

## ON THE TAX REGULATION OF FOREIGN ECONOMIC ACTIVITY AMONG THE EURASIAN ECONOMIC UNION (EAEU) MEMBER STATES

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**Introduction.** In the context of the current development of global economic integration processes, economic agents have intensified their foreign economic activity. These agents engage in export-import operations with counterparts from other countries, including within the framework of mutual trade among the member states of the Eurasian Economic Union (EAEU). One of the primary instruments of state regulation in foreign economic activity is taxation.

In this domain, the tax systems of EAEU member states are undergoing development based on the principle of harmonization and unification of taxes, duties, and other mandatory payments. To implement this principle, member countries are currently engaged in the design and adoption of new tax regulation instruments and mechanisms. The identification of existing problems in the sector and the development of scientifically grounded approaches and methods to address them are of critical importance for the effective organization of this process. This underscores **the relevance** of the study.

**The article aims** to examine and identify the current challenges in the tax regulation of the Republic of Armenia's foreign economic activity sector and to propose realistic recommendations for their resolution. To achieve this objective, the following research tasks have been outlined:

- To analyze the instruments and mechanisms of tax regulation in the field of foreign economic activity, as well as the directions of ongoing reforms in the sphere of tax governance.
- To develop recommendations aimed at improving the effectiveness of tax regulation.

**Literature Review.** In the article by Lagkueva, the author examines the legislative changes within the member states of the EAEU, addressing the nature and conditions of the process of harmonizing tax systems in light of these legal reforms. The study provides a comparative analysis of the most significant indirect taxes (value-added taxes (VAT) and excise duties) among the EAEU member countries<sup>1</sup>.

I.A. Maksimtsev, K.B. Kostin, O.A. Onufriyev, and A.S. Kuznetsov have examined the directions for optimizing and integrating the tax systems of the EAEU member states<sup>2</sup>. The harmonization and unification of tax regulation are foundational to the development of any economic union. The harmonization of the tax system signifies the establishment of a unified conceptual framework for legal relations among the member states of the Eurasian Economic Union at a particular stage of integration development. The harmonization of indirect taxation is expected to contribute to the establishment of a favorable environment for the formation of a common economic space, within which member states will be able to

<sup>1</sup> Lagkueva, I. V. (2020). *Issues of tax integration of the member states of the Eurasian Economic Union*. Bulletin of the Kutafin University (MSAL), No. 9(73), pp. 204–214.

<sup>2</sup> Maksimtsev, I. A., Kostin, K. B., Onufriyeva, O. A., & Kuznetsov, A. S. (2024). Optimization and integration of taxation systems in EAEU countries. *Economic Relations*, Vol. 14, No. 1, pp. 87–106. <https://doi.org/10.18334/eo.14.1.120719>

ensure equitable conditions for the movement of goods and services. However, scientific research has yet to explore in sufficient depth the tools and mechanisms of tax regulation in the sphere of foreign economic activity among the EAEU member states.

**Methodology.** The study employs descriptive methods, data collection techniques, as well as qualitative and quantitative analysis. The research is predicated on an analysis of the instruments and mechanisms of tax regulation in the sphere of foreign economic activity among the EAEU member states. It outlines directions for organizing these processes, specifically regarding the traceability of goods, digital marking of products, and the electronic exchange of information between the tax authorities of EAEU member states concerning payments of indirect taxes. The study identifies existing challenges in these areas and presents realistic recommendations for their further improvement.

**Analysis .** According to the definition provided by the RA Ministry of Finance: “The Eurasian Economic Union (EAEU) is an international organization for regional economic integration, possessing international legal personality. The organization was established by the Treaty on the Eurasian Economic Union (the EAEU Treaty), signed on May 29, 2014, in the city of Astana by the Russian Federation, the Republic of Belarus, and the Republic of Kazakhstan. The treaty entered into force on January 1, 2015. Within the framework of the EAEU, the free movement of goods, services, capital, and labor is ensured, along with the implementation of coordinated or unified policies in various sectoral areas of the economy<sup>3</sup>”. According to official information, the Republic of Armenia signed the treaty on accession to the EAEU on October 10, 2014. The treaty entered into force on January 2, 2015<sup>4</sup>.

