DOING BUSINESS IN ARGENTINA
2016

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JANUARI 2016

INTRODUCTION

This publication has been prepared by the International Bureau of Fiscal Documentation (IBFD) on behalf of BDO Member Firms and their clients and prospective clients. Its aim is to provide a useful guide to the tax rates and main reliefs and exemptions for the major taxes in the countries where BDO Member Firms offer tax services, in a short and tabular form.

We have endeavoured to include the most important tax features, but it is not feasible to discuss every subject in comprehensive detail within this format. If you would like to know more, please contact the BDO Member Firm(s) with which you normally deal. Your adviser will be able to provide you with information on any further issues and on the impact of any legislation and developments subsequent to the date mentioned at the heading of each chapter.

About BDO

BDO is an international network of public accounting, tax and advisory firms which perform professional services under the name of BDO. The fee income of the member firms in the BDO network, including the members of their exclusive alliances, was $7.3 billion in 2015. These firms have representation in 154 territories, with over 64,000 people working out of 1,408 offices worldwide.

BDO's brand promise is built upon our vision, to be the leader for exceptional client service – always, and everywhere. When you choose to work with BDO you quickly discover why we're different from the rest. BDO offers a comprehensive collection of high quality tax services and assets designed to support exceptional performance, and all our tax engagements benefit from the hands-on involvement of experienced professionals, backed by world-class resources. We are agile enough to handle the biggest and the smallest names in the industries we serve, and our relationship-driven culture means that we can provide responsive and personalised advice to all our clients.

We work hard to understand our clients' businesses and ensure that we match both our service offering and our people to their complex individual needs. We believe that providing our clients with access to experienced professionals who are actively engaged in addressing their tax and business issues is the most reliable way to provide exceptional service, always with a strong focus on trust and transparency.

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TABLE OF CONTENTS

ARGENTINA

This chapter is based on information available up to 31 January 2016.

Introduction

Companies are subject to income tax and a minimum deemed income tax. Employers must pay social security contributions on salaries. A VAT system applies.

Companies are also subject to tax on current accounts and local turnover taxes levied by the federal district (City of Buenos Aires) and by the provinces on gross receipts.

The currency is the Argentinian peso (ARS).

1. Corporate Income Tax

1.1. *Type of tax system*

Income derived by companies is subject to income tax at the corporate level. Afterwards, dividends and profit distributions to individuals and non-residents are subject to final withholding tax at a rate of 10%. *See* sections 2.2., 6.3. and 1.6.2.

In addition, an "equalization tax" applies to dividends, profit distributions or remittances paid to either residents or non-residents when commercial profits (i.e. profits as determined in the financial statements) payable in cash or in kind (except eligible stock) exceed taxable profits. The tax is final and levied at the rate of 35%. *See also* sections 2.2. and 6.2.1.

The profits of partnerships and other transparent entities must be reported by their members.

1.2. *Taxable persons*

Taxable persons are joint-stock companies (SAs); limited liability companies (SRLs); limited partnerships; partnerships limited by shares; permanent establishments of foreign enterprises; non-exempt civil associations and foundations; and companies belonging to the government (income derived by these entities is subject to tax in the hands of the respective entity).

General partnerships (SCs) and sole proprietorships are treated as semi-transparent entities: the income tax is calculated under the general rules applicable to companies, but it is levied on partners or owners, irrespective of actual distribution. Joint ventures or de facto companies are treated as transparent entities and income must be reported by their members.

The new Civil and Commercial Code enacted by Law 26,994, in force from 1 August 2015, no longer contemplates the category of civil companies and has created a special type of joint-stock company of only one shareholder, different from the standard joint-stock company that requires a minimum of two shareholders. The Income Tax Law makes no distinction regarding the tax treatment of both types of joint-stock companies.

Trusts and investment funds may be either treated as taxable persons or transparent entities, depending on each type. Trusts (*fideicomisos*) created under Law 24,441 and investment funds (*fondos comunes de inversion*), except those comprised by article 1 of Law 24,083, are treated as taxable persons.

The national, provincial and municipal governments (enterprises belonging to these governments are in principle taxable, unless otherwise provided for). Cooperative societies, religious institutions, certain social welfare institutions and non-profit international institutions, among others, are exempt from income tax.

