

## PROSPECTS TO IMPROVE THE CURRENT STATE OF FINANCING THE FIELD OF CULTURE IN ARMENIA

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Key words: cultural sector, cultural services, cultural programs, financial resources, volume of state funding, structure of state funding, forms of state funding

**Introduction.** It is well known that the sphere of culture is of particular importance for the life activity of the society. It solves complex problems of ideological and social service of the society, which are aimed at its spiritual development, meeting cultural demands. Culture has a special role in the life of the Armenian people, not only in terms of the general level of civilization, but also in terms of national preservation. Therefore, the creation of favorable conditions for the development of national culture, especially the financial support of the state and the private sector for the cultural sector, has become a priority issue. However, the relatively small volumes of public and private financial resources provided to the cultural sphere of Armenia limit the possibilities of the state structures, cultural organizations and cultural figures regulating the sphere to take steps in line with the global cultural processes, to preserve the valuable things that have been handed down for centuries, and to create new ones.

There are certain problems facing the financing of the RA culture sector, related to its insufficiency, the limitation of the scope of applied forms. In this case, the need to expand the mentioned funding opportunities, expand the range of applied forms, choose and apply effective forms of culture preservation, especially the requirements for development and rational use of budget funds, in line with the strategic goals of culture development, especially state funding (taking into account the dominance of the latter in the total volume of funding of the culture sector) occurs. In this context, the analysis of the current state of funding in the RA culture sector and the clarification of ways to improve it become relevant.

The purpose of the article is to identify the ways to improve the current state of funding of the RA culture sector.

The tasks of the article are to analyze the trends characterizing the current state of state financing of the cultural sphere of our republic, to identify ways of expanding the range of possibilities and forms of this and non-state financing.

**Methodology.** In the article, the methods of scientific abstraction, comparative and graphic analysis, combining the historical and the logical were used. The method of scientific abstraction assumes that in order to assess the current state of state funding of the RA culture sector, non-essential or secondary factors should be ignored. The applica-

tion of the method of combining the historical and the logical, its combination with the method of graphic and comparative analysis, made it possible to study the historical trends in the above-mentioned financing during the last five years and draw conclusions with a certain logic.

**Scientific novelty.** Ways to improve the current state of funding of the RA culture sector were revealed.

**Literature review.** The problems of financing the culture sector have been recognized by prominent economists, including S. Shishkin [Shishkin, 2003, 108], A. Tolmasova [Tolmasova, 2003, 83], Galutsky [Galutsky, 1996], and many others. However, individual problems related to the improvement of current state of funding of the culture sector of the Republic of Armenia have not been studied in the necessary depth. The problems of improving the current state of funding of the culture sector of Armenia were discussed in the relevant documents of the state funding of that sector, but the proposed ways of solving them are limited by general judgments and need additional study.

**Analysis of the current state of funding of the RA culture sector.** The possibilities of state funding of the RA culture sector can be assessed as a result of the analysis of its current state. The share of allocations to cultural services provided by the RA state budgets of RA 2018-2022 in the total volume of expenditures of the relevant budgets was less than 1%; the indicated indicator was calculated in accordance with Article 2 of RA Laws on State Budgets of RA 2018, 2019, 2020, 2021 and 2022 and 7, as well as in Article 2 of the RA Law on the RA State Budget for 2019, 2020, 2021 and 2022 and on the basis of the relevant indicators described in Table N2 of the RA 2019, 2020, 2021 and 2022 State Budget Implementation Report, which is significantly lower compared to other social sectors. In particular, the share of planned expenditures on education, health-care, and social protection of the RA 2022 state budget in the entire volume of budget expenditures was 8.8%, 5.6%, and 26.6%, respectively. The calculations were made based on the data reflected in table N2 of the summary description of the state budget execution report. For comparison, let's also note that the share of culture and art in the total sum of budget expenses of developed European states reaches up to 2.5% [Nauchnoe izdanje, 2020, p.113]. The share of allocations from the RA state budget to the sphere of culture is, as a rule, quite small, which is not enough to solve the problems of cultural development. Financial resources received from the state budget are mainly aimed at the preservation and protection of cultural organizations and values. However, today the priority task of financing should be not only preservation of culture, but also development.

