The amount of remuneration shall be denominated in Armenian Drams and shall be stated in gross terms. i.e. inclusive of payroll related taxes in all employment contracts, civil service contracts and bonus payment orders. According to the Republic of Armenia (RA) tax code, Employer is responsible to assess, withhold and transfer taxes to the State Budget on behalf of Employee.

**Income Tax**: Remuneration for employment contracts, civil service contracts and bonus payments are subject to 20% personal Income Tax.

**Contribution to Insurance Foundation for Servicemen**: A stamp fee for each month is withheld by employer and transferred to the Insurance Foundation for Servicemen on behalf of individuals that received compensation from the employer during the reporting month.

The stamp fee rates are following:

| **Monthly gross salary** | **Stamp fee** |
|---|---|
| Up to AMD 1,000,000 | AMD 1,000 |
| AMD 1,000,001 and over | AMD 15,000 |

**Social Payments**: Mandatory contributions to pension funds are applicable for both Armenian and foreign citizens holding RA residency born after January 1, 1974. The Employer, as a tax agent, is obliged to withhold the amount of social payment, as well as submit monthly personalized reports to the tax authorities on calculated income and social payments withheld from individuals within the terms established by the RA Tax Code. Mandatory Social Payments are transferred to the employee's personal retirement account and are intended to cover employee's pension costs upon retirement.

The social payment rates are the following:

| **Monthly gross salary** | **Social payment rate** | **Maximum monthly threshold** |
|---|---|---|
| Up to AMD 500,000 | 5% | Maximum amount of the Social Payment is capped at AMD 87,500. |
| AMD 500,001 and above | 10% minus 25,000 | |

**Universal Health Insurance Plan**: The law on General Health Insurance was adopted by RA Parliament on December 17, 2025. Under this law, employers are required to withhold insurance premiums from the salaries of RA citizens and foreign citizens, and to remit these amounts to the Universal Health Insurance system starting with the December 2025 payroll, in accordance to the following scale:

| **Monthly gross salary** | **Monthly Health Insurance Premium** |
|---|---|
| Up to AMD 200,000 | - |
| AMD 200,001 – 500,000 | AMD 4,800 |
| AMD 500,001 and above | AMD 10,800 |

RA citizens, residing in the country 183 and more days per year, aged 65 and higher, are not subject to the withholdings, as their Universal Health Insurance premiums will be covered by the RA State Budget.

Payroll is processed on monthly basis, in the first working day of each month for work performed in the previous month.

All employment or civil service contracts shall be processed by the Human Resource department. The Human Resource department shall either hand the hard copy contract to the AUA Financial Services department or input key contract information into 1C database for further processing by the Financial Services department. In addition to the salary rate, concrete assignments and other relevant information, the contracts shall include the starting and ending dates of employment. The starting date of a contract shall be at least 5 days before the date of submitting it to the Financial Services department. The ending date of a civil service contract shall be at least 5 days before the ending date of the current month or at the beginning of the following month. Payments will be made only upon receipt of the Absenteeism Forms (see Administrative Staff Personnel Manual) by the Financial Services department or the time sheets approved by the department heads on the last day of the month. For the service contracts, the payment is made only upon receipt of an Acceptance Act by the AUA Financial Services department.