The rules applicable for determining the corporate taxable base should also be applied by sole proprietorships, unincorporated partnerships and, in general, in relation to any activity deemed to be a business or an enterprise, resulting in partners or members (individuals) applying the corporate rules to determine their taxable base.

This survey is restricted to joint-stock companies (*Sociedad Anónima*, SAs), limited liability companies (*sociedad de responsabilidad limitada*, SRLs), limited partnerships (*sociedad en comandita simple*), partnerships limited by shares (*sociedad en comandita por acciones*) and permanent establishments of foreign enterprises, as well as foreign-incorporated entities of a similar description, whether resident or non-resident. These entities will be referred to as companies.

1.2.1. Residence

A company is resident for tax purposes, and thus subject to tax on its worldwide income, if it is incorporated in Argentina.

Permanent establishments of foreign companies are deemed to be residents and therefore subject to income tax on their worldwide income (article 69(b) of the Income Tax Law). The Law of Minimum Deemed Income Tax provides for a more detailed definition of a local permanent establishment; *see* section 5.1.

1.3. *Taxable income*

1.3.1. General

Resident taxpayers are taxed on their worldwide income. The Income Tax Law specifies four categories of income; for a description of the four categories, *see* Individual Taxation section 1.2.1. However, the category is generally relevant only for computation purposes. All income is subject to the same tax rate.

All income derived by a corporation is classified as Third Category income, regardless of the category into which the income would ordinarily be included if it were earned by a taxpayer other than a company. More specifically, the following are included in Third Category income:

- income derived by corporations, civil associations and foundations established in Argentina, mixed economy companies (private and government entities) with regard to that portion of their income that is taxable, and permanent establishments of non-residents;
- income derived by any other entity incorporated in Argentina (e.g. limited liability companies, general partnerships, limited partnerships, sole proprietorships and partnerships limited by shares);
- income derived from the activities of commission agents, auctioneers, consignees and other trade agents not specifically included in the Fourth Category;
- income received by certain trusts or investment funds;
- income arising from the transfer of certain immovable property; and
- any income not included in other categories.

In computing taxable income, net income is calculated by deducting from sales proceeds and other income (gross income), exempt income, the cost of goods sold and business expenses.

Companies apply the "balance sheet principle" to determine their taxable income, i.e. all increase or decrease in the net worth of a company, based on the accrual method as reported in its annual financial statements, is in principle taxable income or losses. Profits reported in the financial statements are subsequently subject to adjustments to reflect any differences between the accounting principles used to prepare the statements and the provisions of the tax law. Capital gains are taxed as ordinary income.

1.3.2. Exempt income

Some specified items of income are exempt from corporate income tax, including Argentinian-source dividends from registered shares and premiums derived by stock companies, limited liability companies, limited partnerships and partnerships limited by shares from contributions to their capital (*see* section 2.2.).

Some entities which are formally corporate taxpayers may derive exempt income in accordance with their purpose and entity's object (e.g. charities, non-profit international organizations and sports clubs), provided they do not distribute their profits and are recognized by the tax authority.

1.3.3. Deductions

Deductible business expenses are those expenses which are necessary to obtain income or to maintain or preserve the source of income. In general, the rules discussed below (applicable to Argentinian-source income) also apply for assessing foreign-source income; however, some particular rules are provided for the determination of foreign-source income in order to convert foreign currency into Argentinian pesos (articles 127-167 of the Income Tax Law).

Net sales proceeds are calculated by deducting refunds, bonuses, discounts and similar items from gross sales proceeds, in accordance with market practice.

Deductions for business expenses paid to related parties or to parties domiciled in low-tax jurisdictions, whether related or not, are allowed in the tax year in which they are effectively paid.

1.3.3.1. Deductible expenses

Deductions which are specifically allowed include:

- advertising;
- amortization;
- automobile maintenance;
- bad debts;
- depletion;
- depreciation (*see* section 1.3.4.);
- directors' fees (the deduction is limited to the greater of 25% of accounting profits of the tax period or a fixed sum per each recipient of the fees (ARS 12,500));
- gifts made to certain exempt entities, the federal and provincial state and recognized political parties in an amount not exceeding 5% of the fiscal year's net profit;

- insurance premiums;
- interest (thin capitalization rules apply; *see* section 7.3.);
- organization expenses;
- representation expenses;
- royalties credited or paid abroad with regard to technical assistance, provided the agreement under which they are paid is registered with the National Institute of Industrial Technology as provided for in the Transfer of Technology Law. However, the deduction may not exceed (i) 3% of the sales or proceeds for purposes of determining the consideration for the technical assistance or (ii) 5% of the investment made as a consequence of the technical assistance. For trademark or patent royalties paid to non-residents, only 80% of royalty is deductible. Furthermore, if the parties are related or the foreign party is a resident of a low-tax jurisdiction the 80% limit is applied to the notional arm's length consideration;
- salaries and other employment income;
- service fees;
- severance payments;
- social security and welfare contributions; and
- taxes (other than income tax) and legal fees.