The 2018-2022 period is of particular interest in order to get a complete picture of allocations from the RA state budget to the sphere of culture. Analysis of the degree of implementation of planned allocations from the RA state budgets according to the recreation, culture and religion sector and cultural services group programs and the dynamics of ac-

tual allocations each year compared to the previous one. Thus, in 2018, AMD 25.3 billion were allocated from the state budget for the implementation of programs in the field of recreation, culture and religion, making up 97.3% of the planned expenses. Compared to the previous year, the expenses of the sector decreased by 2.7%, which is mainly due to the decrease of expenses in the field of museums, exhibition halls, art, political parties, non-governmental organizations, trade unions. About 13 billion drams were allocated to the programs of the cultural services group, making up 97.3% of the planned amount. In 2018, the mentioned expenses decreased by 6.3% compared to the previous year (due to the reduction of expenses for museums, exhibition halls and art), and their specific weight in the volume of expenses of that sector - by 2.1% (making up about 51.4%) [State budget implementation report, 2019]. In 2019, about AMD 33.6 billion were allocated from the state budget for the implementation of programs in the field of recreation, culture and religion, making up 94.0% of the planned expenses. Compared to the previous year, the expenses of the sector increased by 32.8%, which was partially due to the 30.4% increase in the financing of cultural services group projects (although the actual expenses for the mentioned services were 92.9% of the planned ones, and that the share of expenses in the total volume of actual allocations from the state budget in 2019 decreased by 1.1% compared to the previous year, amounting to 50.4%) and mainly due to the increase in expenses for recreation, religion and sports (34.9%) [State budget implementation report, 2020]. In 2020, AMD 33.62 billion were allocated from the state budget for the implementation of programs in the field of recreation, culture and religion (slightly AMD 0.07 billion more than last year), making up 94.8% of the planned expenses. Allocations to cultural services amounted to AMD 20.1 billion or 94.1% of the planned amount, which is AMD 3.2 billion more than last year (which happened due to the increase in allocations to almost all types of the mentioned services). In addition, the specific weight of the specified allocations in the total volume of expenditures for recreation, religion and sports increased in the same period (by 9.4%, making 59.8%) [Summary budget execution report, 2021]. In 2021, AMD 30.4 billion were allocated from the state budget for the implementation of programs in the field of recreation, culture and religion (a slight decrease of AMD 0.22 billion compared to the previous year), making up 97.5% of the planned expenses. Allocations to cultural services amounted to AMD 15.6 billion or 96.5% of the planned amount, which is 4.5 billion drams less than last year (which happened due to a decrease in allocations to certain types of services). [State budget implementation report, 2022]. In addition, the share of the specified allocations in the total volume of expenditures for recreation, religion, and sports decreased in the same period (by 8.5%, making 51.3%). In 2022, AMD 43.9 billion (AMD 13.5 billion more than last year) were allocated from the state budget for the implementation of programs in the field of recreation, culture and religion, making up 97.6% of the planned expenses. Allocations to cultural services amounted to AMD 17.7 billion or 96.0% of the planned

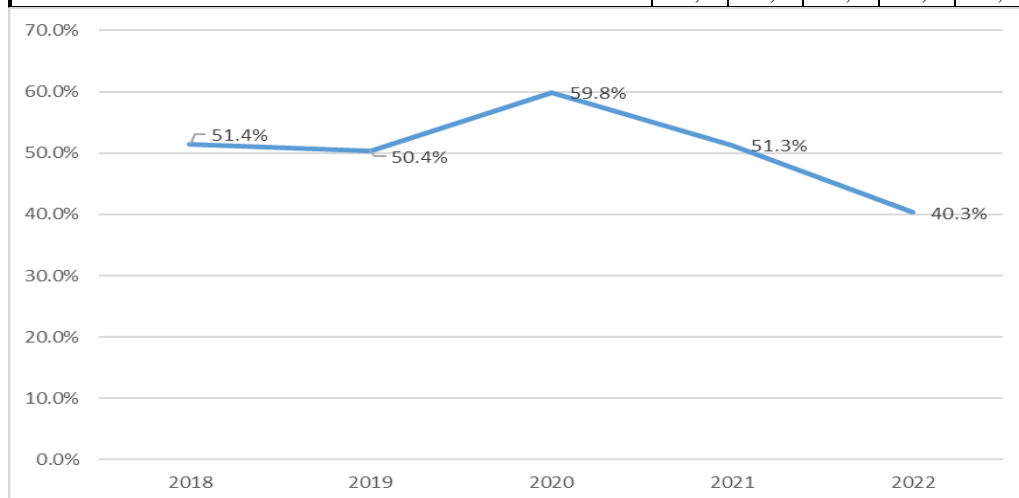
amount, which is AMD 2.1 billion more than last year (which happened due to the increase in allocations to almost all types of the mentioned services) [State budget implementation report, 2023]. However, the specific weight of the specified allocations in the total volume of expenses directed to recreation, religion and sports decreased in the same period (by 11.0%, making 40.3%).

