500 |
| **New Ida LLC** | Participation in socio-economic development projects of Katnaghbyur village of Stepanavan community | annual | 500 |
| | Payment of the annual tuition fee for students from socially vulnerable families in Katnaghbyur village of Stepanavan community | annual | 300 |

| Company | Commitment | Performance time | Contribution amount (thousand drams) |
|---|---|---|---|
| | Provision of the necessary equipment, materials and stationery for the school of Katnaghbyur village of Stepanavan community | annual | 200 |
| Jermuk Group CJSC | Contribution to the community budget | annual | 200 |
| Jermuk Group CJSC* | Contribution to the community budget | annual | 300 |
| SV Jur LLC | Participation in socio-economic development projects of the community by making payments to the community budget | annual | 450 |
| Sevan Mineral Water Plant LLC | Participation in social development projects of Gavar city | annual | 500 |
| Vanaqua Group LLC | Participation in socio-economic development projects of the community | annual | 50 |
| | Payment of annual tuition fee for a student from a socially vulnerable family | annual | 100 |
| | Provision of the necessary stationery for the school | annual | 100 |
| Vard Aghbyur LLC | Contributions to Vardaghbyur, Zuygaghbyur and Karmiravan community budgets | annual | 500 for each community |
| Technoman LLC | Participation in social development projects of the community | annual | 400 |
| Technoman LLC* | Participation in socio-economic development projects of the community by making payments to the community budget | annual | 200 |

Notes:* The same company has undertaken different commitments for the implementation of different activities under the same contract awarded

Source: Information from the MTAI official website[89]

It is noticeable that the commitments are mostly to be fulfilled on a regular (annual) basis, while the amount of commitments does not generally exceed 1 mln drams.

### 4.5.2. Environmental Tax

According to the RA Tax Code, the environmental tax is a tax payable to the state budget to generate funds necessary for undertaking environmental measures[90]. It shall be paid in accordance with the procedure and in the amount defined by the RA Tax Code[91]. Article 162 of the Code defines the environmental taxpayers, and Article 164 defines the object of taxation with the environmental tax.

#### Mineral Water Extraction

Subsoil use for mineral water extraction is to be paid for. In particular, according to the information provided by MTAI and SRC, mineral water extraction entities made the following environemntal payments to the state budget in 2018-2019:

- environmental tax payments to be used for the implementation of environmental measures;
- natural resource utilization fee for the use of state-owned natural resources;

89 http://mtad.am/hy/mtad01.07.2/

90 https://www.arlis.am/DocumentView.aspx?DocID=153241, RA Tax Code, Section 8, Chapter 30, Article 161, Clause 1

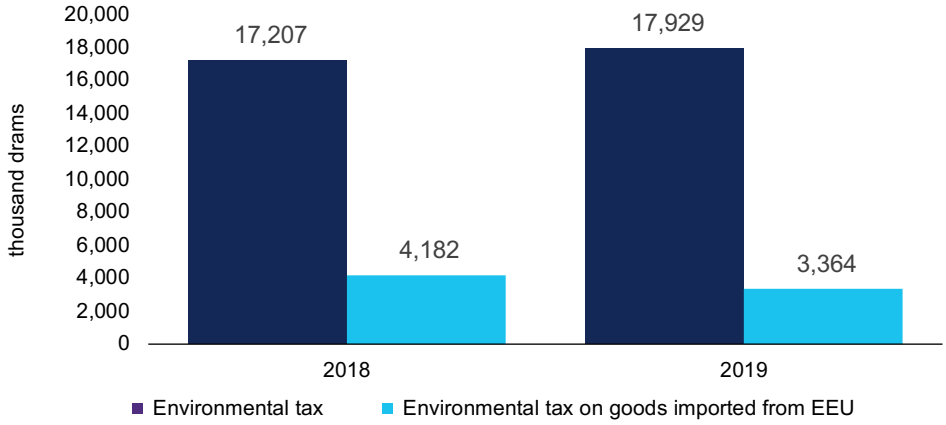
91 https://www.arlis.am/DocumentView.aspx?DocID=153241, RA Tax Code, Section 8

- state duties for the issuance of mining and water use permits.

According to the information provided by SRC, environmental tax payments by mineral groundwater extraction companies amounted to 21.3 mln drams in 2019, remaining almost unchanged from the previous year and accounting for 0.4% of the state budget revenues from the sector in the same year. Of the 31 subsoil users extracting mineral groundwater, which paid taxes in 2018-2019, only nine paid environmental taxes for their activities, and seven made payments for the import of taxable products from EEU. At that, about 73% of the total environmental tax payments made in 2019 were from one company only.

*Figure 4.5.2.1*

*Environmental tax payments from mineral groundwater extraction companies in 2018 and 2019, thousand drams*




Source: Information submitted by SCR under the EITI Scoping Study

### Metallic Mineral Resources Processing

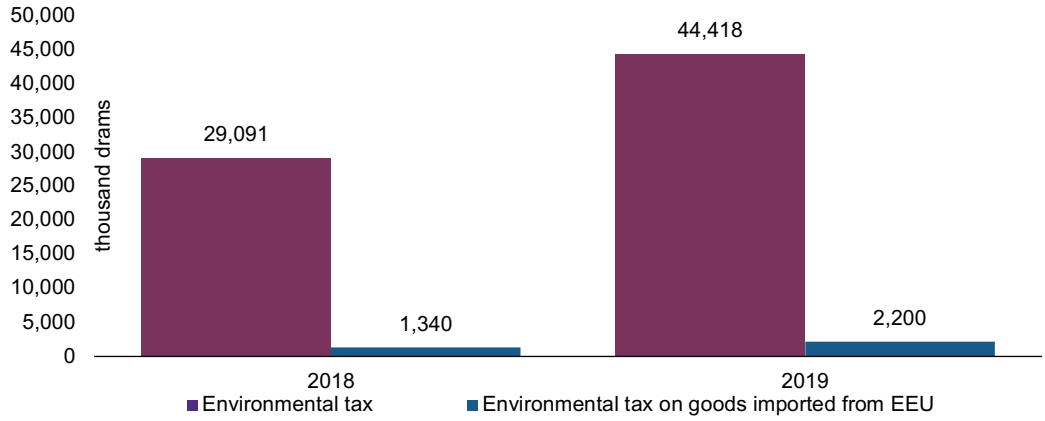
Metallic mineral resources processing companies made the following environmental payments to the state budget:

- environmental tax;
- natural resource utilization fee;
- royalty.

According to the information provided by SRC, environmental tax payments by metallic mineral resources processing companies amounted to 46.6 mln drams in 2019, having increased by 53.2% from the previous year, and made 0.6% of the state budget revenues from the sector for the same year. In 2018-2019, only 12 out of 64 processing entities paid environmental tax for their activities, and four for importing taxable products from EEU. At that, about 78.5% of the total environmental tax payments in 2019 were from two companies only, against 83.3% in 2018.

*Figure 4.5.2.2*

*Environmental tax payments made by mineral processing companies in 2018 and 2019, thousand drams*




Source: Information submitted by SCR under the EITI Scoping Study

### 4.5.3. Natural Resource Utilization Fee

#### Mineral Water Extraction

According to the RA Tax Code, subsoil users engaged in mineral groundwater extraction in Armenia are considered payers of the natural resource utilization fee for the extraction of mineral groundwater (including for produced carbon dioxide)[92]. As mentioned in Chapter 2, the base fee for the natural resource utilization fee mineral groundwater extraction (including carbon dioxide production) is the actual volume of mineral water extracted, i.e., the volume of water the volume of water taken (pumped) out of the well (source) to the surface. If, along with the extraction of mineral groundwater, carbon dioxide is produced, then the actual amount of carbon dioxide produced shall be the base for the natural resource utilization fee payable for for the production of carbon dioxide[93]. Payment for extracted mineral water shall be calculated for each cubic meter of mineral water extracted during the reporting period at the rates set by the Tax Code, which are presented in Chapter 2.

The natural resource utilization fee payable to the state budget for the extracted resources of mineral groundwater is calculated on the basis of:

1. when operating a mineral water well for one purpose only, the volume of water recorded in the reporting period by (primary) water measurement devices installed by water users in accordance with the procedure established by the Government and the corresponding rate defined by Article 206 of the RA Tax Code for the given purpose of operation;
2. when operating a mineral water well for several purposes at a time, the volume of water recorded in the reporting period by each of the water measurement devices installed by water users in accordance with the procedure established by the Government and the corresponding rate defined by Article 206 of the RA Tax Code, as a sum of the natural resource utilization fees payable for different operation purposes;
3. if a carbon dioxide extraction device is installed (connected) on the gas pipe coming out of the gas switch to capture carbon dioxide, the natural resource utilization fee for the carbon dioxide produced by the water user shall be calculated on the basis of the volume of carbon dioxide registered in the reporting period by the gas meter installed, in accordance with the procedure established by the Government, and the corresponding rate for the mine established by Article 206 of the RA Tax Code[94].

Starting from 1 January 2018, the rates of the natural resource utilization applicable to the extraction of mineral groundwater are determined as a product of the established rates and the coefficient of

[92] https://www.arlis.am/DocumentView.aspx?DocID=153241, RA Tax Code, Section 10, Chapter 40, Article 198, Clause 3
[93] https://www.arlis.am/DocumentView.aspx?DocID=153241, RA Tax Code, Section 10, Chapter 40, Article 201, Clause 3
[94] https://www.arlis.am/DocumentView.aspx?DocID=153241, RA Tax Code, Section 10, Chapter 43, Article 216, Clause 2

1.1; from 1 January 2019, as a product of the established rates and the coefficient of 1.2; and from 1 January 2020, as a product of the established rates and the coefficient of 1.3[95].

According to the information provided by SRC, the total payments of the natural resource utilization fee by mineral groundwater extraction companies amounted to about 398.1 mln drams in 2019 and 344.6 mln drams in 2018. During the mentioned two years, natural resource utilization fee payments were made by 21 companies, with two companies accounting for about 83%-84% of the payments collected.

#### Metallic Mineral Resources Processing

Only three processing companies made payments of the natural resource utilization fee at a total of 1.3 mln drams in 2019, against 1.4 mln drams in 2018. In both of these years, about 97.6% of the payments were made by one company.

As noted in Section 2.2 of this study, the sales turnover from products created as a result of waste processing gives rise to an obligation to pay royalties, although there is no precedent for mining waste processing in Armenia.

### 4.5.4. State Duty

#### Mineral Water Extraction

Companies must pay a state duty to get a permit to use (operate) the state-owned subsoil and minerals, each mineral water mine or well. The rates of the duty are shown in the table below.

*Table 4.5.4.1*

*Size of the annual state duty payable for the use (operation) of a mine or well, broken down by the purposes of mineral water extraction*

| Purpose of use | Size of the duty |
|---|---|
| industrial (bottling) | 5,000-fold of the base duty |
| industrial (extraction of carbon dioxide) | 500-fold of the base duty |
| therapeutic/recreational | 500-fold of the base duty |

Source: RA Law "On State Duty"[96]

The base duty is set at 1,000 drams.