1.3.3.2. Non-deductible expenses

Under certain circumstances, some items are not deductible in calculating taxable income, including:

- expenses related to exempt income and expenses related to personal expenses of the shareholder and the shareholder's family;
- interest on the capital belonging to the company, member or partner. Any such amount paid must be added to the participation of the owner, member or partner concerned (treated as a dividend);
- losses suffered in illegal operations;
- salaries involving a withdrawal of income. Any such amount paid must be added to the participation of the owner, member or partner concerned. Also, no deduction is allowed for profits reinvested in the source of the profits, nor for profits to be capitalized or put in reserves;
- taxes on income; and
- taxes on unimproved land.

1.3.4. Depreciation and amortization

Depreciation occasioned by the normal wear and tear of assets used in the business or activities of the taxpayer which produce taxable income must be computed at a fixed annual percentage.

Depreciation is allowed with respect to buildings and other construction of immovable property. Depreciation is also allowed as a deduction in respect of fixed assets having a useful life that exceeds 1 year. Cattle kept for breeding are treated as depreciable fixed assets, provided that they have been purchased by the taxpayer.

Depreciation allowances are calculated on the basis of a straight-line method, by dividing the cost of the assets subject to depreciation by the number of years of their estimated useful life. Other depreciation systems may be used if justified for technical reasons. The amortization of intangible property is computed under the same rules, except in relation to trademarks and goodwill for which amortization is not allowed.

An accelerated depreciation system is available in respect of investment in capital assets and infrastructure projects under a special regime.

Percentages used in computing annual depreciation allowances include:

- trucks and automobiles, 20%;
- office furniture, 10%;
- machinery and equipment, 10%; and
- buildings and other immovable assets, 2%.

Depreciation of buildings is calculated at a 2% rate. A higher percentage may be accepted when sufficient proof is provided that the useful life is less than 50 years and notice is given to the tax authorities at the time the income tax return is filed for the first tax period in which the higher percentage is used.

Depreciation for automobiles, including those used for leasing, is deductible only up to that part of the acquisition cost not exceeding ARS 20,000 (net of VAT).

1.3.5. Reserves and provisions

Amounts added to reserves established to meet anticipated future expenditures or provisions for contingencies are generally not deductible. Global deductions made when valuing inventory, in order to establish general reserves that cover price fluctuations or other contingencies, are not permitted. However, amounts set aside for bad debts are deductible provided certain conditions are met (e.g. the creditor has started legal proceedings to collect its credit or the debtor is bankrupt).

1.4. *Capital gains*

Capital gains derived by companies are subject to income tax under general rules.

Gains from the transfer of movable depreciable assets other than securities are subject to income tax under general rules, irrespective of the nature of the person deriving the gain.

Companies have the option of treating the results from the sale of depreciable assets as a profit or loss for the financial year or deferring income taxation by deducting the profits on sale from the cost of the new asset. However, in order to defer the taxation of gains derived from the transfer of immovable property, the entire proceeds derived from the transfer must be reinvested.

1.5. *Losses*

1.5.1. Ordinary losses

Losses incurred in a year may be carried forward to be set off against taxable income for up to 5 years from the year in which the loss was incurred. Losses may not be carried back. For foreign-source losses, *see* section 6.1.1.

The following losses may offset only against income of the same nature:

- losses derived from transactions with shares, quotas and participations in other companies;

- losses generated by transactions with derivatives except those transactions entered into for hedging purposes (to which the general rule applies); and
- losses caused by transactions that generate foreign-source income.

1.5.2. Capital losses

Losses incurred by companies upon the transfer of shares, ownership interests in companies or shares in common investment funds may only be set off against net income derived from the transfer of similar property. Such losses may be carried forward up to 5 years from the year in which the loss was incurred, to be set off against income derived in other years from the same type of transaction.