Thus, the actual allocations from the RA state budget according to the recreation, culture and religion article and the cultural services included in it in 2018-2022 mainly had an increasing trend, except for 2020-2021. The above trends are evident from the data in Table 1 and Figure 1 below.

**Table 1.** Actual allocations from the RA state budget according to the recreation, culture and religion article and the cultural services included in it (billion AMD)

[The table is compiled by the author, based on: www.parliament.am. Republic of Armenia 2018, 2019, 2020, summary descriptions of the state budget implementation report for 2021 and 2022, tables N2. RA National Assembly Budget Office, Yerevan, 2018, 2019, 2020, 2021, 2022]

The actual allocations from the RA state budget according to the recreation, culture and religion article and the cultural services included in it (million drams)	2018	2019	2020	2021	2022
1. Peace, culture and religion	25,3	33,5	33,6	30,4	43,9
2. Cultural events	13,0	16,9	20,1	15,6	17,7



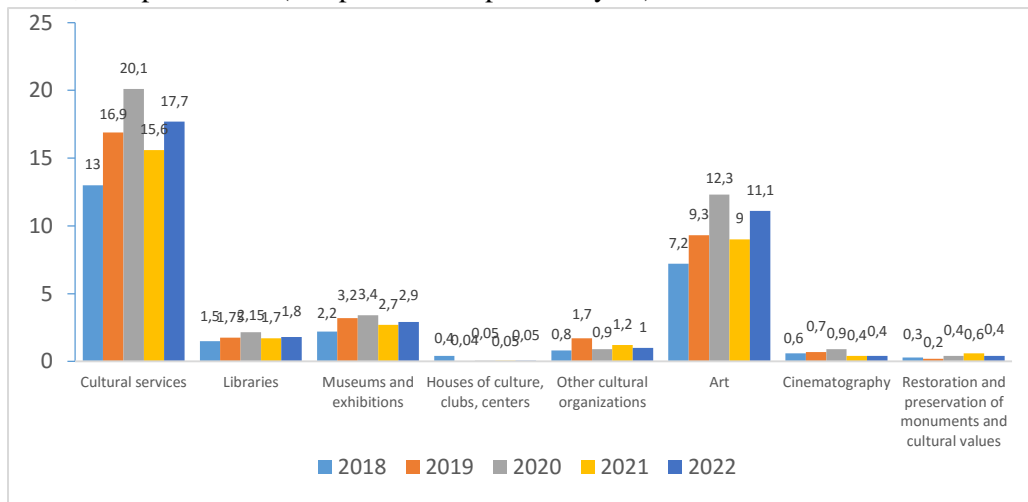
**Figure 1.** The share of allocations of cultural services from the RA state budget in the total volume of allocations to the recreation, culture and religion article (2018-2022)

(The diagram is compiled by the author, based on: www.parliament.am. 2018 2019 and 2020 , summary of the state budget implementation report for 2021 and 2022, tables N2. 2019, 2020, 2021, 2022, 2023]

2018-2022 is also of particular interest. The analysis of the degree of fulfillment of allocations for cultural services and their separate groups from the RA state budget. As a result of the analysis, it turns out that during the mentioned period, the actual allocations

from the RA state budget to cultural services were not implemented in the planned amount each year: by 2.7%, 7.1%, 5.9%, 3.5%, respectively. who and by 4%. It is related to the fact that the actual allocations for all services in the mentioned years are smaller than planned [Report on state budgets implementation, 2018-2022]. A clear idea of the dynamics of actual allocations (2018-2022) from the RA state budget to cultural services and its above-mentioned groups can be obtained by judging from chart 2.