As mentioned in Section 2.2, pursuant to the amendments to the RA Subsoil Code, in case of a permit for mineral water extraction for more than one extraction purposes, the state duty for issuing a permit is calculated as the sum of the rates for the purposes defined by the RA Law "On State Duty"[97].

The total amount of state duties paid for the permit to use (operate) each mineral water mine or well for industrial (bottling) purposes in 2019 is 91.8 mln drams, which is 22.6 mln drams more than the amount collected in the previous year.

Mineral groundwater extraction companies also made two payments for water use permits in the total amount of 20,000 drams in 2019 and seven payments in the total amount of 70,000 drams in 2019.

## 4.6. Quasi-Fiscal Expenditures (Requirement 6.2)

The government does not have any participation in the mineral groundwater extraction or metallic mineral resources processing sectors.

[95] https://www.arlis.am/DocumentView.aspx?DocID=153241, RA Tax Code, Section 10, Chapter 41, Article 206, Clause 6
[96] https://www.arlis.am/DocumentView.aspx?DocID=154071, RA Law on State Duty, Chapter 4, Article 19.4, Clause 6
[97] http://parliament.am/legislation.php?sel=show&ID=7607&lang=arm, "RA Law "On Making Amendments to the Subsoil Code of the Republic of Armenia" (HO 172-N, adopted on 14 April 2021)

## 4.7. Investments of the Sectors in the Economy (Requirement 6.3)

The proportions of mineral water production and exports in the total output and exports of goods and services, respectively, as well as the analysis of production concentration is presented in Sections 4.3 and 4.4 of this chapter.

### 4.7.1. Employment in the Sectors

#### Mineral Water Extraction

According to the comment provided by RA SC, the number of employees is known from the data of the labour market in the mineral groundwater extraction and metallic mineral resources processing sectors (including the activities of local companies engaged in ore and concentrate trading).

*Table 4.7.1.1*

*Number of employees in the natural mineral and other bottled water production sector and their share in the total number of employees in RA, 2015-2019*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Female** | 300 | 300 | 300 | 800 | 900 |
| **Male** | 800 | 800 | 900 | 300 | 300 |
| **Total** | **1,100** | **1,100** | **1,200** | **1,100** | **1,200** |
| **Total number of employees in RA*** | **-** | **-** | **519,776** | **556,677** | **598,237** |
| **Share of the sector in the total** | **-** | **-** | **0.2%** | **0.2%** | **0.2%** |

Notes: *According to the comment provided by RA SC, this indicator was not calculated for the years preceding 2017

Source: Information provided by RA SC under the EITI Scoping Study, the RA SC official website[98]

#### Metallic Mineral Resources Processing

*Table 4.7.1.2*

*Number of payroll employees in the basic metal production sector and their share in the total number of employees in RA, 2015-2019*

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Female** | 400 | 400 | 400 | 400 | 400 |
| **Male** | 3,800 | 3,300 | 3,400 | 3,800 | 3,900 |
| **Total** | **4,200** | **3,700** | **3,800** | **4,200** | **4,300** |
| **Total number of employees in RA** | **-** | **-** | **519,776** | **556,677** | **598,237** |
| **Share of the sector in the total** | | | **0.7%** | **0.8%** | **0.7%** |

Notes: *According to the comment provided by RA SC, this indicator was not calculated for the years preceding 2017

Source: Information provided by RA SC under the EITI Scoping Study

[98] https://www.armstat.am/file/article/trud_2020_14.pdf
https://www.armstat.am/file/article/trud_2019_11.pdf
Labour market in Armenia for the relevant years

RA SC does not provide separate data on the labour market of local companies engaged in the processing of natural resources or trading in ore and concentrates. Instead, the labour market data for the mining and related sectors are divided into two parts: the metal ore mining sector and the base metal production sector.

*RA SC does not provide disaggregated information on the labour market in the mineral groundwater extraction and metallic mineral resources processing sectors (including the activities of local companies engaged in ore and concentrate trading).*

### 4.7.2. Estimated Level of Public Interest in the Sectors

Mineral water is used for internal (drinking) and external (bath, hydromassage, shower, etc.) consumption, as well as for the extraction of carbon dioxide. There is some public interest in the first two of the above-mentioned ways of using mineral water in Armenia, although consumption of mineral water through external use tends to receive more attention.

In general, some educational and analytical materials on the sector are available online both in Armenian and in other languages (particularly Russian and English). They mainly refer to mineral water for drinking and external use. Information on the carbon dioxide extraction sector is almost non-existent and this branch of mineral water use is actually of little interest to the public as the sector does not have a significant adverse effect on the environment (more information will be provided below, under Requirement 6.4). There isn't sufficient information on carbon dioxide production through mineral water extraction either, due to lack of information on the sector.

There is noticeable interest in the use of mineral water for therapeutic purposes, judging by publications and materials related to the sector. There is much information on this topic in different languages[99], particularly with regard to the healing properties of mineral water and health resorts. Such information is mainly shared by resorts and travel agencies.

Information on drinking mineral water is available mainly on the websites of trading companies, both in the Armenian market and abroad, in Armenian and other languages. The health benefits of water are especially emphasized.

It is worth to note that the publication of information about this sector by independent experts and professionals is very rare.

As to the processing of metallic minerals, the level of public interest in this sector is low. The research has not identified any professional publications, analyses or research on the sector.

*Thus, the level of public interest in the mineral water extraction sector is largely supported by companies/individuals operating in or related to the sector. The public interest is mostly commercial in nature and is mainly expressed at the level of demand for products and services produced by the sector, while the level of interest in the sector impact or events in the sector is low. The sector does not have a significant impact on the environment and, from that perspective, does not attract public attention either. The external influence on the sector is mostly conditioned by the government mediation and control.*

*Interest in the metallic mineral resources processing sector is low. One of the reasons for this is that there isn't enough information on the sector to generate public interest.*

### 4.7.3. Available Information on Sponsorship and Charitable Events

Corporate social responsibility events are mainly carried out by well-known companies with large-scale activities. A study of the websites and other available information of various companies shows that public and charitable activities are mainly performed by the following mineral groundwater extraction companies: RRR Mineral Waters Plant CJSC, Beer of Yerevan CJSC and Ijevan Wine-Brandy Factory CJSC.

[99] https://izi.travel/ru/7fbc-jermowki-hank-ayin-jrer/hy, https://www.jermukarmenia.com/en/jermuk

According to the information posted on the website of RRR Mineral Waters Plant CJSC[100], the company is actively engaged in sponsorship and charitable activities. On various occasions, the company has offered its products, including ordinary drinking water, free of charge. Promotions are organized, and winners are offered gifts. RRR Mineral Waters Plant CJSC sponsored the Aikido sports seminar. The company is a member of the Armenian Relief Fund, and it carries out charitable activities within that framework. In particular, during one of such events, the company transferred part of the proceeds to a childcare fund. Thus, it is noticeable that this company carries out various sponsorship and charitable activities.

The public activities of Beer of Yerevan[101] and Ijevan Wine-Brandy Factory CJSC[102] are similar and mainly expressed in participation in various types of festivals and exhibitions, but there is no information about charitable or sponsorship activities.

## 4.8. Impact of Mineral Water Extraction and Metallic Mineral Resources Processing Activities on the Environment (Requirement 6.4)

According to the RA Subsoil Code, the subsoil user must ensure the protection and preservation of the atmosphere, water resources, soil, fauna and flora, and the reduction of environmental losses due to subsoil use[103]. The subsoil user must also fulfill the contractual obligations (if any) for the protection of the environment. The contracts of the mineral groundwater extraction companies posted on the MTAI official website present an environmental management plan (if any), which outlines the proposed measures to reduce environmental losses due to subsoil use and prevent any irreversible impact. Environmental management plans of the companies are different. In some cases, the plan also shows the amount to be allocated for the implementation of the measures, as presented in the table.

*Table 4.8.1*

*Funds allocated by mineral groundwater extraction companies for the implementation of contractual environmental measures*

| Company | Amount allocated (thousand drams) |
|---|---|
| Avshar Jur LLC | 200 |
| Eco Agro LLC | 50 |
| A&M Rare LLC | 200 |
| Ijevan Wine-Brandy Factory CJSC | 200 |
| Hankavan Resort Complex OJSC | 200 |
| New Ida LLC | 50 |
| Jermuk Group CJSC | 200 |
| Jermuk Group CJSC* | 200 |
| Sevan Mineral Water Plant LLC | 100 |
| Vanaqua Group LLC | 40 |
| Vard Aghbyur LLC | 200 |
| Technoman LLC | 100 |

Notes: * The same company has allocated separate funds for the implementation of events under different contracts

Source: Information from the MTAI official website[104]

[100] http://bjni.am/
[101] http://kilikia.am/
[102] https://www.ijevangroup.am/blog/cat/1
[103] https://www.arlis.am/DocumentView.aspx?DocID=146898, RA Subsoil Code, Chapter 8, Article 64, Clause 1
[104] http://mtad.am/hy/mtad01.07.2/

In the case of all the above companies, according to the contract, the environmental monitoring program is subject to review every five years.

According to the RA Subsoil Code, the state management of the subsoil use and protection, as well as environmental protection related to the subsoil use is carried out by the government and the authorized public administration bodies within the scope of their powers. These powers include the establishment of the procedure for the regular monitoring required during the operation of mineral groundwater mines and the measures for the protection of water resources from depletion and pollution[105]. The official website of the RA Ministry of Environment presents the lists of companies having submitted mining waste management and recycling plans, environmental action plans and environmental management plans as of 2020, where no mineral water extraction company is included[106].

Regular monitoring is a system of regular actions to be taken in relation to a change in the condition (quality and quantity) of water resources at mineral groundwater mines in operation, due to the impact of natural and man-made factors, which is carried out by the subsoil user operating the given mine at its own expense. The purpose of the regular monitoring required during the operation of mineral groundwater mines is to:

- maintain the stability of the quantity and quality of mineral water during the operation of the mine;
- identify and prevent potential depletion and pollution;
- obtain baseline data on assessment of the level of mineral groundwater pollution and consumption;
- develop and submit recommendations, based on summarized data, to the authorized body, etc.[107]

If significant deviations from the approved quantity and quality standards typical of the mineral water mine have been identified as a result of the monitoring, the causes are investigated and a plant of preventive measures is developed and implemented to protect the water resources of the mine from consumption or pollution[108].

Information on the implementation of regular monitoring and its results is not publicly available.

According to the legislation of the Republic of Armenia, sanitary protection zones are established around ponds and springs in order to protect groundwater mines and aquifers from contamination and to ensure protection. Within these zones, measures are taken to prevent potential pollution of soil, water, atmosphere and green spaces and degradation of soil[109]. Each natural or legal person engaged in recreational activities must ensure the fulfillment of the requirements for hydrological, hydromorphological and hydrochemical protection of water resources in the recreational zones. The requirements for water resources in the recreational zones of the Republic of Armenia are defined by the legislation[110].