1.6. *Rates*

1.6.1. Income and capital gains

The general corporate income tax rate is 35%. There are no surtaxes or surcharges imposed on corporate income.

1.6.2. Withholding taxes on domestic payments

Dividends and profit distributions to resident individuals and non-residents are subject to final withholding tax at the rate of 10% on the gross amount. In addition, dividends and profit distributions may be subject to an "equalization tax" when the distribution exceeds the taxable income of the distributing company (*see* section 2.2.).

Domestic income derived by companies resident in Argentina is subject, in certain cases, to withholding tax. This tax is generally treated as an advance payment, which is credited against the recipient's final corporate income tax liability for the year concerned.

Interest paid on loans or any other financing (including qualifying corporate bonds) by resident taxpayers and permanent establishments of foreign companies to the same type of taxpayer are subject to withholding tax at a rate of 3% or 6% (depending on the type of payment), which is credited against the final income tax due. The withholding tax system does not apply to payments made to financial institutions. For withholding tax on interest paid to non-residents, *see* section 6.3.1.

Royalties, service fees and fees for technical assistance are generally subject to a 2% rate provided the beneficiary of the payment is a registered taxpayer (otherwise the applicable rate is 28%). Fees and payments to members of the board of directors exceeding ARS 1,200 in any 1-month period are subject to withholding tax calculated at rates ranging from 10% to 30%.

The withholding tax does not apply with respect to royalties paid to certain taxpayers, including insurance companies and banks.

For withholding tax on payments to non-residents, *see* section 6.3.

1.7. *Incentives*

Incentives are available for mining, financial investments, personnel training, research and development, the software industry, investment in capital assets and infrastructure works, the biofuel industry, modern biotechnology, the bioethanol industry, the petroleum industry and electricity produced using renewable sources of energy.

1.7.1. Mining promotion

Several tax incentives are granted to resident individuals and legal entities organized or established in Argentina that engage in mining activities. Eligible projects receive, among others, the following benefits:

- fiscal stability, except for VAT and social contributions (the total tax burden may not be increased during 30 years from the filing of feasibility studies). This benefit includes taxation at federal, provincial and municipal levels;
- development expenses (amounts invested in mineral prospecting, exploration, special studies, mineral assays, applied research and feasibility studies) are deductible from taxable income;
- investments in infrastructure (equipment, civil works and construction work) may be depreciated at a rate of 60% in the year in which the asset is approved and 20% in each of the 2 following years. Other investments in machinery, equipment, vehicles and installations may be depreciated from the operation start-up at an annual rate of 33.33%;
- profits derived from the contribution of mining deposits or rights to the capital of an enterprise engaged in eligible activities are exempt from income tax. The capital increase and issue of shares derived from the capitalization of such contributions will be exempt from stamp duties;
- for the input VAT derived from imports and acquisitions of goods and services by enterprises engaged in mining exploration after 12 fiscal periods, a refund will be granted under the conditions established by the executive;
- assets used in eligible activities are exempt from the tax on assets (currently abolished);
- import of capital assets, special equipment or parts thereof and inputs specified by the competent authority are exempt from duties, special taxes and charges (including the statistical rate but excluding other legal fees); the same exemption applies to spare parts and accessories necessary to start the operation. This benefit is also granted for imports of goods that are to be transferred under commercial or financial leasing; and
- royalties charged by provinces are limited to 3% of the value of the mineral extracted and transported before any transformation process (the *boca mina* value).

Up to 50% of the value of proven reserves (as valued by a responsible professional) may be capitalized. The capitalization has effects for accountancy purposes only and is neutral for income tax purposes. However, the issue of shares resulting from the capitalization will not be subject to any federal tax. The provincial governments are invited to grant similar exemptions concerning provincial taxes (basically stamp taxes).

Banks and other financial institutions will grant loans to the beneficiaries of the regime in order to pay the VAT related to their purchases or imports of eligible new capital assets destined for the production process of mining products that will be exported and investments made in the infrastructure for mining activities necessary for the production of goods to be exported. The interest of such loans will be borne by the national government by allowing the financial institutions to credit that interest against its own VAT liability. Likewise, interest on such loans is zero-rated for VAT purposes.

In addition, the tax authority will grant new mining projects an advance VAT refund within a period of 60 days following the realization of the investment, acquisition or import of capital assets.