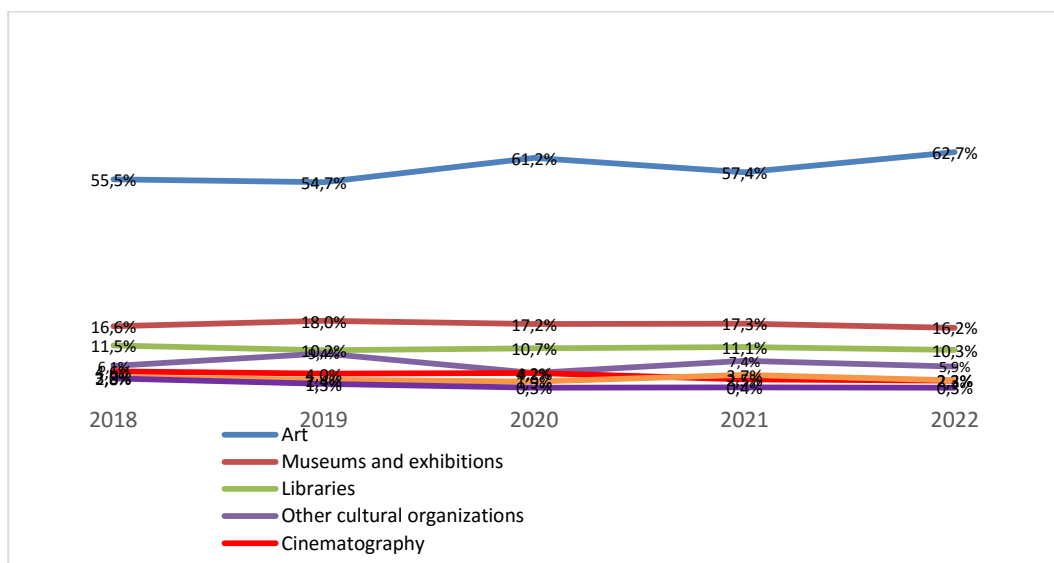
Actual allocations from the RA state budget to cultural services increased in 2019 and 2020 compared to the corresponding figure from previous year (due to the increase in allocations for almost all services during that period, except for culture houses, clubs and centers in 2019, restoration and preservation of monuments and cultural values, and in 2020 allocations to other cultural organizations). In 2021, compared to 2020, the specified allocations decreased by AMD 4.5 billion, due to the decrease in expenses for a significant part of these service groups, but in 2022, compared to the previous year, they increased by AMD 2.1 billion. The latter happened mainly at the expense of allocations to art, partly to libraries, museums, and exhibition halls. In other words, the actual allocations from the RA state budget for cultural services in 2018-2022 have mostly increased, except for 2021 (compared to the previous year).



**Chart 2.** Dynamics of actual allocations from the RA state budget to cultural services included in the recreation, culture and religion sector by individual services (2018-2022)

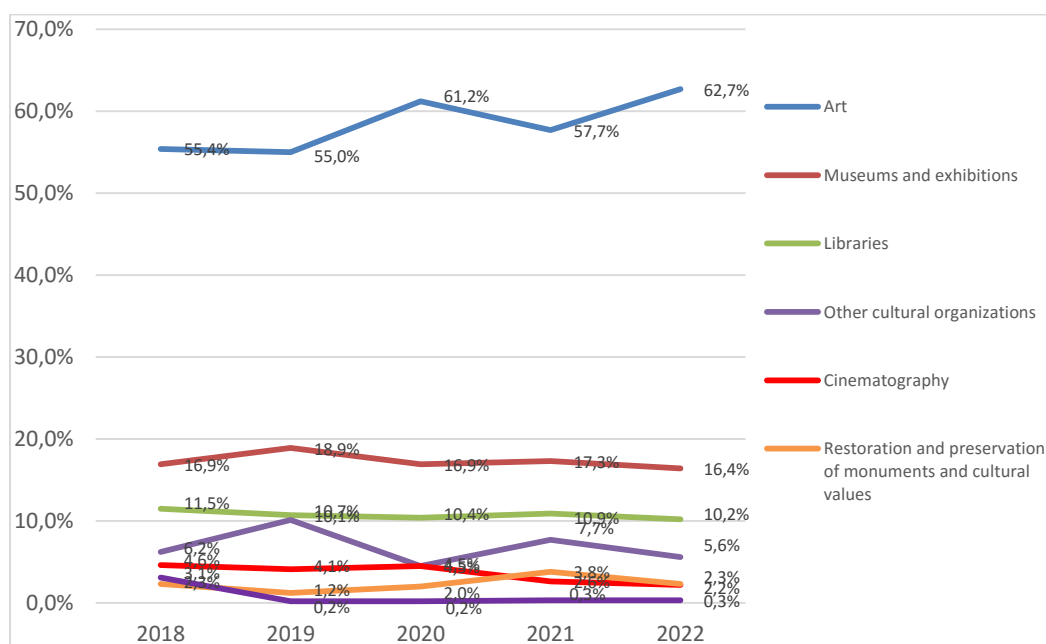
[The chart was compiled by the author, based on: www.parliament.am. Republic of Armenia 2018 2019 2020, summary descriptions of the state budget implementation report for 2021 and 2022, tables N2. RA National Assembly Budget Office, 2019, 2020, 2021, 2022, 2023]