### 4.8.1. Environmental Impact Assessment and Expertise

According to the RA Law "On Environmental Impact Assessment and Expertise," prior to the commencement of the operation and/or prior to the adoption of the founding document, an environmental impact assessment (including state environmental impact expertise) of the miner's activity is to be carried out[111]. Assessment and expertise is based on the requirements for the efficient, comprehensive and rational use of natural resources, the need to conserve wildlife, and the

[105] https://www.arlis.am/DocumentView.aspx?DocID=146898, RA Subsoil Code, Chapter 2, Article 15, Clauses 1 and 2
[106] http://www.mnp.am/shrjaka-mijavayr/ynderq
[107] https://www.arlis.am/DocumentView.aspx?DocID=79591, RA Government Decree "On Establishing the the Procedure for the Regular Monitoring Required during the Operation of Mineral Groundwater Mines and the Measures for the Protection of Water Resources from Depletion and Pollution," Clauses 2 and 3
[108] https://www.arlis.am/documentview.aspx?docID=79591, RA Government Decree No. 1484-N dated 22 November 2012 "On Establishing the the Procedure for the Regular Monitoring Required during the Operation of Mineral Groundwater Mines and the Measures for the Protection of Water Resources from Depletion and Pollution"
[109] https://www.arlis.am/DocumentView.aspx?docid=31198, RA Subsoil Code, Chapter 8, Article 67, Clause 1
[110] https://www.arlis.am/DocumentView.aspx?DocID=145926, Order of the Ministry of Environment on defining the requirements for the protection of water resources in recreational areas
[111] https://www.arlis.am/DocumentView.aspx?DocID=140512, RA Law "On Environmental Impact Assessment and Expertise," Chapter 4, Article 15, Clause 1

recognition of the need to compensate the damage to the environment and human health. Environmental impact assessment projects and their conclusions are available on the website of the Ministry of Environment. Access to them is presented in Annex 4.

The purpose of the assessment is to forecast, prevent, reduce or eliminate potential adverse effects of the underlying document and the proposed activity on the environment and human health. The purpose of the expertise is to verify the reliability of the application or assessment and to determine whether the underlying document or the proposed activity is to be permitted. The underlying document is a draft document with a potential impact on the environment (policy, strategy, concept, outline, natural resource utilization scheme, project, etc.)

In the case of mineral water extraction, the assessment and expertise consider, in particular, the groundwater, its category, flow regime, quality and quantity indicators, water use, drainage, water system or its separate parts and other characteristics.

The types of activities subject to environmental impact assessment and expertise are classified into three categories (A, B, C), according to the degree of impact on the environment, in the decreasing order. The exploitation of mineral or groundwater deposits for commercial purposes is included in Category "A"[112], as is the case for metal ore mining (more details are in Section 2.1 of this study).

As to the processing of metallic minerals, as mentioned in Chapter 2, the activities related to such processing are included in Category "A" as well[113].

*Mineral water extraction is included in Category "A" and is considered one of the sectors with the greatest impact on the environment. However, according to the clarifications provided by MTAI, the extraction of mineral water does not actually have a significant adverse impact on the environment (for comparison, it should be noted that Category "A" includes such areas as nuclear power plant operation, metallic and non-metallic mineral extraction, oil production, etc.). Moreover, in some cases, water flowing from natural springs or wells of the mines with uninterrupted mineral water flow may cause waterlogging, landslides and other detrimental conditions. Purposeful use of mineral water can eliminate these problems. However, the inclusion of this sector in Category "A" complicates the process of starting a business in this sector and is an artificial obstacle. At the same time, it should be noted that the extraction of mineral water may be associated with the disturbance of the soil layer in the area of the sanitary protection zone and the water line leading to the bottling plant, air pollution with carbon dioxide emissions, pollution of water resources and soil mineralization and salination.*

[112] https://www.arlis.am/DocumentView.aspx?DocID=140512, RA Law "On Environmental Impact Assessment and Expertise," Chapter 3, Article 14, Clauses 3 and 4
[113] https://www.arlis.am/DocumentView.aspx?DocID=140512, Chapter 3, Article 14, Clause 4

# 5. Access to Sector Data

## 5.1. Legislative, Regulatory, Administrative and Practical Factors Impeding the Disclosure of Information (Requirements 7.1 and 7.2 of the Standard)

This section lists issues that may constitute legal or institutional barriers to:

- full compliance with the EITI standards; and
- ensurance of a higher degree of transparency.

### 5.1.1. Legislative and Regulatory Factors Impeding the Disclosure of Information

#### Mineral Water Extraction

Article 9 of the RA Subsoil Code defines the issues related to the publicity of subsoil use activities. According to the above-mentioned regulations, the authorized body shall also post on its official website the mining contracts concluded with the subsoil users engaged in the extraction of minerals and the changes to such contracts, excluding the publication of information (data) not subject to disclosure, as defined by the Law of the Republic of Armenia "On Freedom of Information."

The Statistical Committee of the RA does not conduct any research on the accuracy of data. The data provided by the companies in the reporting period of the current year are verified by comparing them with the corresponding data for the previous year. There is no comparison with other statistics[114].

Unlike in the metallic mineral sector, subsoil users in the mineral water sector do not submit EITI reports, since there is no such legislative requirement. The government bodies (SRC, MTAI, ME) do not publish the data received from that sector's subsoil users on the taxes, local taxes or other fees paid by them, since according to the current legislation, information on taxes paid by companies constitutes trade and tax secret.

#### Metallic Mineral Resources Processing

The metallic mineral resources processing activities do not require any special permit/license or a separate contract with an authorized government body.

As in the mineral water sector, there is a problem of tax and trade secrecy in the disclosure of data in this sector as well. This issue, however, can be addressed only when the problem of identification of these companies is solved.

### 5.1.2. Administrative and Practical Factors Impeding the Disclosure of Information

#### Mineral Water Extraction

This study has discussed the issue of transparency of data on mineral water extraction quantities in the context of access to statistical data. It should be noted, however, that each subsoil user provides these data to the Statistical Committee of the RA separately. The reports are prepared by the companies that were engaged in the use and extraction of mineral water in the reporting year. They present information on the volumes of mineral water extraction and carbon dioxide production according to the subsoil use right, the volumes of their actual use, purposes of use, volume of losses and several other indicators[115], but the Statistical Committee of the RA publishes aggregated data. In particular, "The Socio-Economic situation of RA" publications[116] (in Armenian and Russian) present the volumes of production of mineral water under the "Mineral and carbonated water, unsweetened"

[114] https://armstat.am/file/Qualitydec/am/24.4.pdf, official website of the Statistical Committee of the RA, Declaration of Quality, Use and Extraction of Mineral Water
[115] https://www.arlis.am/DocumentView.aspx?DocID=138149 , RA State Council of Statistics Decision 56-N "On Approving the "Form 1-Mineral Water" (Annual) Statistical Reporting Form on Mineral Water Extraction and Use and the Instruction for its Completion and Repealing the RA Council of Statistics Decision No. 05-N dated 13 February 2015"
[116] https://armstat.am/am/?nid=82&id=2236, Statistical Committee of the RA, publications

line[117]. Thus, the existing data on the mineral water sector are not disaggregated to the level of companies.

More detailed data on the volumes of mineral water extraction are presented in the "Environment and Natural Resources in RA" statistics yearbook[118] (Armenian and English) of the Statistical Committee of the RA. In particular, the "Mineral Water Extraction and Use" publication[119], which is part of the said yearbook, presents the summarized data (by marzes) from the statistical reports received from the natural mineral water extraction companies included in the registration system of the Statistical Committee of the RA. The data are broken down into mineral water extraction and carbon dioxide production volumes, purpose of use, losses and other indicators.

### Metallic Mineral Resources Processing

There are generalized statistics on the production and export volumes of the sector, which are presented in the statistical reports as "related to the mining industry" or under the "other branches of the mining industry - open pit mining" lines[120].

In terms of exports of recycled metal products, the statistics include the lines: "precious and semi-precious stones, precious metals and products made of them" and "non-precious metals and products made of them"[121]. This does not enable to separate disaggregated data on products made by processing metallic minerals extracted in Armenia and their exports.

Overall, it is also difficult to identify the list of metallic mineral resources processing companies. These have been identified on the basis of economic classifiers. Activities related to the metallic mineral resources processing sector have been selected, since the sector as such is not included in the classifiers. Therefore, it is possible that the list would include companies that do not engage in metallic mineral processing activities. To avoid such problem, it is necessary to clearly indicate this sector in the economic classifiers.

## 5.2. Access to Information in Government Agencies

The data in the Scoping Study are mostly taken from the official websites of government bodies or obtained as a result of requests sent to these bodies. In order to make the information complete, discussions, talks and meetings with the representatives of the relevant government bodies were held. However, there is also information that is required for submission under the EITI, but due to certain reasons, it is not provided by government agencies or is provided in a more aggregated form. Such cases are presented below.

- Mineral water production data provided by RA SC include not only natural mineral water, but also artificial mineral water, ordinary natural water, ice and snow, artificial frozen water. At the same time, these volumes do not include flavored and sweetened mineral water, which is included in the "Other non-alcoholic beverages" section, making up a small part of it. In other words, it is not possible to get a clear idea of the volume and value of the products made by the use of natural mineral water from the presented data. For this purpose, it may be advisable to separate the "Production of natural mineral water" subsection from the "Production of natural mineral and other bottled water" section, as well as the "Production of flavored and sweetened natural mineral water" subsection from the "Other non-alcoholic beverages" section when providing statistical data.
- There is no separate data, broken down into internal and external use, for the volumes of mineral water used for therapeutic purposes in quantitative and monetary terms, since there is no such statistical division and no such information is collected. The information may be available to and

[117] https://armstat.am/file/article/sv_12_19a_121.pdf, Industrial Output Volumes and Production Index, 2019
[118] https://armstat.am/am/?nid=82&id=2301, Statistical Committee of the RA, publications
[119] https://armstat.am/file/article/eco_book_2019_5.pdf, "Environment and Natural Resources in RA" statistics yearbook, "Extraction and Use of Mineral Waters"
[120] https://armstat.am/file/article/sv_12_19a_121.pdf, Industrial Output Volume and Production Indices, 2019, pages 11, 13 and 19
[121] https://www.armstat.am/file/article/sv_01_19a_411.pdf, Export and Import of Products

provided by individual companies based on the volumes of mineral water they use and the services they provide as a result of its use.

- Data on the production of carbon dioxide extracted from mineral water are not separated in the statistical information, but are included in the "Production of industrial gases" section. In order to get clear information about the products created by the branch, it is necessary to separate the volumes of carbon dioxide produced from mineral water from the "Industrial gas production" section in the information provided by RA SC.
- The data on the export of carbon dioxide published by RA SC include the export volumes of carbon dioxide produced by all production methods, and the volumes of carbon dioxide extracted and exported specifically from mineral water are not separated. Such information may be available to and provided by individual companies.
- The metallic mineral processing branch is not singled out as such in the statistical information provided by RA SC, and it is difficult to differentiate the activities related to that sector from the metal extraction and production activities. It also becomes impossible to assess the activities of that particular sector, including its role in the economy.
- There is no information on funds paid to community budgets by the sector companies. The information can be obtained from communities based on a relevant instruction or a legislative act.

