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**Experience in Armenia and Azerbaijan
John Perry**

The Statistics project in the Caucasus is divided into broad areas of statistics: business statistics, macroeconomics, prices, social statistics and classifications/ dissemination. This paper covers the business registers elements of business statistics in two of the countries, Armenia and Azerbaijan.

Armenia

The overall objective is to improve the quality of the information about individual entrepreneurs on the Business Register of the statistical office.

Registration of businesses is the responsibility of the State Register Agency of the Ministry of Justice. Registration takes place in the regional offices (Marzen offices). All businesses whether to be operated as legal entities or by sole proprietors are required to register. There is no threshold for registration with the exception of farming. Few farms register currently as they are exempt from most taxation systems. The state register also includes some non-profit bodies. It does not include national, state or local government. There is a separate system for registering a bank with the Central Bank.

The State Register currently has 45,000 sole proprietors with active registrations. Tax records confirm that at least 37,000 are actually active in the sense that they complete tax records. The State Register also has 55,000 legal entities, of which 17,000 have not complied with a requirement to re-register under a new Civil Code and are therefore not trading or are not trading legally. A registration on the State Register does not mean that a business is active. It also provides no indication of the industrial activity. The State Register by itself does not provide the data for a statistical register.

All State Registrations are sent also to the Tax Office. All businesses liable for tax are then recorded in the tax system and allocated a tax registration number. The Tax Office requires each business liable for tax to complete a tax registration form: This is the basis for VAT collection. Although the Tax Register could supplement the State Register information in respect of industrial classification, a perceived lack of completeness and detail limits its use for statistical purpose.

Access to administrative data is covered by the Law on State Statistics, which states in Article 13 that “the creation and maintenance of the business register are implemented on the basis of the state register of legal units”. Furthermore, state bodies and local self-government, including the Central Bank implement accounting statistics through the maintenance of administrative registers. Article 15 asserts the right of the NSS to receive reliable statistical data from the providers of statistical information. The State Register is the primary source for the statistical business register, which covers only corporate entities and sole proprietors.

A register proving survey of 6,000 unchecked corporate entities from the 38,000 on the State Register was conducted towards the end of 2006 to check if a business was operating and its classification, turnover and employment. The results were that 17% could not be contacted, 31% were confirmed as active and 52% were not active. New State Registrations are running at 3,000 a year, which requires further proving. A similar register proving survey took place early in 2008 for a sample of 3,500 sole proprietors out of the 45,000 from the State Register.

The main concerns are the reliance on administrative registers that are not accurate, that have only selective coverage and that do not provide data sufficiently frequently to support the statistical systems. In addition, the tax system holds turnover and employment that is not easily accessible by the statistical office.

Azerbaijan

The main purpose of the component is to strengthen that part of the Business Register that relates to natural persons (individual entrepreneurs).

The use of administrative data to support a business register dates from the 1996 Registration of Legal Persons Act, which gave responsibility for registration of legal persons to the Ministry of Justice. The Tax Office also requires registration of legal persons and allocates a NACE code to each. but does not supply any data to the Statistical Office. The Statistical Office also requires legal persons to complete a registration document. Although this requests the legal person tax number, this is not always available. The Statistical Office planned to withdraw its dual registration requirement in 2008, when sole responsibility for registration of legal persons transfers to the Tax Office. This will be the first time that the Statistical Office has used administrative data to support legal units on the business register.

The number of legal units reported in the UNECE business register survey for January 2005 was 62,000. The estimate for October 2007 is 78,000. Both counts include dead and dormant legal units. The Statistical Office has used this register for its monthly, quarterly and annual statistical collections. The result of this contact is that a large number of these legal units are known to be dead or not active. Natural persons (entrepreneurs) with the exception only of farmers must register with the Tax Office. Dual registration with the Statistical Office is not required but a few do register to help with obtaining credit. The business register currently also holds 190,000 natural persons with 10 digit tax references and a further 65,000 natural persons with the obsolete 9 digit references. Apart from the few who chose to register with the Statistical Office, there has been no contact with these businesses.

The Ministry of Justice and the Tax Office have both supplied new registrations quarterly. The data supplied are limited to name, address (including in some cases telephone, fax and email addresses) and, only for natural persons, NACE Rev 1.1 code (extended to include a fifth national digit). The enterprise provides a description of main and secondary activity to permit coding by the Tax Office. The Tax Office also registers each local unit of a multi-site business through a five digit extension to the tax number. It does not supply this information to the Statistical Office. Its availability would facilitate the creation of local units on the business register.

A proving survey of legal units in 2006 produced some improvement in the business register. The number of legal units on the register at the time of the 2006 survey was 70,000, including 4,500 closed legal units. The Statistical Office sampled 3,500 of the 47,000 legal units that were thought to be active or temporarily inactive and not classified to public administration, religious or political organizations or large enterprises. Within the register 37,000 were marked as active at the time of the survey and of these 5000 were estimated through the survey to be dead or not active. In addition, 1,500 of the remaining 10,000 units marked as inactive were estimated to be active. In the survey, the classification of the legal unit was generally the same as on the business register but where there was a difference the new code was almost always within the distributive trades. This is possibly because the code on the business register was provided through the Statistical Office registration process or through survey contacts, this may reflect a real change in activity.

The Statistical Office has conducted a survey of natural persons in 2008. The objectives are primarily to determine the number of active natural persons and their contribution to economic activity. The survey has used face-to-face interviewing, following the same procedure as in the 2006 survey. A sample of 3,500 was selected from the 200,000 registered natural persons following the quarterly update from Tax Office records in January 2008. The sample size was chosen on grounds of cost. Also the same cluster sampling scheme was used with a systematic random sample of units from each region.

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