In order to complete our understanding of the planned and actual allocations from the state budget for cultural services, the structure and dynamics of these allocations in 2018-2022 are of particular interest, which is seen from the 3rd and 4th charts, respectively.



**Figure 3. RA 2018-2022. The share of individual services in the total volume of allocations for cultural services from the state budgets (%)**

[The chart is compiled by the author, based on: www.parliament.am 2018 2019, 2020, 2021 and 2022 state budget implementation reports, tables N2: National Assembly Budget Office, 2019, 2020, 2021, 2022, 2023]



**Figure 3. RA 2018-2022. The share of individual services in the total volume of actual allocations to cultural services from state budgets (%)**

[The chart is compiled by the author, based on: www.parliament.am 2018 2019, 2020, 2021 and 2022 state budget implementation report, tables N2: National Assembly Budget Office, 2019, 2020, 2021, 2022, 2023]

It is obvious from the graphs that in the above-mentioned years, the share of art in the structure of the planned and actual allocations of the RA state budget for cultural services was incomparably high, accounting for more than half. In fact, more financial resources have been earmarked for art than, say, for libraries and museums. Art, by its very nature, is distinguished by the saturation of events. Museums, exhibition halls and libraries followed art in terms of the proportion of the state budget allocations and actual allocations in the mentioned time period, which was contributed, in particular, by the introduction of new technologies and innovations that gained momentum in these institutions in recent years. Other services were characterized by a relatively small share of allocations from the state budget. According to the specific weights, the groups of services mentioned above were followed by the groups of services related to other cultural organizations, cinematography, restoration and preservation of monuments and cultural values, houses of culture, clubs and centers (except for the group of services related to houses of culture, clubs and centers in 2018 from the state budget actual allocations, the specific weight of which in terms of all cultural services in the structure of such allocations was more than the share of the group of services for the restoration and preservation of monuments and cultural values, due to the greater non-implementation of the allocations planned for that group). As it can be seen, the planned and actual budget allocations for the cultural sector in 2018-2022 according to individual cultural services were characterized by a pronounced disproportion, which is mainly due to the adopted policy of the state for financing the cultural sector and the priority of the existing problems related to each of these services. At the same time, it should be noted that although the specific weight of all groups of cultural services in the specified period in the structure of the planned and actual allocations of the RA state budget for these services increased and decreased, this did not reflect on the same general picture of the succession of individual groups of cultural services according to the specified share.

In terms of completing our understanding of the structure of allocations to cultural services provided by the state budgets for 2018-2022, the study of the structure of allocations for each of the above-mentioned groups of these services is essential in terms of capital costs related to the overhaul and construction of cultural facilities (taking into account that the officially published statistical information in which capital expenditure is limited to that part only). Such a study allows to get an idea of the ratio of current and capital costs in the structure of the said allocations to a greater or lesser extent. The observation of the structure of these allocations shows that, in the case of most cultural services, the capital costs related to the maintenance and construction of cultural objects are absent or have a low percentage in the above-mentioned structure. Thus, in the case of libraries, other cultural organizations and cinematography, the capital costs related to the overhaul and construction of cultural objects for the specified period are absent in the structure of allocations from the state budget directed to these groups of cultural services,