## 5.3. Comparison of the EITI Requirements and the Available Information

This Scoping Study was prepared based on the EITI standard. However, due to some objective and subjective reasons, it was not possible to present all the information required by the Standard in the Scoping Study, as a result of which there are some differences between the information included in this paper and the information provided for by the EITI Standards. Information on data availability is provided in Annex 5.

## 5.4. Definition of the "Project" Term

The EITI Standard 4.7 defines the project as operating activities governed by a single contract, license, lease, concession or similar legal arrangement and serving a basis for payment obligations to the government. However, if there are more than one such contracts that are substantially related, the Multi-Stakeholder Group must clearly identify and document which cases are considered a single project.

In the mineral groundwater extraction sector, the activities carried out under one subsoil use right/mining permit can be considered a project. However, considering that some companies in the sector, in addition to mineral water extraction, are also engaged in other activities, without having a separate accounting for them, the project-level reporting from these companies would currently be impossible.

As to the processing of metallic minerals, the definition of the term "project" is not applicable to the activities of companies of this sector, as in the absence of a separate contract/permit, the basis for tax calculation is the general activity of companies.

## 5.5. Options and Recommendations to Eliminate Barriers to the Disclosure of Information in Relevant Laws and Other Legal Acts

### Mineral Water Extraction

Currently, there is no public information on contributions from the mineral water extraction sector to the budgets of government or local self-government bodies. There aren't public data on socio-economic allocations of companies either.

The legislation in the mineral water sector is largely comparable to that in the metallic mineral sector. Therefore, if a decision is made to include this sector in the EITI framework, some legislative changes would be required. In particular, it would be necessary to establish data disclosure requirements similar to those for subsoil use in the metallic mineral sector, taking into account differences in the disclosure of beneficial owners. For that, it is necessary to:

1. make relevant changes in the RA Subsoil Code and the RA Tax Code to obligate the publication of data in this sector in accordance with the requirements of the metal subsoil use sector;
2. develop public reporting forms by considering the specifics of this sector, which may be based on the forms developed for subsoil users engaged in the extraction of metallic minerals.

### Metallic Mineral Resources Processing

In order to present the revenue streams presented by the government and companies in the processing sector, it is necessary to first establish legislative regulations, which will enable to clearly define the criteria of classifying the enterprise under the processing sector and to establish separate reporting procedures:

1. make changes to the tax reporting to be able to separate the processing of minerals acquired in Armenia from the processing of raw materials acquired in third countries;
2. develop public reporting forms specifically for the processing sector in accordance with the EITI Reporting Standards.

### Local companies engaged in ore and concentrate trading

In the case of these companies, it will be necessary to make comprehensive legislative amendments that will enable to:

- separate companies acquiring minerals extracted in Armenia from those acquiring raw materials from third countries;
- separate resellers of minerals acquired in Armenia from those making acquisitions in the primary market;
- develop relevant public reporting forms.

# 6. Findings

It was agreed during discussions with stakeholders that it is not currently expedient to perform a full EITI review of either of the two areas studied (mineral groundwater extraction and metallic mineral resources processing (including the activities of local companies engaged in ore and concentrate trading), due to the insignificance of state revenues and other effects from the sectors.

Below are the main findings and points of the study:

- To some extent, transparency is already ensured in the mineral water extraction sector, in particular:
  - the list of companies having permits for mineral groundwater extraction is published;
  - contracts of mineral groundwater companies are published;
  - EIA conclusions for mineral groundwater extraction companies are published, and improvements are envisaged in terms of the quality/availability of their publications;
  - there are some statistics on mineral groundwater extraction, enabling to have a general understanding of the mineral groundwater extraction and use volumes.
- Mineral water is a natural resource, and its extraction or geological surveys for such purpose require a subsoil use right. For the extraction of mineral water, a mining contract is signed between the subsoil user and the authorized government body (MTAI), based on the template of the subsoil use contract122 and its annexes.
- The level of environmental impact of mineral groundwater extraction activities is not high, based on the findings from discussions with industry experts, even though this sector, along with metallic mineral resources processing, is included in Category "A" sectors in the EIA Law and is considered to have the highest level of impact on the environment among the sectors (according to the RA Law "On Environmental Impact Assessment and Expertise," mineral water extraction is an activity subject to EIA assessment and expertise).
- Mineral water production made about 0.2% of the total output of goods in 2015-2019, while the share of mineral water exports in the total exports from Armenia ranged around 0.25%-0.35% during the same period. However, it should be noted that the data on mineral water production and export are not representative, since they include volumes of production and export of other types of goods.
- Some of the companies engaged in the metallic mineral processing activities have a mining permit are included in the EITI main reporting framework (GeoProMining Gold LLC, Assat LLC).
- The level of public interest in the sectors is generally low, except for mineral water for external use, in which case there is some interest.
- Payments to the state budget by the mineral groundwater extraction and metallic mineral resources processing sectors are not significant - 0.38% and 0.56% of the total state budget revenues in 2019, respectively. It should be noted that some of the companies from the mineral groundwater extraction and metallic mineral resources processing sectors, in addition to these two types of activities, carry out other activities as well. Consequently, the payments made to the state budget by the companies of the sectors also include taxes and fees in relation to other activities.
- Information on payments to community budgets by companies engaged in mineral groundwater extraction and metallic mineral resources processing (including ore and concentrate trading) is not available in this study.

[122] https://www.arlis.am/documentview.aspx?docid=75220, RA Government Decree No. 437-N dated 22 March 2012 "On Approving Templates of Mining Contracts"

# 7. Annexes

## Annex 1. List of Government Bodies Having Participated in the Discussions for the Study

| Position | Discussion area |
|---|---|

| | |
|---|---|
| RA SC Industry and Energy Statistics Division | Production and export volumes in the non-ferrous mineral sector |
| MTAI Subsoil Department | Extraction, production and export of mineral groundwater |
| Republican Geological Fund | Mineral groundwater extraction process, mechanisms, sector challenges and proposed solutions |
| RA ME | Revenues of community budgets from the mineral groundwater extraction and metallic mineral resources processing sectors |
| RA SRC Tax Administration Planning, Monitoring and Control Department | Revenues of the state and community budgets from the mineral groundwater extraction and metallic mineral resources processing sectors |
| RA SC Business Register, Sampling and Classification Division | Discussions on the submission of statistics on the mineral groundwater extraction and metallic mineral resources processing sectors |
| RA SC Nature Protection Statistics Division | Discussions on environmental payments from companies of the mineral groundwater extraction and metallic mineral resources processing sectors and the principles for making such payments |
| RA SC Balance of Payments and Foreign Trade Statistics Division | Discussions on Export Data of the Mineral Groundwater Extraction and Metallic Mineral Resources Processing Sectors |
| RA SC Labour Statistics Division | Discussions on the availability and submission of the sector employment data |

# Annex 2. Figures Included in the Scoping Study

## Chapter 3. State revenues from the sectors and their distribution

Figure 3.1.1.1. Proportions of total taxes and duties paid to the state budget by mineral groundwater extraction companies in 2019

| Type of tax or duty | Tax or duty payment, thousand drams | Share of the tax or duty in the total, % |
|---|---|---|
| **Profit tax** | 439,439 | 7.9% |
| **Value added tax** | 1,762,760 | 31.9% |
| **Income tax** | 1,303,299 | 23.6% |
| **Turnover tax** | 7,982 | 0.1% |
| **Environmental tax** | 21,292 | 0.4% |
| **Natural Resource Utilization Fee** | 398,129 | 7.2% |
| **Excise tax** | 1,366,492 | 24.7% |
| **State duty for the issuance of a water use permit** | 20 | 0.0% |
| **State duty for the issuance of a permit for the industrial use of each mineral water mine** | 91,777 | 1.7% |
| **Other taxes or fees** | 137,086 | 2.5% |
| **Total** | **5,528,278** | **100%** |

Source: Information submitted by SCR under EITI

Figure 3.1.1.2. Value added tax and income tax paid by the mineral groundwater extraction companies to the state budget in 2018 and 2019, broken down by the percentage of companies, thousand drams

| | Value added tax, thousand drams | Value added tax, EEU, thousand drams | Income tax, thousand drams |
|---|---|---|---|

| | | | |
|---|---|---|---|
| **Around 10% of companies, 2018** | 1,392,483 | 254,835 | 865,171 |
| **Other companies, 2018** | 63,287 | 75,248 | 283,980 |
| **Around 10% of companies, 2019** | 1,269,961 | 319,990 | 989,638 |
| **Other companies, 2019** | 71,740 | 101,069 | 313,661 |

Source: Information submitted by SCR under EITI

Figure 3.1.2.1. Share of total taxes and duties paid by the metallic mineral resources processing companies to the state budget in 2019

| Type of tax or duty | Tax or duty payment, thousand drams | Share of the tax or duty in the total, % |
|---|---|---|
| **Profit tax** | 1,536,175 | 18.8% |
| **Value added tax** | 3,852,852 | 47.2% |
| **Income tax** | 2,544,240 | 31.2% |
| **Turnover tax** | 6,278 | 0.1% |
| **Environmental tax** | 46,618 | 0.6% |
| **Natural resource utilization fee** | 1,250 | 0.0% |
| **Excise tax** | 16,649 | 0.2% |
| **State duty for the issuance of a water use permit** | 10 | 0.0% |
| **Other taxes and fees** | 159,875 | 2.0% |
| **Total** | **8,163,948** | **100%** |

Source: Information submitted by SCR under EITI

Figure 3.1.2.2. Profit tax, value added tax and income tax paid by the metallic mineral resources processing companies to the state budget in 2018 and 2019, broken down by the percentage of companies, thousand drams

| | Value added tax, thousand drams | Value added tax, EEU, thousand drams | Income tax, thousand drams |
|---|---|---|---|
| **Around 5% of companies, 2018** | 882,946 | 2,205,250 | 951,952 |
| **Other companies, 2018** | 212,317 | 1,013,503 | 1,484,962 |
| **Around 5% of companies, 2019** | 1,442,102 | 2,818,642 | 1,017,761 |
| **Other companies, 2019** | 94,074 | 1,034,211 | 1,526,479 |

Source: Information submitted by SCR under EITI

Figure 3.1.2.3. Amounts of all taxes and state duties paid to the state budget by the metallic mineral resources processing companies in 2019, broken down by tax treatment, million drams

| | Entities having made purchases from domestic miners and operating under the VAT tax regime | Other entities operating under the VAT tax regime | Entities operating under the micro and turnover tax regime |
|---|---|---|---|
| Profit tax | 1,442 | 94 | - |
| Value added tax | 2,819 | 1,033 | 0 |
| Income tax | 1,022 | 1,520 | 3 |
| Turnover tax | - | - | 6 |
| Environmental tax | 39 | 8 | 0 |
| Natural resource utilization fee | 0 | 1 | - |
| Excise tax | - | 17 | - |
| State duty for the issuance of a water use permit | - | 0 | - |
| Other taxes or fees | 52 | 107 | 2 |