It is worth noting that, according to official estimates, the total GDP of the Eurasian Economic Union (EAEU) grew by 4% in 2024, exceeding both the global average growth rate (3.2%) and initial forecasts. The value of mutual trade in goods within the Union continued to grow in 2024 at a faster pace than both external and intra-bloc trade observed in other integration frameworks. It is expected to reach almost USD 100 billion by 2026<sup>5</sup>.

The data in the table indicate that during 2022-2024, the VAT revenues from imports in the Republic of Armenia significantly exceeded the revenues generated from domestically produced goods (works and services). Notably, this indicator more than doubled in 2023 but declined in 2024, reaching a ratio of 1.36. As for excise tax, the corresponding ratio was 0.91 in 2022, increased to 1.04 in 2023, and then decreased to 0.69 in 2024.

An analysis of the presented data suggests that Armenia's foreign economic activity has had a greater impact on VAT revenues in the last three years. This trend is also attributed to the improvement of tax regulation mechanisms as a result of Armenia's accession to the Eurasian Economic Union (EAEU).

Article 72 of the Treaty on the Eurasian Economic Union, signed on May 29, 2014, defines the principles for the collection of indirect taxes within the member states, which include the following:

- Indirect taxes on mutual trade in goods are levied based on the destination principle.

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<sup>3</sup>The Official website of The RA Ministry of Finance: [https://minfin.am/hy/page/evrasiakan\\_tntesakan\\_miutyun/](https://minfin.am/hy/page/evrasiakan_tntesakan_miutyun/)

<sup>4</sup> Same place.

<sup>5</sup>Outcomes of the Eurasian Intergovernmental Council meeting of January 31, 2025. Source: <https://eec.eaeunion.org/hy/news/itogi-evraziyskogo-mezhpravitelstvennogo-soveta-31-yanvarya-2025-goda/>

- Indirect taxes are levied upon the export and import of goods, accompanied by mechanisms for controlling their payment.
- For the performance of work and provision of services, indirect taxes are levied in the member state where the place of supply is recognized as located.
- Procedures are established for the exchange of information necessary to ensure the full payment of indirect taxes.

Table 1

Domestic and external revenues of the RA state budget from VAT and excise tax, and their structure, 2022–2024<sup>6</sup>

Indicators	Billion AMD		
	2022	2023	2024
VAT, total	678	767	756
- domestically produced goods and services	236	250	321
- Share in total	34.8	32,6	42,5
- imported goods	442	517	435
- imported from EAEU countries	165,7	200,0	183,6
- Share in total	65,2	67,4	57,5
Excise tax, total	127	149	147
- domestically produced goods and services	66	73	87
- Share in total	52,0	49,0	59,2
- imported goods	60	76	60
- imported from EAEU countries	22,5	29,4	25,3
- Share in total	48,0	51,0	40,8

- In cases where goods are imported from the territory of one member state into the territory of another, indirect taxes shall be levied accordingly.
- The rates of indirect taxes applied to goods imported through mutual trade shall not exceed the rates applicable to similar goods when sold within the importing member state's territory.
- Requirements are set for exempting imported goods from indirect taxes in specific cases.

As of May 2024, amendments to the Protocol of December 11, 2009, have entered into force, stipulating that the electronic exchange of information on the payment of indirect taxes between the tax authorities of the Eurasian Economic Union (EAEU) member states is now conducted weekly (previously, the exchange occurred every ten days). The time frame for the exchange of control protocols has been reduced from three working days to one working day. The protocol has also been supplemented with provisions concerning the structure and content of electronic information related to indirect taxes.