and in the case of museums and art, their share was very low in the structure of the corresponding allocations. Thus, in the case of the museum and exhibition services group, the specific weight of the specified costs in 2016, 2017 and 2018 was 7.9%, 14.6%, 4.2%, respectively, and in the case of the arts, it was 6.4%, 1.2%, 0.2%, respectively. And here, in the case of individual groups of services, the capital costs related to the overhaul and construction of cultural objects in 2016-2019 prevailed in the structure of allocations from the state budget aimed at cultural services. Thus, in the case of cultural houses, clubs and centers, in 2016, 2017, 2018, the specified share of expenses was 77%, 88.3%, 88%, and in the case of the group of services for the restoration and preservation of monuments and cultural values, it was 63.4%, 61.6%, 63.2%, respectively. [Calculations are made in the N2 tables of the respective N1 annexes of the RA laws on the state budgets of RA for 2016, 2017 and 2018 (section 08-02-01 to 08-02-07)] (presented specific weights are limited to the years 2016-2018, because for the following years, the decoding of allocations from the state budget to the above-mentioned cultural services or cultural programs implemented from 2019 according to the articles of the economic classification of costs in the relevant official documents is missing, and in this case it is not possible to clarify the ratio of current and capital costs in the structure of allocations to each of these services or programs). As can be seen, the share of the above-mentioned capital expenditures in the structure of allocations from the state budget directed to the relevant groups of cultural services sometimes increased, sometimes decreased, i.e. variable trends were observed due to the cultural policy adopted by the state.

Until now, the analysis of the current state of state financing of the RA culture sector has been presented. However, in addition to state funding, cultural organizations acting as state non-profit organizations and dominating the sector are also financed by extrabudgetary funds, and non-state cultural organizations by their own and involved funds. In addition, the mentioned extra-budgetary funds are generated from patronage, charity, provision of paid cultural services, the implementation of entrepreneurial activities provided for by their charter, income from property rental. Taking into account that currently a significant part of cultural organizations strives to increase their incomes due to the provision of the mentioned services and the implementation of activities, as well as the rental of property, an annual increase in the incomes generated from them is expected.

Information of a summary statistical analytical nature regarding the volume of extra-budgetary financing in terms of the entire culture sector and its separate directions, as well as the own and involved funds of non-state cultural organizations, is not presented, considering that such information is not officially published. Meanwhile, a complete picture of the current state of state funding of culture can be made in the presence of the mentioned information (regardless of the predominance of state funding of the culture sector). In this case, having the mentioned information acquires special importance.



*Ways to improve the current state of funding of the RA culture sector.* Regarding the development of the RA culture sector and the effective use of budget allocations aimed at it, the use of forms of state financing consistent with them, in accordance with the strategic goals of cultural development, is particularly important. In connection with this, first of all, it is necessary to note that simple, pre-calculated funding for the maintenance of cultural organizations does not solve the problem of cultural development. Regarding the effective use of budget funds aimed at the development of culture, the role of financing the annual grant cultural programs implemented by the order of the Ministry of Culture of the Republic of Armenia in a competitive manner is particularly important. It is meant to ensure the operation of a transparent and competitive system of distribution of state funds, the balanced development of various fields of art, to give impetus to creative and perspective projects, to contribute to the worthy presentation of Armenian culture and modern art on international platforms. The sectoral scope of the competitive selection of these programs is: video and media, performing arts, folk arts, books and writing, cultural heritage and education. The financing of the above-mentioned grant cultural programs is aimed at giving priority to the cultural policy and strategic priorities adopted by the state, as well as co-financed, targeted and long-term effective programs. In addition, depending on the direction, compliance with the stated priorities and the volumes of the presented budget, the programs can be partially or fully financed.

In the state financing of cultural programs, a special place should be allocated to the implementation of long-term national and target-complex cultural programs (including the financing of capital expenditures, especially in the case of the overhaul of historical and cultural monuments of strategic importance), within the framework of special purpose transfers.

The forms of state financing of the cultural sector are not limited to those mentioned. Taking into account the limited possibilities of increasing the volume of state funding to the culture sector in the near future, perhaps the use of forms of culture funding with the participation of the state, that is, with joint funding, can be considered more promising. First of all, we are talking about the joint financing of the cultural sector with the partnership participation of the state and non-state, corporate sponsors, and its promotion. It is necessary to take into account that both the mentioned sponsors and the state can benefit significantly from this cooperation. Thus, private companies can attract budgetary resources to their projects, use bank loans and receive state guarantees in connection with project implementation, form a positive image of the company, and also significantly reduce risks. The goal of the state administration bodies will be to ensure the further development of the territories and their infrastructures, to increase the quality of life there, to attract funds from sponsors and to reduce budget costs. Joint financing of the cultural sector with the partnership participation of the state and non-state, corporate sponsors

may refer to jointly implemented cultural projects, with a certain ratio of budgetary and sponsorship funds in the total volume of funding. Effective implementation of marketing and management (especially PR and financial management) in non-commercial cultural organizations is particularly important for the implementation of the mentioned joint financing, which will promote the involvement of private sponsorship funds.