Source: Information submitted by SCR under EITI

## Section 4. Sector exploration, extraction and export

Figure 4.3.1.1. Number of companies by place of business (marzes) and purpose

| | Number of companies by place of business (marzes) |
|---|---|
| Ararat | 3 |
| Gegharkunik | 6 |
| Lori | 2 |
| Kotayk | 11 |
| Shirak | 1 |
| Syunik | 1 |
| Vayots Dzor | 4 |
| Tavush | 4 |

| | Number of companies by purpose of business |
|---|---|
| Bottling | 20 |
| Carbon dioxide extraction | 8 |
| Therapeutic (recreational) | 8 |
| Fresh water | 1 |

Source: MTAI official website[123], Consultant's individual analysis

[123] http://www.mtad.am/hy/mtad29.29.1/

Figure 4.3.2.1. Number of companies by activity classifiers

| Tax treatment | Number of companies by purpose of business |
|---|---|
| **Entities operating under the micro and turnover tax regime** | 37 |
| **Entities having made purchases from a domestic miner and operating under the VAT tax regime** | 4 |
| **Other entities operating under the VAT tax regime** | 25 |

Source: Information submitted by SRC under the EITI Scoping Study

Figure 4.5.2.1. Environmental tax payments by mineral groundwater extraction companies in 2018 and 2019, thousand drams

| | 2018 | 2019 |
|---|---|---|
| Environmental tax | 17,207 | 17,929 |
| Environmental tax on goods imported from EEU | 4,182 | 3,364 |

Source: Information submitted by SRC under the EITI Scoping Study

Figure 4.5.2.2. Environmental tax payments by mineral extraction companies in 2018 and 2019, thousand drams

| | 2018 | 2019 |
|---|---|---|
| Environmental tax | 29,091 | 44,418 |
| Environmental tax on goods imported from EEU | 1,340 | 2,200 |

Source: Information submitted by SRC under the EITI Scoping Study

## 1.1 Annex 3. Information provided by the State Revenue Committee within the framework of the EITI: taxes and duties paid to the state budget by companies engaged in mineral groundwater extraction and metallic mineral resources processing in 2018-2019

| Identification number | Profit tax | | Non-resident profit tax | | Value added tax | | Value added tax EEU | | Income tax | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Mineral groundwater extraction companies** | | | | | | | | | | |
| **37** | - | - | - | - | - | - | - | - | 379,195 | 87,598 |
| **21** | - | - | - | - | - | - | - | - | - | - |
| **14** | 40,253,869 | 32,540,661 | - | - | 312,128,917 | 301,062,090 | 1,456,415 | 7,163,298 | 235,647,437 | 229,107,279 |
| **6** | - | - | - | - | - | - | - | - | - | - |
| **20** | 278,317,404 | 250,209,211 | - | - | 697,420,735 | 687,069,748 | 185,163,549 | 119,519,613 | 333,314,709 | 282,197,807 |
| **61** | - | - | - | - | 10,527,031 | 8,379,444 | - | - | 6,783,943 | 6,090,176 |
| **44** | - | - | - | - | 5,388,412 | 2,354,640 | 17,862,996 | 39,349,309 | 78,519,681 | 76,390,715 |
| **40** | 18,363,907 | 23,490,488 | - | - | 416,202 | 575,799 | - | - | 60,081,972 | 42,532,728 |
| **17** | - | - | - | - | - | - | - | - | 747,100 | 3,037,424 |
| **22** | - | - | - | - | - | - | - | - | 1,247,466 | 1,221,862 |
| **64** | - | - | - | - | - | - | - | - | 354,543 | 405,820 |
| **63** | - | - | - | - | - | - | - | - | 291,347 | 356,382 |
| **69** | 585,492 | - | - | - | - | 30,989 | - | 428,539 | 14,012,516 | 14,871,238 |
| **56** | 975,192 | 942,541 | - | - | 701,400 | 543,750 | - | 354,975 | 4,881,619 | 4,908,049 |
| **9** | - | - | - | - | - | - | - | - | 85,762 | 178,906 |
| **39** | - | - | - | - | - | - | - | - | 895,258 | 496,829 |
| **19** | - | - | - | - | - | - | - | - | - | - |
| **34** | 29,148,270 | 10,432,525 | - | - | 9,932,826 | 10,150,972 | - | - | 3,600,000 | 2,900,013 |
| **65** | - | - | - | - | 1,859,008 | 3,045,530 | - | - | 4,315,951 | 4,172,795 |
| **55** | - | - | - | - | - | - | - | - | - | - |

| Identification number | Profit tax | | Non-resident profit tax | | Value added tax | | Value added tax EEU | | Income tax | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 68 | - | - | - | - | 260,410,877 | 404,350,888 | 133,370,527 | 128,151,627 | 420,675,739 | 353,866,269 |
| 38 | - | - | - | - | 21,462,779 | 17,631,837 | 11,962,365 | 100,065 | 7,764,121 | 8,069,016 |
| 23 | - | - | - | - | - | - | 44,574,828 | 711 | 43,967,779 | 52,055,752 |
| 59 | 40,276,091 | 36,985,736 | - | - | 2,898,702 | 5,627,945 | 21,722,118 | 24,061,547 | 64,037,678 | 43,668,165 |
| 67 | - | - | | | 1,356,894 | 362,498 | - | - | 44,209 | 797,118 |
| 47 | - | - | - | - | - | - | - | - | - | - |
| 15 | - | - | - | - | - | - | - | - | 1,631,102 | 1,368,462 |
| 42 | 1,749,973 | - | - | - | 6,895,533 | 17,949 | 4,946,875 | 10,091,401 | 12,830,157 | 13,136,526 |
| 62 | - | - | - | - | - | - | - | - | 17,480 | 120,000 |
| 60 | - | - | - | - | - | - | - | - | - | - |
| 28 | 620,840 | 2,096,718 | - | - | 368,404 | 4,414,627 | - | 861,354 | 3,572,598 | 4,214,480 |
| 43 | - | - | - | - | - | - | - | - | - | - |
| 34 | 29,148,270 | 10,432,525 | - | - | 9,932,826 | 10,150,972 | - | - | 3,600,000 | 2,900,013 |
| **Metallic mineral resources processing companies (non-subsoil users) having made purchases from a domestic miner** | | | | | | | | | | |
| 10 | 404,391,782 | 320,702,452 | - | - | 729,795,090 | 652,088,634 | 35,456,143 | 20,685,355 | 347,135,657 | 284,718,130 |
| 50 | - | - | - | - | 748,471 | - | - | - | 3,786,893 | 1,561,826 |
| 7 | 843,659,506 | 555,320,361 | - | - | 1,008,839,977 | 942,107,692 | 78,127,059 | 32,124,294 | 460,174,413 | 471,826,120 |
| 35 | 194,050,387 | 6,922,758 | - | - | 939,874,490 | 543,543,838 | 26,548,848 | 14,700,186 | 210,450,842 | 195,407,255 |
| **Metallic mineral resources processing companies operating under the VAT tax regime** | | | | | | | | | | |
| 2 | 11,353,183 | 13,249,466 | - | - | 22,800,726 | 23,102,809 | - | - | 317,400 | 193,200 |
| 10 | 404,391,782 | 320,702,452 | - | - | 729,795,090 | 652,088,634 | 35,456,143 | 20,685,355 | 347,135,657 | 284,718,130 |
| 32 | - | - | - | - | - | - | - | - | 86,172 | 1,408,231 |
| 50 | - | - | - | - | 748,471 | - | - | - | 3,786,893 | 1,561,826 |
| 5 | 1,797,368 | - | - | - | - | 343,051 | 9,636,521 | 1,334,295 | 18,275,264 | 4,153,909 |
| 26 | 3,087,910 | 54,993,248 | - | - | 345,327,476 | 232,497,530 | 39,135,721 | 45,300,462 | 166,661,672 | 155,329,231 |
| 57 | 459,826 | 416,705 | - | - | 1,956,626 | 5,408,375 | - | - | 762,215 | 657,878 |

| Identification number | Profit tax | | Non-resident profit tax | | Value added tax | | Value added tax EEU | | Income tax | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **58** | 1,537,522 | 1,400,106 | - | - | 18,539,200 | 5,527,171 | - | - | 650,486 | 210,680 |
| **90** | - | - | - | - | 1,698,789 | 44,791 | - | 2,168,181 | 26,209 | - |
| **27** | - | - | - | - | - | - | - | - | 136,265 | 442,970 |
| **4** | - | - | - | - | - | - | 188,609,676 | 139,868,671 | 934,974,732 | 905,641,742 |
| **45** | 7,436,979 | 15,502,290 | - | - | 22,896,893 | 22,726,861 | - | - | 310,500 | 310,500 |
| **54** | 26,842 | - | - | - | 506,396 | - | - | - | 24,288 | - |
| **48** | - | - | - | - | 5,133,320 | - | - | - | 522,767 | - |
| **7** | 843,659,506 | 555,320,361 | - | - | 1,008,839,977 | 942,107,692 | 78,127,059 | 32,124,294 | 460,174,413 | 471,826,120 |
| **31** | 42,853 | 43,433 | - | - | 1,146,450 | 1,763,413 | - | - | 403,351 | 52,566 |
| **41** | 5,364,434 | 3,140,415 | - | - | 11,189,900 | 7,531,625 | 797,485 | 467,363 | 2,605,207 | 1,855,096 |
| **46** | 6,469,689 | 7,165,798 | - | - | 19,883,625 | 19,519,205 | - | - | 3,040,400 | 4,247,200 |
| **49** | - | - | - | - | - | - | - | - | 64,147 | 210,991 |
| **51** | 1,495,132 | 439,922 | - | - | 5,398,334 | 1,308,466 | - | - | 2,608,817 | 1,250,993 |
| **53** | - | - | - | - | - | - | - | - | 147,319 | - |
| **24** | 2,920,457 | 17,559,176 | - | - | 25,417,882 | 47,328,011 | | 1,050,800 | 20,018,069 | 20,864,128 |
| **8** | 51,128,584 | 96,736,487 | - | - | 126,169,119 | 357,792,238 | 178,397,732 | 67,168,957 | 367,424,029 | 380,697,339 |
| **35** | 194,050,387 | 6,922,758 | - | - | 939,874,490 | 543,543,838 | 26,548,848 | 14,700,186 | 210,450,842 | 195,407,255 |
| **3** | 519,025 | 507,701 | - | - | 5,956,506 | 6,354,740 | - | - | 144,900 | 144,900 |
| **13** | - | - | - | - | - | - | - | - | - | - |
| **36** | 433,775 | 1,162,072 | - | - | 2,793,672 | 24,896,072 | - | - | 631,491 | 2,498,434 |
| **Metallic mineral resources processing companies operating under the micro and turnover tax regime** | | | | | | | | | | |
| **11** | - | - | - | - | - | - | - | - | 11,500 | 26,942 |
| **66** | - | - | - | - | - | - | - | - | 742,050 | 634,250 |
| **92** | - | - | - | - | - | - | - | - | 36,800 | 36,800 |
| **75** | - | - | - | - | - | - | - | - | - | - |