<sup>6</sup>On the revenues of the budgets in the Eurasian Economic Union. January – December 2023" and January – December 2024. Source: [https://eec.eaeunion.org/upload/files/dep\\_stat/fin\\_stat/express\\_information/revenue/express\\_revenue\\_4Q2023.pdf](https://eec.eaeunion.org/upload/files/dep_stat/fin_stat/express_information/revenue/express_revenue_4Q2023.pdf)

These changes aim to enhance the efficiency and responsiveness of information exchange between tax authorities, improve the effectiveness of tax control, and ensure the lawful application of the zero VAT rate and exemptions from excise duties by establishing a more reliable evidentiary database. The recently implemented measures are designed to expedite the processes involved in export, the settlement of indirect taxes, and the validation of the application of the zero-value-added-tax (VAT) rate by participants in mutual trade<sup>7</sup>.

According to the RA Legal Information Center JSC (IRTEK), on August 22, 2023, in Moscow, a protocol amending the Protocol of December 11, 2009, "On the exchange of information in electronic form between the tax authorities of the member states of the Eurasian Economic Union regarding amounts paid for indirect taxes" was signed. This amended protocol was ratified by the relevant law of the Republic of Armenia on April 22, 2024<sup>8</sup>.

The protocol stipulates the regulations that govern the exchange of information between the tax authorities of the member states of the Union. The amendments introduced to the existing regulations aim to enhance the efficiency of cooperation between the tax authorities of the parties within the framework of indirect tax administration. This, in turn, is expected to have a positive impact on the effectiveness of tax control and on the quality of evidence substantiating the legitimacy of applying the zero VAT rate (exemption from excise duties) by taxpayers.

It is noteworthy that, commencing in 2023, Armenia is undertaking a systematic implementation of a digital marking process for goods. Products that have been designated with identification marks include tobacco products, alcoholic beverages, and packaged drinking water. According to a recent government directive, the implementation of digital marking will be mandatory for a broader range of product categories. It is imperative to underscore that the implementation of identification marking facilitates the traceability of goods throughout their lifecycle—from the stages of production or importation to the point of final consumption. The recently implemented marking system is intended to function as an ancillary instrument to enhance administrative efficiency<sup>9</sup>.

Furthermore, the implementation of identification markers constitutes a more sophisticated solution, facilitating the tracking of each product unit from its point of entry into circulation to its eventual consumption. This approach ensures the transmission of all pertinent information to the relevant state authorities. This initiative presents a valuable opportunity to effectively address the issues of the shadow economy and the circulation of counterfeit goods.

**Conclusion.** The research findings state that EAEU has not yet established a unified tax legislation. The legal and regulatory foundation of the Union is predicated on the Treaty on the Eurasian Economic Union (EAEU), which legitimizes and grants legal authority to the structures formed under its framework. The EAEU's decade-long experience in

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<sup>7</sup>EAEU countries' tax authorities will exchange information on new standards. Source: <https://eec.eaunion.org/hy/news/nalogovye-organy-stran-eaes-budut-obmenivatsya-informatsiey-po-novym-standartam/>

<sup>8</sup> "On the Ratification of the Protocol on Amendments to the Protocol of December 11, 2009, On the Exchange of Information in Electronic Form between the Tax Authorities of the Member States of the Eurasian Economic Union Regarding Amounts Paid for Indirect Taxes", <https://www.irtek.am/views/act.aspx?aid=157715>

<sup>9</sup> Starting from March 1, marking with identification means will become mandatory for new product categories. Source: <https://www.src.am/am/getNews/901>

implementing this initiative underscores the pivotal role of harmonizing tax systems among member states in achieving this objective. The primary objectives of the organization are to deepen economic cooperation, reduce fiscal barriers, and strengthen the economies of the member countries.

In light of the prevailing circumstances, this process is propelled by the escalating trends of globalization and economic integration, and it is advisable to implement it in the following directions:

- To prevent the emergence of tax competition among EAEU member states, the tax burden must be harmonized.
- Double taxation must be eliminated, the tax administration must be improved and an electronic data exchange system developed.
- The investment attractiveness must be enhanced, and the integration of digital technologies in tax collection must be accelerated.
- Economic growth must be promoted through tax reductions and the development of joint policy frameworks.

