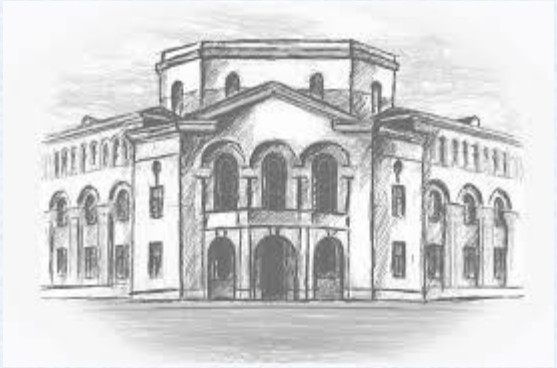
Evolution of the structure and functions of the Treasury, TSA coverage



Ministry of Finance
Republic of Armenia
2025

Lusine Ayvazyan
Head of State Budget Accounting Department
Operations Division

Stages in the Treasury Development

Key developments


1996 – Law on Treasury System, establishment of the Treasury, TSA


1998 - Treasury IS


2001 – Law on Civil Service


2005 – Treasury IS improvement


2010 - Client-Treasury IS

2012 - e-payments


2014 – Unified data base, Treasury structure

2015 – joining the EAEU


2018 – single tax account


2019 – transition to program budgeting, expanding TSA coverage


2024 - POS-e-payments

Establishment of the Treasury

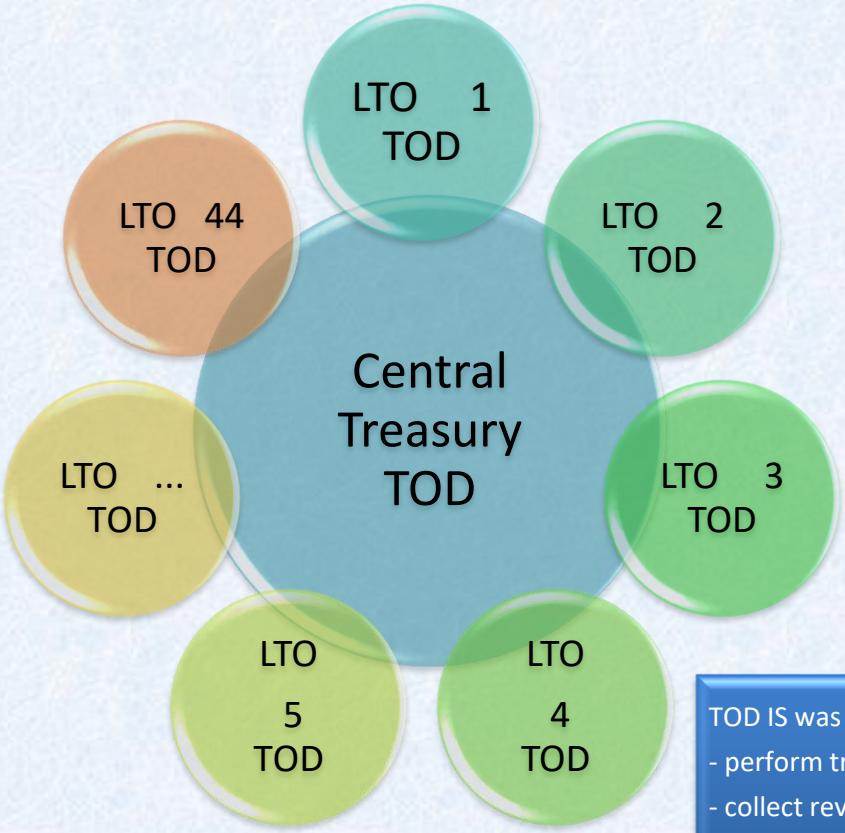
- Law of the Republic of Armenia “On the Treasury System”;
- The treasury system was established in 1996 by merging all structures performing similar activities and centralizing the management of all financial flows
- In 1996, a single treasury account denominated in Armenian drams was opened and has been maintained in the name of the Ministry of Finance at the Central Bank of the Republic of Armenia

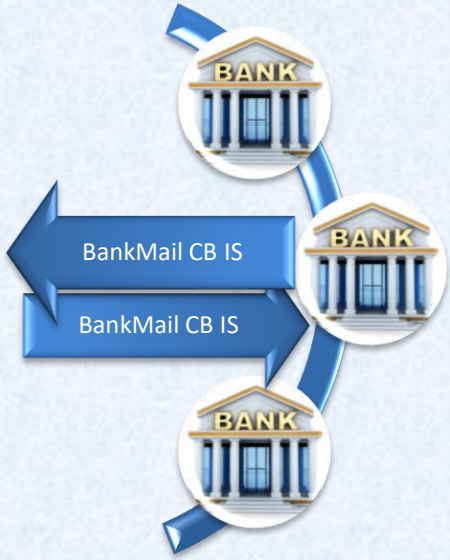
Early structure of the RA Treasury

The Treasury is a totality of structural divisions of the RA Ministry of Finance, headed by the Deputy Minister of Finance-Chief Treasurer.