The joint participation of the state and regional bodies of the government in this financing with the participation of the state of the culture sector of RA can be considered a rather effective form of joint financing, that is, joint financing from the central and municipal budgets, which can be aimed at financing individual cultural organizations and investment projects. Such financing will allow for more efficient spending of budget funds of different levels, strengthening control over their rational use. In particular, the state budget can finance the replenishment and maintenance of library and museum funds, and the community budgets can finance the costs of maintaining buildings, paying for utility services, and paying service staff.

Taking into account the rather uneven territorial distribution of allocations to culture from the state budget in the republic, the very low share of allocations aimed at the implementation of regional cultural development programs in the total volume of state financing of culture, the provision of subsidies to community budgets can be considered as a prospective form of state financing of culture. At the same time, the implementation of target-complex programs for the development of marze culture with the participation of the state in the order of co-financing will significantly contribute to the development of culture in the region and the solution of its financing problems.

The possibilities of state funding of the RA culture sector can be expanded also by using its indirect forms, related to the application of tax benefits to those who offer goods and services of cultural significance. Separate tax privileges applied in the case of the culture sector in foreign countries are almost absent in our republic. The most common tax relief for cultural organizations in the mentioned countries is the exemption of the goods and services they offer from profit tax, value added tax, property tax or the application of a lower rate of these types of taxes to them. For example, in Belgium, the value added tax levied on art objects has been reduced from 19% to 6%, but in Ireland, the mentioned type of tax is not applied to books. Works of art owned by non-commercial cultural organizations are exempted from property tax [Shishkin, 2003, 108].

These privileges towards financial donors, benefactors, sponsors of culture are manifested mainly in the form of turnover tax, profit tax, personal income tax privileges, and in this case, the money donated by them for the purpose of the development of culture and art, support of cultural activities, is deducted from the amount subject to turnover, profit and income taxation, respectively [Tolmasova, 2003, 83].

Among the tax privileges applied in the case of the culture sector in our republic, perhaps we can mention the value added tax defined by Article 64 of the RA Tax Code (in the case of the provision of training services by children and youth aesthetic centers, music, painting, art and fine arts educational institutions), by Article 230 of the same code. Privileges related to the payment of the specified real estate tax (in the case of lands of historical and cultural significance and state-owned buildings of such significance), as well as in the case of charities in general [RA Tax Code, 2016, 1259]. Meanwhile, in the case of the culture sector, the need for tax benefits is due to the uniqueness of creative work and the special social significance of its result. In addition, the share of tax receipts from the culture sector to the state budget in the total volume of these budget receipts is very small and in this case, the application of tax benefits to paid services provided by the organizations of the sector (in various manifestations, in particular, exemption from payment of VAT or profit tax or reduction of their rates) is significantly will not affect the reduction of the specified volume. At the same time, the application of the mentioned privileges will indirectly expand the possibilities of funding from the state budget of the culture sector. As for the appropriateness of future implementation of the state funding of the RA cultural sector in specific volumes and directions, it should be determined based on the development strategy of the mentioned sector.

Along with the state funding of the RA culture sector, the expansion of non-state funding opportunities is important. The extra-budgetary funds of cultural organizations acting as state non-commercial organizations and dominating the field can be increased from sponsorship, charity, the provision of paid cultural services, the implementation of entrepreneurial activities provided for by their charter, property rental, and the financial resources of non-state cultural organizations, mainly from the provision of the above-mentioned services at the expense of increasing revenues. In addition, increasing the volume of funding from sponsors can be achieved through sponsorship activity, effective fundraising work of cultural organizations with potential sponsors, the generation of sponsors' interest in the cultural projects or events offered by them, and the increase in income from paid services, according to the study of the cultural services market, its segments. as a result of the right choice, the formation and promotion of consumer requirements and demand for these services, ultimately, effective marketing activities.