It is evident that this process is accompanied by certain challenges, which are attributable to the unique characteristics of each country's economy and the variances in their respective national policies. However, the integration of taxes within the EAEU remains a dynamic process, with the potential to contribute to the acceleration of economic growth, the enhancement of the investment environment, and the establishment of equitable competitive conditions among member states.

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8. Starting from March 1, marking with identification means will become mandatory for new product categories. Source: <https://www.src.am/am/getNews/901>

## **ԵԱՏՄ ԱՆԴԱՄ ՊԵՏՈՒԹՅՈՒՆՆԵՐԻ ՄԻՋԵՎ ԱՐՏԱՔԻՆ ՏՆՏԵՍԱԿԱՆ ԳՈՐԾՈՒՆԵՈՒԹՅԱՆ ՀԱՐԿԱՅԻՆ ԿԱՐԳԱՎՈՐՄԱՆ ՇՈՒՐՁ**

### **ԿԱՐԵՆ ՆԵՐՍԻՍՅԱՆ**

#### **Համառոտագիր**

Արտաքին տնտեսական գործունեության ոլորտում պետական կարգավորման հիմնական գործիքներից մեկը հարկային քաղաքականությունն է: Այս համատեքստում ԵԱՏՄ անդամ պետությունների հարկային համակարգերը զարգանում են հարկերի, տուրքերի և այլ պարտադիր վճարների համահնչեցման և միավորական սկզբունքների հիման վրա: Երևույթը առանձնահատուկ կարևորություն է ստանում՝ հաշվի առնելով ոլորտում առկա խնդիրների բացահայտման և դրանց հաղթահարման համար գիտականորեն հիմնավորված մոտեցումների և մեթոդների մշակման անհրաժեշտությունը: Այս բոլոր հանգամանքներն ընդգծում են հոդվածի արդիականությունը: Հոդվածի նպատակն է վերլուծել և բացահայտել Հայաստանի արտաքին տնտեսական գործունեության հարկային կարգավորման առկա մարտահրավերները և առաջարկել դրանց լուծման ուղղությամբ իրատեսական առաջարկություններ: Նշված նպատակին հասնելու համար ձևակերպվել են հետևյալ հետազոտական խնդիրները՝

- Վերլուծել արտաքին տնտեսական գործունեության ոլորտում հարկային կարգավորման գործիքներն ու մեխանիզմները, ինչպես նաև հարկային կառավարման ոլորտում ընթացիկ բարեփոխումների ուղղությունները:
- Մշակել առաջարկություններ՝ ուղղված հարկային կարգավորման արդյունավետության բարձրացմանը:

Հոդվածը հիմնված է նկարագրական մեթոդների, տվյալների հավաքագրման գործիքների, ինչպես նաև որակական և քանակական վերլուծության վրա: Հետազոտության արդյունքները ցույց են տալիս, որ ԵԱՏՄ-ում դեռևս չի ձևավորվել միասնական հարկային օրենսդրություն: Միության՝ ավելի քան տասնամյա փորձը տվյալ նախաձեռնության իրականացման հարցում ընդգծում է անդամ պետությունների հարկային համակարգերի համահնչեցման կարևոր դերը՝ կազմակերպության ռազմավարական նպատակներին (տնտեսական համագործակցության խորացման, հարկային արգելքների նվազեցման և անդամ երկրների տնտեսությունների ամրապնդման) հասնելու համար: Այս համատեքստում նպատակահարմար է իրականացնել հետևյալ միջոցառումները.