- local treasury offices: 44,
- including in the capital Yerevan: 4

The "Treasury Operational Day" TOD Information System (1998)





TOD IS was developed to:

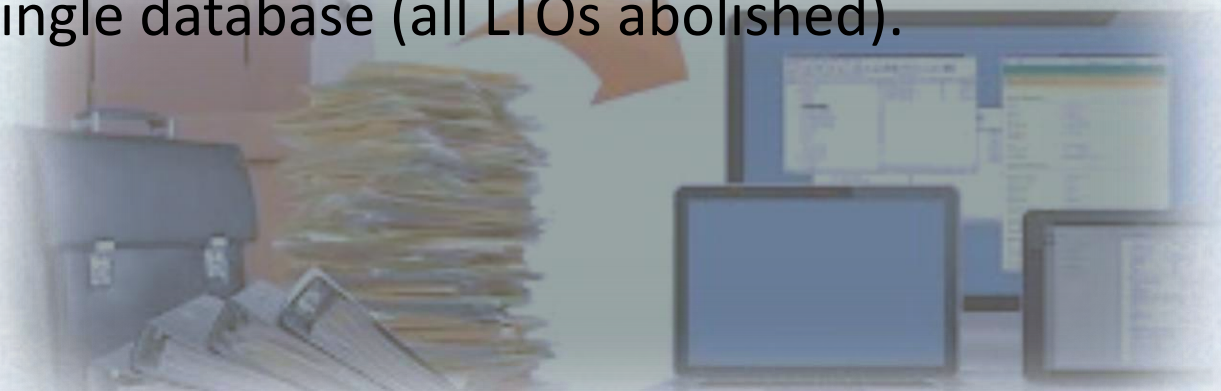
- perform treasury operations,
- collect revenues and transfers via TSA: in connection with the BankMail CB IS,
- account for budgets, generate various reports, keep treasury accounts data (migration from Excel to a new system).

The Central Treasury and each LTO had their own database in the TOD IS (total: 44+1).

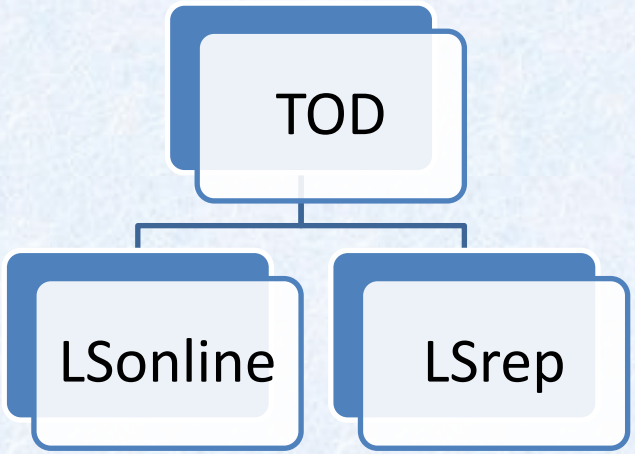
Receipts to treasury accounts in LTOs, as well as transfers from these accounts, were carried out through correspondent accounts of the Central Treasury.

TOD IS Improvements

- **2005:** Modernization of the TOD IS (software update) allowed setting new goals for the gradual automation of treasury processes and functions. The treasury switched to a new financing mechanism (consolidated financing order).
- **2010:** Client-Treasury IS was developed and implemented in the treasury system for electronic management of treasury accounts. The system allows to electronically fill out and submit the required documents to the treasury: cost estimates, contract statements and payment schedules (deadlines), budget requests for financing, invoices, tax bills, financial obligations, payment orders, and others; it also allows viewing accounts in real time and generating statements and references.
- **2014:** The databases of the central treasury and 44 LTOs merged into a single database (all LTOs abolished).



Unified Data Base



TOD IS includes two large modules:

- LSonline operational module,
- LSrep module for generating various working reports, as well as mandatory reports, and submitting them to the treasury. This module is used to summarize and compile quarterly and annual budget execution reports.