| Identification number | Profit tax | | Non-resident profit tax | | Value added tax | | Value added tax EEU | | Income tax | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 78 | - | - | - | - | - | - | - | - | - | - |
| 70 | - | - | - | - | - | - | - | - | - | - |
| 89 | - | - | - | - | - | - | - | - | - | - |
| 86 | - | - | - | - | - | - | - | - | - | - |
| 82 | - | - | - | - | - | - | - | - | - | - |
| 83 | - | - | - | - | - | - | - | - | - | - |
| 30 | - | - | - | - | - | - | - | - | 45,147 | 38,260 |
| 80 | - | - | - | - | - | - | - | - | - | - |
| 84 | - | - | - | - | - | - | - | - | - | - |
| 71 | - | - | - | - | - | - | - | - | - | - |
| 79 | - | - | - | - | - | - | - | - | - | - |
| 33 | - | - | - | - | - | - | - | - | - | - |
| 12 | - | - | - | - | - | - | - | - | 83,427 | - |
| 16 | - | - | - | - | - | - | - | - | 25,185 | - |
| 18 | - | - | - | - | - | - | - | - | 17,250 | 17,250 |
| 95 | - | - | - | - | - | - | - | - | 29,790 | 29,790 |
| 29 | - | - | - | - | - | - | - | - | 9,876 | 16,790 |
| 76 | - | - | - | - | - | - | - | - | 58,880 | 18,400 |
| 87 | - | - | - | - | - | - | - | - | 1,159,660 | 954,960 |
| 93 | - | - | - | - | - | - | - | - | 187,743 | 679,338 |
| 77 | - | - | - | - | - | - | - | - | - | - |
| 94 | - | - | - | - | - | - | - | - | - | 2,990 |
| 52 | - | - | - | - | - | - | - | - | 18,400 | - |
| 1 | - | - | - | - | - | - | 70,226 | - | 282,900 | 563,956 |
| 74 | - | - | - | - | - | - | - | - | - | - |
| 96 | - | - | - | - | - | - | - | - | 129,731 | - |

| Identification number | Profit tax | | Non-resident profit tax | | Value added tax | | Value added tax EEU | | Income tax | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **85** | - | - | - | - | - | - | - | - | - | - |
| **25** | - | - | - | - | - | - | - | - | 18,400 | 210,387 |
| **72** | - | - | - | - | - | - | - | - | - | - |
| **73** | - | - | - | - | - | - | - | - | - | - |
| **88** | - | - | - | - | - | - | - | - | - | - |
| **91** | - | - | - | - | - | - | - | - | - | - |
| **81** | - | - | - | - | - | - | - | - | - | - |

Source: Reports provided by SRC under the EITI Scoping Study

| Identification number | Turnover tax | | Customs duty, customs fee | | Environmental tax | | Environmental tax EEU | | Natural resource utilization fee | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Mineral groundwater extraction companies** | | | | | | | | | | |
| **37** | - | - | - | - | - | - | - | - | 155,940 | - |
| **21** | - | - | - | - | - | - | - | - | - | - |
| **14** | - | - | - | - | 825,323 | 446,015 | 49,612 | 33,673 | 123,040,033 | 115,683,970 |
| **6** | - | - | - | - | - | - | - | - | - | - |
| **20** | - | - | - | - | 3,901,902 | 4,896,897 | 55,098 | 31,288 | 8,220,080 | 6,952,940 |
| **61** | - | - | - | - | 9,083 | 10,425 | - | - | 2,580,701 | 2,224,221 |
| **44** | - | - | - | - | - | - | 15,834 | 138,699 | 4,425,096 | 4,050,562 |
| **40** | - | - | - | - | 484,327 | 346,871 | - | - | 810,000 | 717,420 |
| **17** | 1,499,540 | 1,366,837 | - | - | - | - | - | - | 3,995,820 | 3,349,335 |
| **22** | 1,722,521 | 870,602 | - | - | - | - | - | - | 135,180 | 108,158 |
| **64** | 1,929,398 | 1,783,777 | - | - | - | - | - | - | 10,665,486 | 9,529,741 |
| **63** | 1,258,353 | 945,853 | - | - | - | - | - | - | 6,149,250 | 4,662,159 |
| **69** | - | - | - | - | - | - | - | - | 5,057,987 | 5,506,490 |
| **56** | - | - | - | - | 23,936 | 12,985 | - | - | 87,840 | 79,530 |
| **9** | - | - | - | - | - | - | - | - | - | - |
| **39** | 1,572,394 | 620,459 | - | - | - | - | - | - | 246,240 | 214,748 |
| **19** | - | - | - | - | - | - | - | - | - | - |
| **34** | - | - | - | - | - | - | - | - | 11,171,736 | 6,651,019 |
| **65** | - | - | - | - | 24,528 | 22,903 | - | - | 1,817,040 | 2,498,430 |
| **55** | - | - | - | - | - | - | - | - | - | - |
| **68** | - | - | - | - | 12,494,674 | 11,393,496 | 3,036,047 | 3,978,835 | 207,717,581 | 174,482,667 |
| **38** | - | - | - | - | - | - | 2,297 | - | 117,090 | 86,625 |
| **23** | - | - | - | - | - | - | - | - | 82,800 | 75,900 |
| **59** | - | - | - | - | 69,356 | 34,211 | 45,143 | - | - | - |
| **67** | - | - | - | - | - | - | - | - | 108,480 | 186,450 |

| Identification number | Turnover tax | | Customs duty, customs fee | | Environmental tax | | Environmental tax EEU | | Natural resource utilization fee | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 47 | - | - | - | - | - | - | - | - | - | - |
| 15 | - | - | - | - | - | - | - | - | - | - |
| 42 | - | - | - | - | 95,838 | 43,043 | 159,494 | - | - | - |
| 62 | - | - | - | - | - | - | - | - | - | - |
| 60 | - | - | - | - | - | - | - | - | - | - |
| 28 | - | - | - | - | - | - | - | - | 372,900 | 876,315 |
| 43 | - | - | - | - | - | - | - | - | - | - |
| 34 | - | - | - | - | - | - | - | - | 11,171,736 | 6,651,019 |
| **Metallic mineral resources processing companies (non-subsoil users) having made purchases from a domestic miner** | | | | | | | | | | |
| 10 | - | - | - | - | 15,204,656 | 7,923,993 | - | - | - | - |
| 50 | - | - | - | - | 32,213 | - | - | - | 402 | - |
| 7 | - | - | - | - | 19,639,673 | 16,301,159 | - | - | - | - |
| 35 | - | - | - | - | 4,127,880 | 175,054 | - | - | - | - |
| **Metallic mineral resources processing companies operating under the VAT tax regime** | | | | | | | | | | |
| 2 | - | - | - | - | - | - | - | - | - | - |
| 10 | - | - | - | - | 15,204,656 | 7,923,993 | - | - | - | - |
| 32 | - | - | - | - | - | - | - | - | - | - |
| 50 | - | - | - | - | 32,213 | - | - | - | 402 | - |
| 5 | - | - | - | - | - | - | 781 | - | - | - |
| 26 | - | - | - | - | 9,787 | 3,267 | 3,853 | 10,751 | - | - |
| 57 | - | - | - | - | - | 2,310 | - | - | - | - |
| 58 | - | - | - | - | - | - | - | - | - | - |
| 90 | - | - | - | - | - | - | - | - | - | - |
| 27 | - | - | - | - | - | - | - | - | - | - |
| 4 | - | - | - | - | 1,822,848 | 1,873,823 | 2,060,031 | 1,219,574 | 1,219,040 | 1,389,945 |
| 45 | - | - | - | - | - | - | - | - | - | - |
| 54 | - | - | - | - | - | - | - | - | - | - |

| Identification number | Turnover tax | | Customs duty, customs fee | | Environmental tax | | Environmental tax EEU | | Natural resource utilization fee | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 48 | - | - | - | - | 1,107,111 | - | - | - | - | - |
| 7 | - | - | - | - | 19,639,673 | 16,301,159 | - | - | - | - |
| 31 | - | - | - | - | - | - | - | - | - | - |
| 41 | - | - | - | - | - | - | - | - | - | - |
| 46 | - | - | - | - | - | - | - | - | - | - |
| 49 | - | - | - | - | - | - | - | - | - | - |
| 51 | - | - | - | - | - | - | - | - | - | - |
| 53 | - | - | - | - | - | - | - | - | - | - |
| 24 | - | - | - | - | 180,826 | 137,382 | - | - | 30,744 | 33,262 |
| 8 | - | - | - | - | 2,278,599 | 2,659,230 | 135,785 | 109,851 | - | - |
| 35 | - | - | - | - | 4,127,880 | 175,054 | - | - | - | - |
| 3 | - | - | - | - | - | - | - | - | - | - |
| 13 | - | - | - | - | - | - | - | - | - | - |
| 36 | - | - | - | - | - | - | - | - | - | - |
| **Metallic mineral resources processing companies operating under the micro and turnover tax regime** | | | | | | | | | | |
| 11 | - | 4,289 | - | - | - | - | - | - | - | - |
| 66 | 1,780,168 | 2,227,155 | - | - | 13,503 | 13,678 | - | - | - | - |
| 92 | 188,342 | 160,093 | - | - | - | - | - | - | - | - |
| 75 | - | - | - | - | - | - | - | - | - | - |
| 78 | - | - | - | - | - | - | - | - | - | - |
| 70 | 57,295 | - | - | - | - | - | - | - | - | - |
| 89 | - | - | - | - | - | - | - | - | - | - |
| 86 | - | - | - | - | - | - | - | - | - | - |
| 82 | 111,851 | 94,008 | - | - | - | - | - | - | - | - |
| 83 | - | - | - | - | - | - | - | - | - | - |
| 30 | 199,995 | 194,191 | - | - | - | - | - | - | - | - |
| 80 | 46,090 | 44,075 | - | - | - | - | - | - | - | - |

| Identification number | Turnover tax | | Customs duty, customs fee | | Environmental tax | | Environmental tax EEU | | Natural resource utilization fee | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 84 | 576,115 | - | - | - | - | - | - | - | - | - |
| 71 | - | - | - | - | - | - | - | - | - | - |
| 79 | - | - | - | - | - | - | - | - | - | - |
| 33 | - | - | - | - | - | - | - | - | - | - |
| 12 | 326,550 | - | - | - | - | - | - | - | - | - |
| 16 | 444,509 | - | - | - | - | - | - | - | - | - |
| 18 | 66,009 | 57,887 | - | - | - | - | - | - | - | - |
| 95 | 259,866 | 162,110 | - | - | - | - | - | - | - | - |
| 29 | 6,615 | 13,981 | - | - | - | - | - | - | - | - |
| 76 | 142,344 | 135,970 | - | - | - | - | - | - | - | - |
| 87 | 640,682 | 528,969 | - | - | - | - | - | - | - | - |
| 93 | 284,970 | 402,159 | - | - | - | - | - | - | - | - |
| 77 | - | - | - | - | - | - | - | - | - | - |
| 94 | 184,804 | 22,478 | - | - | - | - | - | - | - | - |
| 52 | 5,282 | - | - | - | - | - | - | - | - | - |
| 1 | 573,891 | 458,970 | - | - | 507 | 620 | - | - | - | - |
| 74 | | | - | - | - | - | - | - | - | - |
| 96 | 179,393 | 188,751 | - | - | - | - | - | - | - | - |
| 85 | | | - | - | - | - | - | - | - | - |
| 25 | 112,467 | 119,581 | - | - | - | - | - | - | - | - |
| 72 | 80,160 | 99,750 | - | - | - | - | - | - | - | - |
| 73 | 10,360 | 15,155 | - | - | - | - | - | - | - | - |
| 88 | - | - | - | - | - | - | - | - | - | - |
| 91 | - | - | - | - | - | - | - | - | - | - |
| 81 | - | - | - | - | - | - | - | - | - | - |