- հարկային բեռի համահնչեցում և կրկնակի հարկման բացառում,
- հարկային վարչարարության կատարելագործում և էլեկտրոնային տեղեկատվության փոխանակման համակարգի ձևավորում,

- տնտեսական աճի խթանում՝ հարկերի նվազեցման և համատեղ քաղաքականության շրջանակների զարգացման միջոցով:

**Բանալի բառեր.** Եվրասիական տնտեսական միություն, հարկային կարգավորման գործիքակազմ և մեխանիզմներ, ավելացված արժեքի հարկ, ակցիզային հարկ

## **О НАЛОГОВОМ РЕГУЛИРОВАНИИ ВНЕШНЕЭКОНОМИЧЕСКОЙ ДЕЯТЕЛЬНОСТИ МЕЖДУ ГОСУДАРСТВАМИ-ЧЛЕНАМИ ЕАЭС**

**КАРЕН ПЕРСИСЯН**

### **Аннотация**

Одним из основных инструментов государственного регулирования внешнеэкономической деятельности является налоговая политика. В связи с этим налоговые системы государств — членов ЕАЭС развиваются на принципах гармонизации и унификации налогов, пошлин и иных обязательных платежей. Явление приобретает особую значимость, учитывая необходимость выявления существующих проблем в данной области и разработки научно обоснованных подходов и методов их преодоления. Все эти обстоятельства обуславливают актуальность статьи. Цель статьи — проанализировать и выявить существующие проблемы налогового регулирования внешнеэкономической деятельности Армении и предложить реальные предложения по их решению. Для достижения поставленной цели сформулированы следующие задачи исследования:

- Проанализировать инструменты и механизмы налогового регулирования в сфере внешнеэкономической деятельности, а также направления текущих реформ в сфере налогового администрирования.

- Разработать предложения, направленные на повышение эффективности налогового регулирования.

Статья основана на описательных методах, инструментах сбора данных, а также качественном и количественном анализе. Результаты исследования показывают, что единое налоговое законодательство в ЕАЭС до сих пор не сформировано. Более чем десятилетний опыт ЕАЭС в реализации данной инициативы подчеркивает важную роль гармонизации налоговых систем государств-членов в достижении стратегических целей организации (углубление экономического сотрудничества, снижение налоговых барьеров и укрепление экономик государств-членов). В этом контексте целесообразно реализовать следующие меры:

- гармонизация налогового бремени и устранение двойного налогообложения,
- совершенствование налогового администрирования и формирование электронной системы обмена информацией,
- стимулирование экономического роста за счет снижения налогов и разработки совместных политических основ.

**Ключевые слова:** Евразийский экономический союз, инструменты и механизмы налогового регулирования, налог на добавленную стоимость, акцизный налог

# ON THE TAX REGULATION OF FOREIGN ECONOMIC ACTIVITY AMONG THE EURASIAN ECONOMIC UNION (EAEU) MEMBER STATES

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## Abstract

One of the key instruments of state regulation in the sphere of foreign economic activity is taxation. In this context, the tax systems of the member states of the Eurasian Economic Union (EAEU) are currently undergoing development in line with the principles of harmonization and unification of taxes, duties, and other compulsory payments. Identifying existing challenges in the sector and developing scientifically substantiated approaches and methodologies for their resolution are of critical importance to ensure the effective organization of this process. These considerations highlight **the relevance** and timeliness of the present study. **This article** aims to examine and assess the existing issues in the tax regulation of Armenia's foreign economic activity and to formulate practical recommendations for addressing them. To achieve this objective, **the following research** tasks have been outlined:

- To analyze the instruments and mechanisms of tax regulation within the domain of foreign economic activity, along with the directions of ongoing reforms in tax governance;
- To develop policy recommendations aimed at enhancing the efficiency and effectiveness of tax regulation mechanisms.

The study employs descriptive research methods, data collection tools, as well as both qualitative and quantitative analytical techniques. The findings indicate that the EAEU has not yet adopted a unified tax legislation framework. The Union's decade-long experience in advancing tax coordination initiatives emphasizes the essential role of tax system harmonization among member states in achieving the EAEU's strategic objectives. These objectives include deepening economic cooperation, reducing fiscal barriers, and reinforcing the economic stability of member countries. In this regard, the following policy directions are recommended:

- Harmonization of the tax burden and elimination of double taxation;
- Improvement of tax administration and development of a system for electronic data exchange among member states;
- Promotion of economic growth through targeted tax reductions and the design of coordinated policy frameworks.

**Keywords:** Eurasian Economic Union, tax instruments and regulatory mechanisms, value added tax, excise tax