Treasury Clients

The Treasury Sigle Account covers:

1. funds of the state budget of the Republic of Armenia (1996);
2. funds of local budgets of municipalities of the Republic of Armenia (2000);
3. state and municipal extrabudgetary funds (2001);
4. funds of offices implementing targeted loan and grant programs (provided to the Republic of Armenia by foreign states and international organizations), regardless of their organizational and legal type (2010);
5. funds of state non-profit organizations (2018).
6. funds established by the state and municipalities, as well as legal entities established by these funds (2018);
7. funds of municipal non-profit organizations (2018);
8. funds belonging to companies in which the state or municipality owns more than 50% of the share capital, as well as funds of legal entities established by these companies (2025)

- ❑ only in Treasury
- ❑ on discretion

The Treasury's powers to manage TSA funds

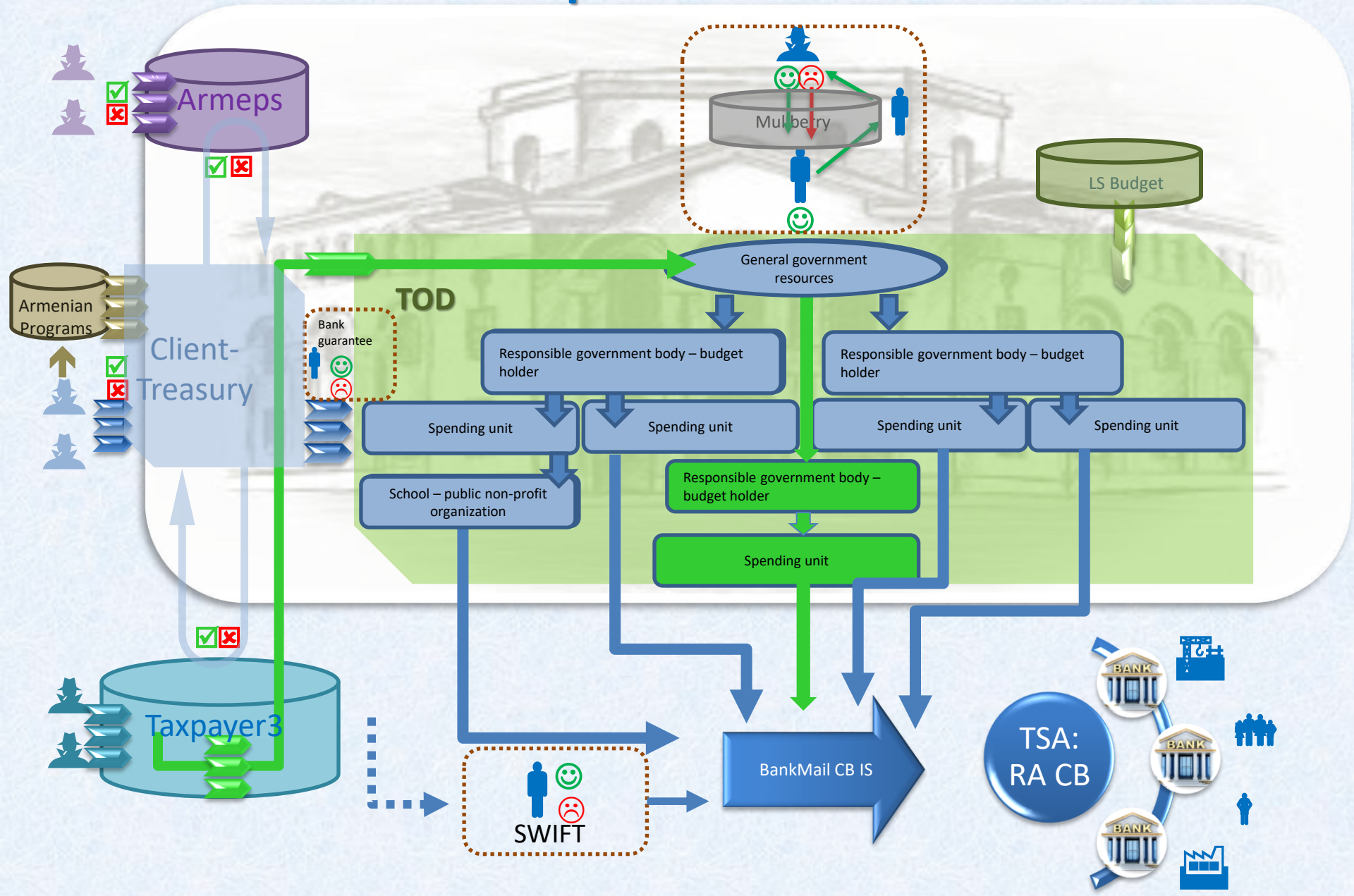
1. In the case of an unused balance of other TSA sub-accounts, the difference between revenues to the state budget and expenditure transfers financed from the state budget at the end of any day may be negative, provided that:

- *the balance of the state budget of the Republic of Armenia on the last day of the fiscal year (excluding loans or grants provided by international organizations and foreign states and extrabudgetary funds) cannot be negative.*
- *the transfer processes planned from other TSA sub-accounts will not be disrupted.*

2. The Treasury may only deposit cash with the Central Bank for terms ranging from 15 days to one year.

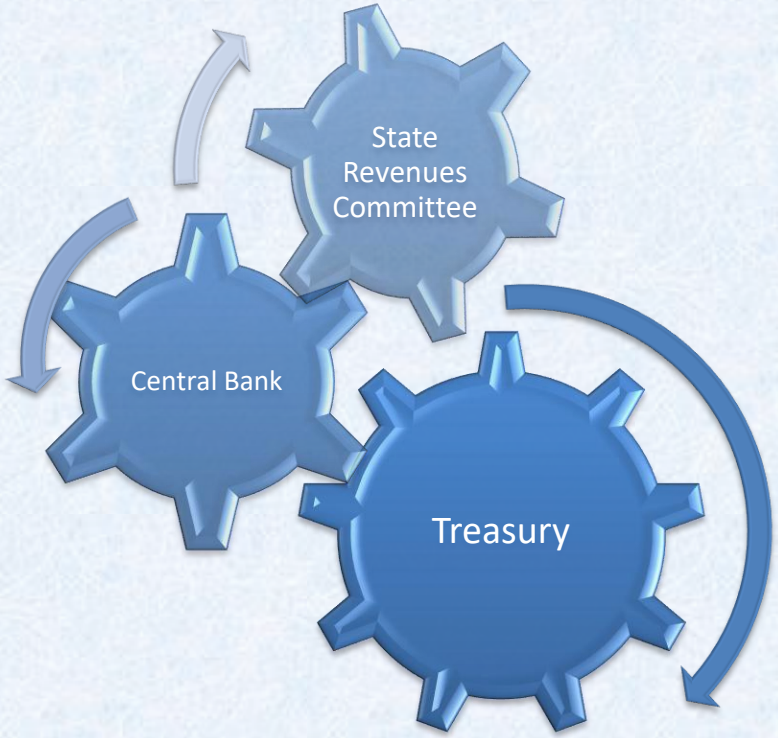
- *Depositing surplus cash in commercial banks is considered.*

Automated process for financing expenses and transfers



Automated treasury functions under the EAEU

- Due to the accession of the Republic of Armenia to the EAEU in 2015, a new module was added to the structure of the TOD IS.
- All operations and reconciliation of amounts are performed without the intervention/participation of treasury staff.



1. Reports:

Daily

Monthly

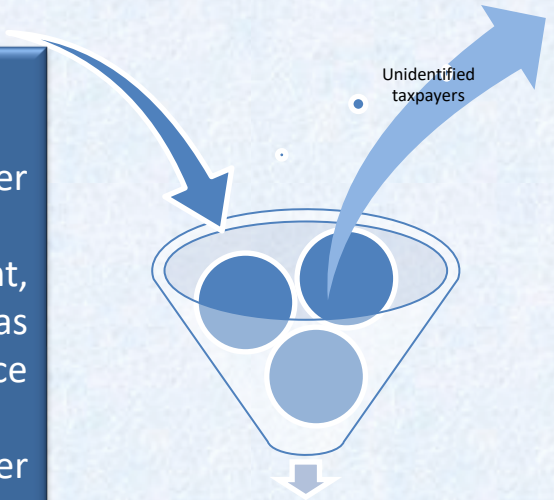
2. Feeding new data into the TOD IS:

allocation standards, bank details, accounts, non-working days, and other.

Single Tax Account

2018

- A single tax account opened with the treasury.
- Previously, taxpayers made tax payments to accounts per specific type of income.
- Now, taxpayers transfer the amount to a single tax account, and the distribution by tax type is carried out automatically as a result of the integration of the treasury and tax service information systems.
- The account has made it possible to keep records by taxpayer codes.



Taxpayer 00000001	Taxpayer 00000002	Taxpayer 00000003	Taxpayer 0000000N
VAT excise tax corporate income tax income tax environmental tax road tax turnover tax	VAT excise tax corporate income tax income tax environmental tax road tax turnover tax	VAT excise tax corporate income tax income tax environmental tax road tax turnover tax	VAT excise tax corporate income tax income tax environmental tax road tax turnover tax

2026

- It is planned to collect state duties through a single account.