Source: Reports provided by SRC under the EITI Scoping Study

| Identification number | Excise tax | | Excise tax EEU | | State duty for the issuance of a water use permit | | State duty for the issuance of a permit to use (operate) each mineral water mine or well for industrial (bottling) purposes | | Other taxes and fees (if any) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **Mineral groundwater extraction companies** | | | | | | | | | | |
| **37** | - | - | - | - | - | 10,000 | 5,060,000 | 5,000,000 | 26,860 | 143,860 |
| **21** | - | - | - | - | - | - | - | - | - | - |
| **14** | - | - | - | 109,107 | - | 10,000 | 5,500,000 | 5,500,000 | 18,473,808 | 20,157,413 |
| **6** | - | - | - | - | - | - | - | - | - | - |
| **20** | 1,264,631,017 | 1,198,175,261 | - | - | - | 10,000 | 5,000,000 | 5,000,000 | 18,574,436 | 18,372,058 |
| **61** | - | - | - | - | - | - | 5,227,099 | 5,232,160 | 1,437,794 | 273,294 |
| **44** | - | - | - | - | - | 10,000 | 5,000,000 | 5,010,000 | 7,560,109 | 7,086,575 |
| **40** | - | - | - | - | 10,000 | 10,000 | 500,000 | 500,000 | 2,723,312 | 2,599,892 |
| **17** | - | - | - | - | - | - | 629,000 | 500,000 | 217,477 | 162,477 |
| **22** | - | - | - | - | - | - | - | - | 8,309,015 | 2,332,389 |
| **64** | - | - | - | - | - | - | 500,000 | 500,000 | 180,870 | 656,100 |
| **63** | - | - | - | - | - | - | 1,008,000 | - | 135,842 | 132,842 |
| **69** | - | - | - | - | 10,000 | - | 5,000,000 | 5,000,000 | 1,486,398 | 1,494,778 |
| **56** | - | - | - | - | - | - | - | - | 899,576 | 1,120,029 |
| **9** | - | - | - | - | - | - | 5,007,500 | 5,000,000 | 40,250 | 41,250 |
| **39** | - | - | - | - | - | - | - | 6,783,400 | 4,340,292 | 3,784,292 |
| **19** | - | - | - | - | - | - | - | - | 182,907 | - |
| **34** | - | - | - | - | - | - | - | - | 1,973,811 | 2,474,811 |
| **65** | - | - | - | - | - | 10,000 | 5,000,000 | 5,000,000 | 574,438 | 577,438 |
| **55** | - | - | - | - | - | - | 8,000,000 | - | - | - |
| **68** | - | - | - | - | - | 10,000 | 5,001,985 | 5,050,000 | 31,226,742 | 30,709,723 |
| **38** | - | - | - | - | - | - | - | - | 2,070,610 | 1,663,960 |
| **23** | - | - | - | - | - | - | 10,210,000 | - | 1,341,296 | 1,230,399 |

| Identification number | Excise tax | | Excise tax EEU | | State duty for the issuance of a water use permit | | State duty for the issuance of a permit to use (operate) each mineral water mine or well for industrial (bottling) purposes | | Other taxes and fees (if any) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 59 | 101,861,147 | 114,710,901 | - | - | - | - | 5,000,000 | 5,000,000 | 29,640,938 | 25,453,168 |
| 67 | - | - | - | - | - | - | - | 5,000,000 | 124,398 | 112,398 |
| 47 | - | - | - | - | - | - | 5,000,000 | - | - | - |
| 15 | - | - | - | - | - | - | 5,000,000 | - | 865,433 | 846,308 |
| 42 | - | - | - | - | - | - | 5,000,000 | - | 1,242,005 | 1,639,505 |
| 62 | - | - | - | - | - | - | - | - | - | 506,000 |
| 60 | - | - | - | - | - | - | - | - | 500,000 | - |
| 28 | - | - | - | - | - | - | 5,133,000 | 5,025,000 | 955,722 | 213,152 |
| 43 | - | - | - | - | - | - | - | - | 8,000 | 520,000 |
| 34 | - | - | - | - | - | - | - | - | 1,973,811 | 2,474,811 |
| Metallic mineral resources processing companies (non-subsoil users) having made purchases from a domestic miner | | | | | | | | | | |
| 10 | - | - | - | - | - | - | - | - | 17,173,780 | 15,940,780 |
| 50 | - | - | - | - | - | - | - | - | 84,582 | 132,423 |
| 7 | - | - | - | - | - | - | - | - | 19,657,097 | 19,530,227 |
| 35 | - | - | - | - | - | - | - | - | 14,653,721 | 14,995,040 |
| Metallic mineral resources processing companies operating under the VAT tax regime | | | | | | | | | | |
| 2 | - | - | - | - | - | - | - | - | 132,625 | 140,625 |
| 10 | - | - | - | - | - | - | - | - | 17,173,780 | 15,940,780 |
| 32 | - | - | - | - | - | - | - | - | 24,000 | 3,000 |
| 50 | - | - | - | - | - | - | - | - | 84,582 | 132,423 |
| 5 | - | - | - | - | - | - | - | - | 531,930 | 297,930 |
| 26 | - | - | - | - | - | - | - | - | 10,045,742 | 10,057,216 |
| 57 | - | - | - | - | - | - | - | - | 147,675 | 145,675 |
| 58 | - | - | - | - | - | - | - | - | 161,361 | 128,861 |

| Identification number | Excise tax | | Excise tax EEU | | State duty for the issuance of a water use permit | | State duty for the issuance of a permit to use (operate) each mineral water mine or well for industrial (bottling) purposes | | Other taxes and fees (if any) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **90** | - | - | - | - | - | - | - | - | 30,000 | - |
| **27** | - | - | - | - | - | - | - | - | 121,796 | 16,336 |
| **4** | - | - | 16,563,548 | 22,361,575 | - | 10,000 | - | - | 33,799,891 | 34,291,937 |
| **45** | - | - | - | - | - | - | - | - | 279,000 | 279,000 |
| **54** | - | - | - | - | - | - | - | - | 16,000 | - |
| **48** | - | - | - | - | - | - | - | - | 10,000 | - |
| **7** | - | - | - | - | - | - | - | - | 19,657,097 | 19,530,227 |
| **31** | - | - | - | - | - | - | - | - | 110,163 | 118,663 |
| **41** | - | - | - | - | - | - | - | - | 315,874 | 297,374 |
| **46** | - | - | - | - | - | - | - | - | 533,256 | 479,581 |
| **49** | - | - | - | - | - | - | - | - | 1,332,153 | 1,332,153 |
| **51** | - | - | - | - | 10,000 | - | - | - | 164,060 | 107,060 |
| **53** | - | - | - | - | - | - | - | - | 7,000 | - |
| **24** | - | - | - | - | - | - | - | - | 4,582,132 | 4,763,881 |
| **8** | - | - | 85,200 | - | - | - | - | - | 53,634,705 | 25,688,871 |
| **35** | - | - | - | - | - | - | - | - | 14,653,721 | 14,995,040 |
| **3** | - | - | - | - | - | - | - | - | 88,750 | 87,750 |
| **13** | - | - | - | - | - | - | - | - | - | - |
| **36** | - | - | - | - | - | - | - | - | 506,712 | 557,812 |
| **Metallic mineral resources processing companies operating under the micro and turnover tax regime** | | | | | | | | | | |
| **11** | - | - | - | - | - | - | - | - | 24,000 | 25,000 |
| **66** | - | - | - | - | - | - | - | - | 49,276 | 49,276 |
| **92** | - | - | - | - | - | - | - | - | 36,000 | 36,000 |
| **75** | - | - | - | - | - | - | - | - | - | - |

| Identification number | Excise tax | | Excise tax EEU | | State duty for the issuance of a water use permit | | State duty for the issuance of a permit to use (operate) each mineral water mine or well for industrial (bottling) purposes | | Other taxes and fees (if any) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 78 | - | - | - | - | - | - | - | - | - | - |
| 70 | - | - | - | - | - | - | - | - | - | - |
| 89 | - | - | - | - | - | - | - | - | 9,000 | - |
| 86 | - | - | - | - | - | - | - | - | 9,000 | - |
| 82 | - | - | - | - | - | - | - | - | 12,000 | 11,000 |
| 83 | - | - | - | - | - | - | - | - | - | - |
| 30 | - | - | - | - | - | - | - | - | 6,167 | 6,167 |
| 80 | - | - | - | - | - | - | - | - | - | - |
| 84 | - | - | - | - | - | - | - | - | - | - |
| 71 | - | - | - | - | - | - | - | - | - | - |
| 79 | - | - | - | - | - | - | - | - | - | - |
| 33 | - | - | - | - | - | - | - | - | 32,250 | 21,250 |
| 12 | - | - | - | - | - | - | - | - | 14,000 | - |
| 16 | - | - | - | - | - | - | - | - | 208,000 | - |
| 18 | - | - | - | - | - | - | - | - | 156,884 | 281,884 |
| 95 | - | - | - | - | - | - | - | - | 282,000 | 284,000 |
| 29 | - | - | - | - | - | - | - | - | - | 5,000 |
| 76 | - | - | - | - | - | - | - | - | 68,000 | 62,000 |
| 87 | - | - | - | - | - | - | - | - | 232,840 | 215,840 |
| 93 | - | - | - | - | - | - | - | - | 206,558 | 189,558 |
| 77 | - | - | - | - | - | - | - | - | - | - |
| 94 | - | - | - | - | - | - | - | - | 69,675 | 68,675 |
| 52 | - | - | - | - | - | - | - | - | 9,000 | - |
| 1 | - | - | - | - | - | - | - | - | 151,750 | 142,750 |

| Identification number | Excise tax | | Excise tax EEU | | State duty for the issuance of a water use permit | | State duty for the issuance of a permit to use (operate) each mineral water mine or well for industrial (bottling) purposes | | Other taxes and fees (if any) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| **74** | - | - | - | - | - | - | - | - | - | - |
| **96** | - | - | - | - | - | - | - | - | 65,000 | 65,000 |
| **85** | - | - | - | - | - | - | - | - | - | - |
| **25** | - | - | - | - | - | - | - | - | 48,000 | - |
| **72** | - | - | - | - | - | - | - | - | 30,000 | - |
| **73** | - | - | - | - | - | - | - | - | 12,000 | 11,000 |
| **88** | - | - | - | - | - | - | - | - | - | - |
| **91** | - | - | - | - | - | - | - | - | - | - |
| **81** | - | - | - | - | - | - | - | - | - | - |