1.7.2. Financial investments

Joint-stock companies, cooperatives and civil associations incorporated in Argentina, and branches of joint-stock companies established abroad may issue corporate bonds (*obligaciones negociables*, ONs) denominated in either Argentinian or foreign currency. ONs may receive the following tax benefits:

- interest on ONs and capital gains from the sale, exchange, barter or disposal of ONs is exempt from income tax, even if the exemption involves a transfer of revenue to a foreign treasury; and
- transactions involving ONs are exempt from VAT.

Interest on and capital gains from the disposal of qualifying securities issued by trustees for the securitization of assets for any income tax taxpayer (e.g. non-residents and resident individuals) other than resident companies subject to adjustment for inflation rules, are exempt from VAT.

1.7.3. Personnel training

A tax credit against federal taxes (e.g. income tax and VAT) is granted on qualifying gifts or expenses incurred by any corporate or individual entrepreneur destined for the support of training institutions.

1.7.4. Research and development projects

A tax credit is granted on qualifying expenses incurred by corporate or individual entrepreneurs on research and development projects, which may be offset against the income tax due up to a certain limit. The credit may not exceed 50% of the total amount of the submitted project.

1.7.5. Investment in capital assets and infrastructure projects

Until 2013, tax benefits established by Decree 379 of 2001 were available for investment projects intended exclusively for the export market. Investments in new movable depreciable capital assets used for industrial activities, excluding those relating to cars and infrastructure projects (excluding civil projects), could be granted the following main benefits:

- the option to obtain an anticipated refund of the input VAT attributable to either the capital assets or the infrastructure project included in the investment project; or
- the application of an accelerated depreciation system in respect of the relevant assets, subject to conditions.

Decree 51/2016, published in the Official Gazette of 8 January 2016, extended the incentive regime to 30 June 2016.

1.7.6. Software industry

A beneficial tax regime exists for the software industry, provided by Law 25,922, as amended by Law 26,692. Qualifying activities are the creation, design, development, production and implementation, modification of existing software systems, dealing with related technical documentation, including software incorporated into goods, such as that relating to consoles, telephone exchanges, mobile telephones, machines and other devices.

Self-development of software is excluded from this regime.

The tax benefits that are available under this regime are:

- fiscal stability: the tax burden of taxpayers may not exceed that on the date on which they apply for the benefits of the regime by registering in an ad hoc registry. The fiscal stability applies to all federal taxes, i.e. direct taxes and taxes and contributions for which the company is a taxpayer. This benefit is effective until 31 December 2019;
- taxpayers who carry on certain activities are able to obtain a non-transferable credit certificate in respect of 70% of the social security contributions paid. These contributions may be set off against certain other taxes, e.g. VAT (but not against income tax); and
- tax relief of 60% of income tax due for each tax period provided taxpayers demonstrate that they have incurred expenditure on research and development or on obtaining quality certificates, or have exported software in the quantities established by the competent authorities.

Tax stability does not apply to import and export duties or export reimbursements.

Decree 1315/2013, published in the Official Gazette of 16 September 2013 and effective from the following day, provides new regulations concerning the regime of incentives to promote the software industry.

The main aspects of the new regulations are summarized as follows:

- activities covered by the regime are specifically listed;
- beneficiaries are required to maintain at least the same number of employees reported at the time of registration in order to remain in the registry of producers of software and providers of technological services;
- different criteria are established to demonstrate the implementation of the promoted activities in order to apply for the benefits or to remain in the regime; and
- circumstances preventing producers of software from applying or benefiting from the regime are also described (e.g. in the case of board members condemned for criminal offences, taxpayers which had failed to comply with obligations under other incentive regimes, etc.).

1.7.7. Biofuel industry

Biofuel is defined as bioethanol, biodiesel and biogas produced with raw material from agriculture, agro-industrial and organic waste, that comply with the quality standards established by the enforcement authority.

Tax benefits available under the regime that was applicable until 31 December 2015 were the following:

- accelerated depreciation of equipment and investments for income tax purposes;
- anticipated reimbursement of VAT on purchases of fixed assets and investments in infrastructure;
- exemption for such assets of the minimum deemed income tax; and
- exemption for bioethanol and biodiesel of the hydro infrastructure fee, the tax on fuel liquids and natural gas and the tax on the transfer of gas oil.