Going forward:

- Decentralization and digitization of the treasury function for the refund of state duties is planned.

Move to non-cash transactions

Electronic system for state payments “e-payments”

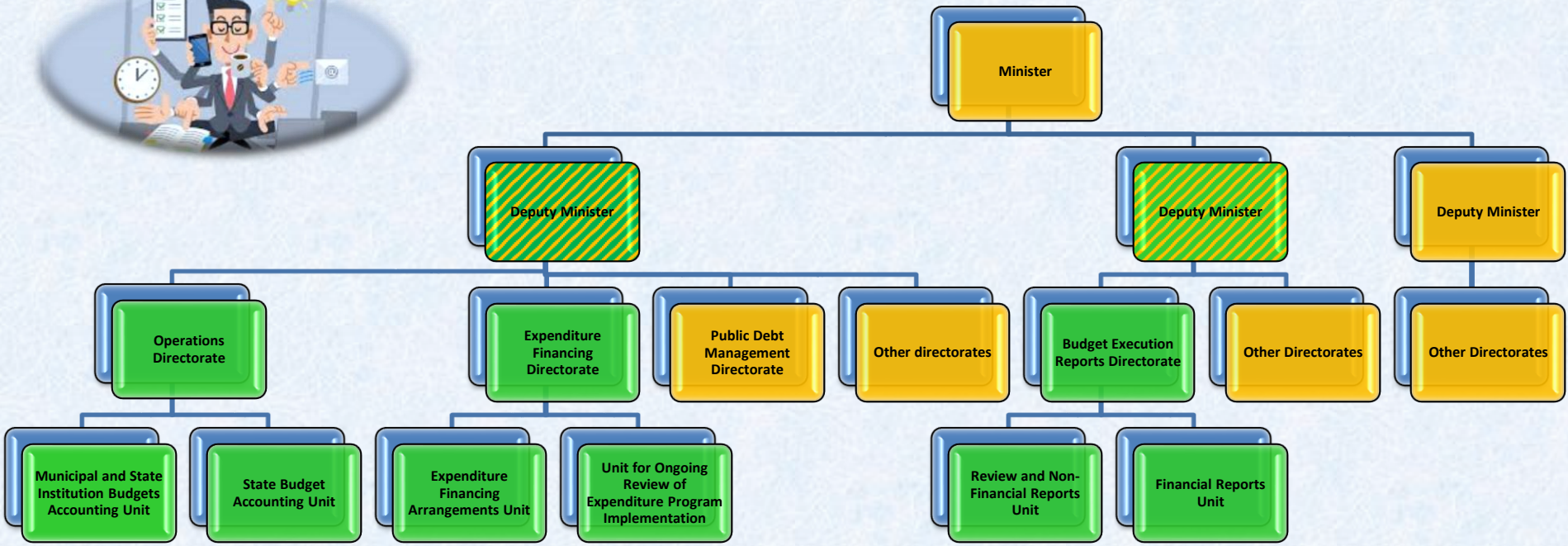
- In 2012, an electronic system for state payments was developed and implemented: www.e-payments.am.
- In all cases where the legislation of the Republic of Armenia requires the submission of a payment receipt to state or local authorities for the payment of state fees, local fees, or administrative fines, the requirement is considered fulfilled by individuals or legal entities if an electronic receipt generated by the e-payments system or just a 20-digit receipt code is submitted.
- Interaction with electronic portals of state and local authorities. Group payments option.

“POS-e-payments”

- Thanks to the upgrade and expansion of the e-payments system, starting in 2024, payments through POS terminals are also accepted.
- General government and local government bodies have received the necessary number of POS terminals.

The Treasury Structure

- The statutory powers of the chief treasurer are exercised within the limits of their coordinating powers by the deputy ministers of finance who coordinate individual treasury units activity.
- Treasury employees are civil servants.



Government Financial Management Information System (GFMIS)

- Technical specifications are ready
- Work is currently underway in accordance with the established procurement procedure to purchase services for the design, development, and implementation of the GFMIS
- The following issues are expected to be resolved with regard to treasury activities :
  - accounting
  - accounting for long-term contracts
  - accounting for and servicing loans issued to domestic organizations
  - ... and others.

Going forward:

Explore opportunities for implementing artificial intelligence (AI) in the Treasury:

- study international experience on AI implementation in treasury by October 30, 2025,
- consider potential uses by December 30, 2025.

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THANK YOU!