Source: Reports provided by SRC under the EITI Scoping Study

## Annex 4. Availability of EIA expertise conclusions on the ME websites of March 2021

| Legal entity | EIA expertise conclusion | Date of publication |
|---|---|---|
| **Byuregh Mineral Water CJSC** | Not available | - |
| **Rafael JV LLC** | Not available | - |
| **RRR Mineral Waters Plant CJSC** | Not available | - |
| **Aratta Gold LLC** | Not available | - |
| **Beer of Yerevan CJSC** | Not available | - |
| **Dilijan Mineral Water Plant LLC** | Environmental Impact Assessment Report for the Extraction from Well No. 2/54 (1K) of Dilijan Acidulous Water Mine | 6 September 2017 |
| **Ararat Group LLC** | Not available | - |
| **Arzni Health Resort CJSC** | Not available | - |
| **Adamand-K LLC** | Not available | - |
| **Iren-Mes LLC** | Environmental Impact Assessment Report for Mineral Water Extraction from Well No. 14/76 in Arzakan Acidulous Water Mine | 10 January 2020 |
| **Nairi LLC** | Not available | - |
| **Vigen LLC** | Environmental Impact Assessment Report for the Extraction from Well No. 8P of Lichk Acidulous Water Mine | 21 January 2021 |
| **Arsen Yev Nerses LLC** | Not available | - |
| **Vanadzor Asar Resort LLC** | Not available | - |
| **Simona Aqua LLC** | Not available | - |
| **Largo-Vin LLC** | Not available | - |
| **VHH LLC** | Not available | - |
| **Technoman LLC** | Environmental Impact Assessment Report for Mineral Extraction from Well No. 5P of Lichk Acidulous Water Mine in Gegharkunik Marz | 7 November 2018 |
| **Sevan Mineral Water Plant LLC** | Not available | - |
| **Jermuk Group CJSC** | Application for Preliminary Environmental Impact Assessment for the Proposed Construction of a Multifunctional Complex at 18/1, 18/2, 18/4, 18/13, 18/14 Arshakunyats Avenue, Kentron Administrative District, Yerevan | 4 February 2021 |
| | Environmental Impact Assessment Report for the Extraction from Well No. IV-K at the Gorge Site of Jermuk Acidulous Water Mine | 2016 |

| | | |
|---|---|---|
| **Vard Aghbyur LLC** | Environmental Impact Assessment Report for the Extraction from Well No. 10P of Ghukasyan Acidulous Water Mine | 2016 |
| **Hankavan Resort Complex OJSC** | Environmental Impact Assessment Report for the Water Intake Well at Hankavan Site of Hankavan Acidulous Termal Water Mine | 2016 |
| **A&M Rare LLC** | Application for Preliminary Environmental Impact Assessment for the Construction of a Bottling Plant at the Acidulous and Underground Fresh Water Springs in Artavaz Village | 12 July 2018 |
| **Ijevan Wine-Brandy Factory CJSC** | Environmental Impact Assessment Report for the Extraction from Well No. 1PC of Nerkin Aghdan (Aknaghbyur) Acidulous Water Mine | 6 September 2017 |
| **Vanaqua Group LLC** | Environmental Impact Assessment Report for the Extraction from Well No. 7/58 of Jermuk Acidulous Water Mine | 7 November 2018 |
| **Avshar Jur LLC** | Environmental Impact Assessment Report for Mineral Water Extraction from Wells No. 11 and 12 at Ararat Acidulous Water Mine | 29 March 2018 |
| **New Ida LLC** | Environmental Impact Assessment Report for Mineral Water Extraction from Wells No. 1/87 and 2/87 at Katnaghbyur Acidulous Water Mine | 29 May 2019 |
| **Eco Agro LLC** | Environmental Impact Assessment Report for Mineral Water Extraction from Well No. 6/80 at Qarashamb Acidulous Water Mine | 29 May 2019 |
| **Lichk Mineral Water Plant LLC** | Environmental Impact Assessment Report for the Operation of Well No. 2P at Lichk Acidulous Water Mine | 19 August 2019 |
| **Lichk Mineral Water Plant LLC** | Not available | - |
| **Kara LLC** | Environmental Impact Assessment Report for Mineral Water Extraction from Well No. 1M at Frolova-Balka Acidulous Water Mine, Tavush Marz | 1 November 2019 |
| **MIB Consulting LLC** | Environmental Impact Assessment Report for the Operation of Well No. 1M at Frolova-Balka Acidulous Water Mine | 24 August 2020 |
| **SV Jur LLC** | Environmental Impact Assessment Report for the Extraction from Well No. 6/64 at Arzni Acidulous Water Mine | 27 August 2020 |
| | Environmental Impact Assessment Report for the Extraction from Well No. 6/64 at Arzni Acidulous Water Mine | 30 January 2019 |
| **Technoman LLC** | Not available | - |

Notes: The information available on the ME website covers the period from 2016 to 2021
Source: Ministry of Environment[124]

[124] http://www.mnp.am/shrjaka-mijavayr/ezrakacutyunner

## Annex 5. Data availability information table

| Data, EITI Standard requirement | Information available | Which government body has that information? | Data availability to EITI |
|---|---|---|---|
| **Exploration and extraction (Requirement 3)** | | | |
| Exploration (Requirement 3.1) | There is information on mineral water mines and their location | MTAI | In order to receive the data, it is necessary to make a request to MTAI. |
| Extraction and production (Requirement 3.2) | For the mineral groundwater extraction, the list of mining companies and contracts (MTAI), volumes of extracted water by marzes and purpose, including water loss and disposal, are available. There are data on mineral water production, but the level of their disaggregation is not sufficient.<br><br>For the metallic mineral resources processing sector, there is information on processing activities in monetary and quantitative terms. | RA SC | The mentioned information related to the mineral groundwater sector can be found on the official website of RA SC (armstat.am). Monetary data related to the processing of metallic minerals can also be found on the said website, and data on quantities have been provided by RA SC based on the relevant request.<br><br>It should be noted that the level of disaggregation of information on mineral groundwater production is not sufficient to provide a clear picture of the sector's activities. To this end, disaggregation of the data presented, as described in Section 4.3.4, is required.<br><br>As to the processing of metallic mineral resources, no separate information on this sector is provided by RA SC. It is difficult to separate processing data from the metallic mineral extraction and production data. There is a need to clearly separate the processing sector from the related industries. |
| Export (Requirement 3.3) | In part of the export of mineral groundwater, there are data on the volumes of export of bottled mineral water in quantitative and monetary terms, but the level of disaggregation is not sufficient.<br><br>There is also information on the export of ores and concentrates. | RA SC | The level of disaggregation of export information is not sufficient to provide a clear picture of the activities of the mineral water mining sector. It is necessary to disaggregate the presented data into the exported product types.<br><br>As to the processing of metallic mineral resources, no separate information on this sector is provided by RA SC. There is a need to separate this sector from the metal production sector. |
| **Revenue collection (Requirement 4)** | | | |
| State budget revenues (Requirement 4.1) | There is no information on state budget contributions from the sectors in public sources. | SRC | According to the companies, it is not possible to obtain disaggregated data under the current legislative regulations. |
| Community budget revenues (Requirement 4.6) | There is no publicly available information on contributions by the sectors to community budgets. | SRC, MTAI, communities | No information is collected by government agencies. They may obtain information from communities based on a relevant instruction or legislative act. |

| Data, EITI Standard requirement | Information available | Which government body has that information? | Data availability to EITI |
|---|---|---|---|
| Data Quality and Quality Assurance (Requirement 4.9) | Sector companies have no obligation to have their financial statements audited. | Not applicable | Not applicable |
| **Revenue allocation (Requirement 5)** | | | |
| Revenue allocation of the sectors (Requirements 5.1, 5.2 5.3) | RA Law "On Targeted Use of Environmental Payments Made by Companies" | MTAI | The process of using payments to the state and community budgets from the sectors is mostly uncontrolled by the public: they are accumulated in the state and community budgets and are spent on a general basis, together with tax and other payments from other sectors. Such mechanism is available only for environmental tax payments made under the RA Law "On Targeted Use of Environmental Payments Made by Companies." Information about the latter is available on the arlis.am website.<br><br>Information on target projects is available on the website of the RA Ministry of Finance (www.minfin.am). |
| **Social and economic costs (Requirement 6)** | | | |
| Social and environmental expenditures (Requirement 6.1) | The size of environmental expenditures is defined by the laws and codes of the RA. There is also information on environmental expenditures made by the sector companies. Information on socio-economic expenditures, broken down by companies, is available only for mineral groundwater extraction companies. | SRC | The legislation is available on the arlis.am website, while the the contractual obligations related to socio-economic activities are presented on the official website of MTAI - www.mtad.am |
| Quasi-fiscal expenditures (Requirement 6.2) | There have been no cases of government participation in the sectors | Not applicable | Not applicable |
| Investment of the sectors in the economy (Requirement 6.3) | It is possible to calculate the shares of mineral water production and export in the total output and total export of goods and services, respectively, as well as the share of the number of the sector's payroll employees in the number of employees in the RA. | RA SC | The statistical information used to present the role of the sectors in the economy is available on the website of RA SC, except for the employment rate, information on which was obtained by sending a request to RA SC.<br><br>Again, it is necessary to clearly separate information on the output and exports of the sectors in order to be able to clearly determine the investment of the sectors in the economy. There is also a need to separate employment data for the processing sector from those for related sectors |
| Environmental impact of the sectors' activities (Requirement 6.4) | There are certain environmental provisions related to the sectors in the RA legislation, including the environmental impact assessment and expertise. | Not applicable | The relevant legislative information is available on the arlis.am website. Regarding the fulfillment of the requirements, there is only information on the EIA expert conclusions |

| Data, EITI Standard requirement | Information available | Which government body has that information? | Data availability to EITI |
|---|---|---|---|
| | | | on the website of the Ministry of Environment (www.mnp.am) and information on the environmental commitments undertaken under the contracts. |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