**Conclusions.** As a result of the research, the following conclusions were made:

- The current state of state financing of the RA culture sector is characterized by its insufficiency, partial financing of expenses, mainly current expenses. The mentioned funding is mainly aimed at the preservation of cultural organizations and values and is not enough, especially, to solve the problem of cultural development. In this case, it is particularly important to expand the possibilities of state financing of the cultural sector, to choose the forms of financing aimed at the development of culture, which will enable

more effective use of budget funds in accordance with the strategic goals of cultural development.

- From the RA state budget to cultural services in 2016-2020. the dynamics of actual allocations were characterized by variable trends and, in general, it did not have a positive impact on the expansion of state funding opportunities for culture;

- From the RA state budget to the culture sector in 2016-2020. in the structure of planned and actual allocations, the share of art, then museums, galleries and libraries was incomparably high. For other services, that indicator was comparatively small. The striking asymmetry of the mentioned structure is, first of all, due to the policy adopted by the state, the priority of the existing problems according to the services, and at the same time it indicates the insufficient state funding for a significant part of the cultural services.

- The solution to the problem of the development of the cultural sphere and the expansion of its state financing possibilities, even if in the future, will be possible in the event of an increase in the share of the country's budget revenues and budget allocations to the said sphere. Along with that, it is necessary to keep in mind that the expediency of long-term state financing of the entire field of RA culture and according to its directions is determined based on the development strategy of the field.

- We believe that the possibilities of state financing of the RA culture sector can be expanded by using such effective forms of financing that are not yet widespread in our country, such as joint financing of culture with the participation of the state, financing of long-term national and target-complex cultural programs, indirect financing of the culture sector. the forms.

- Along with the state funding of the RA cultural sector, the expansion of non-state funding opportunities is important. The extra-budgetary funds of cultural organizations acting as state non-commercial organizations and dominating the field can be increased from sponsorship, charity, the provision of paid cultural services, the implementation of entrepreneurial activities provided for by their charter, property rental, and the financial resources of non-state cultural organizations, mainly from the provision of the above-mentioned services at the expense of increasing revenues. In addition, increasing the volume of funding from sponsors can be achieved through sponsorship activity, effective fundraising work of cultural organizations with potential sponsors, the generation of sponsors' interest in the cultural projects or events offered by them, and the increase in income from paid services, according to the study of the cultural services market, its segments. as a result of the right choice, the formation and promotion of consumer requirements and demand for these services, ultimately, effective marketing activities.

- A complete picture of the current state of funding of the RA culture sector can be made in the presence of officially published summary statistical information on the volume of extra-budgetary funding of the entire culture sector and its separate directions, as well as the own and involved funds of non-state cultural organizations.

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**Prospects to improve the current state of financing the field of culture in Armenia**

*Key words: cultural sector, cultural services, cultural programs, financial resources, volume of state funding, structure of state funding, forms of state funding*

The article is devoted to the analysis of the current state of funding of the RA culture sector and the identification of ways to improve it. Taking into account that the financing of the mentioned sector is characterized by the dominance of state financing, therefore the article focused on this financing. The current state of state financing of the RA culture sector is characterized by its insufficiency, partial financing of expenses, mainly current expenses. The mentioned funding is mainly aimed at the preservation of cultural organizations and values and is not enough, especially, to solve the problem of cultural development. In this case, it is particularly important to expand the possibilities of state financing of the cultural sector, to choose the forms of financing aimed at the development of culture. The solution to the problem of the development of the cultural sphere and the expansion of its state financing possibilities, even in the future, will be possible in case of increasing the share of the country's budget revenues and budget allocations to the said sphere. Along with that, it is necessary to keep in mind that the expediency of long-term state financing of the entire field of RA culture and according to its directions is determined based on the development strategy of the field. It is proposed to expand the possibilities of state financing of the RA culture sector by using such effective forms of financing that are not yet widespread in our country, such as joint financing of culture with the participation of the state, financing of long-term national and target-complex cultural programs, indirect forms of financing of the culture sector. Cultural organizations acting as state non-commercial organizations and dominating the sector can expand the possibilities of non-state financing of culture through sponsorship, charity, provision of paid cultural services, implementation of entrepreneurial activities, property lease, and non-state cultural organizations mainly due to the increase in income from the provision of the above services, as a result of effective fundraising and marketing activities.