The Executive Branch's Decree 276/2015, published in the Official Gazette of 6 January 2016, extends to 30 April 2016 the following tax incentives:

- article 4 in title III, chapter I of Law 23,966 (as amended) by which a preferential tax regime is granted to biodiesel in respect of the tax on fuels; and

- article 1 of Law 26,028 (as amended) by which a tax exemption is granted to biodiesel used to generate electricity in respect of the tax created by that same provision (i.e. article 1 of Law 26,028, as amended).

1.7.8. Modern biotechnology

"Modern biotechnology" is defined as the technology application based on rational knowledge and scientific principles derived from biology, biochemistry, microbiology, bioinformatics, molecular biology and genetic engineering, which uses live organisms or part of them, for the production of goods and services or the substantial improvement of productive processes or products.

Tax benefits available under this regime are the following:

- accelerated depreciation for income tax purposes of fixed assets, equipments and parts thereof;
- exemption from the minimum deemed income tax for such assets;
- anticipated reimbursement of VAT on purchases of such assets. This credit can be used against other national taxes; and
- a credit certificate in respect of 50% of the social security contributions paid. These certificates can be used to credit against national taxes, e.g. VAT, income tax, income tax advance payments.

1.7.9. Bioethanol industry

This regime is available to producers of sugar cane. The tax benefits available under this regime are the same as that established for the biofuel industry, *see* section 1.7.7.

1.7.10. Petroleum industry

The preferential regimes for the petroleum industry are called "*Petroleo Plus*" and "*Refinación Plus*". The activities which are eligible for these regimes are the exploitation and exploration of petroleum with the aim to increase the production and reserves of petroleum and fuel. The tax benefits available under these regimes are:

- a credit against export duties on petroleum products, calculated based on the increment of the production and reserves of petroleum products. The credit is granted as a transferable credit certificate; and
- the benefits of the preferential regime established by Law 26,360, *see* section 1.7.4., in respect of investments in capital assets and infrastructure work.

1.7.11. Electricity produced using renewable sources of energy

This preferential regime is available to resident individuals and legal entities which produce electricity using renewable sources of energy and are approved by the competent authorities. The tax benefits available under this regime are:

- anticipated reimbursement of VAT on investments in capital assets or infrastructure works; or
- accelerated depreciation of such assets for income tax purposes; and
- tax exemption from the minimum deemed income tax (*see* section 5.1.) for the first three fiscal periods in respect of assets allocated to the project.

The first two tax benefits mentioned above may not be combined. The tax benefits shall apply for 15 years.

1.8. *Administration*

The tax authorities (AFIP) control the application, collection and administration of national taxes, customs duties and social security contributions. The tax authorities fall under the jurisdiction of the Ministry of Economy. The directors of the tax authorities are administrative judges and have the power to make assessments, impose fines and decide claims for tax refunds.

1.8.1. Taxable period

The fiscal year for resident entities is the commercial year established in the by-laws. If a taxpayer is, by law, not obliged to keep accounting records, the tax year is the calendar year unless the tax authorities specify a special closing date, taking into consideration the nature of the venture or other specific circumstances.

1.8.2. Tax returns and assessment

All companies and legal entities (including partnerships and sole proprietorships which maintain accounting records and prepare balance sheets) must file their tax returns within 5 months of the end of their fiscal year.

1.8.3. Payment of tax

Argentina has a self-assessment system. Companies (except those that only receive income subject to a final withholding tax) must make ten monthly prepayments in respect of income tax, starting in the sixth month of the fiscal year. The first payment is equal to 25%, and the remaining payments are equal to 8.33%, of the tax assessed for the last tax year, as reduced by non-final withholding taxes paid in respect of the same tax year. An exemption is granted if the amount of the prepayment is less than ARS 45. Any balance of tax due after taking prepayments into account must be paid upon the filing of the return. The tax authorities may authorize that the final tax be paid in instalments (including interest).

1.8.4. Rulings

The General Director of the tax authorities is responsible for interpreting the laws and decrees regarding taxes under its jurisdiction where the taxpayer's general interest is involved. Such interpretations, made by means of public rulings, are published in the Official Gazette and are binding on both the tax administration and taxpayers. Taxpayers may appeal decisions of the tax authorities to the Ministry of Economy within 10 days. Such an appeal does not release the taxpayer from the obligation to pay taxes on transactions deemed to be taxable during the ruling request procedure, but if the decision of the tax authorities is revoked by the Ministry of Economy then the taxpayer will be entitled to a tax refund.

Advance rulings may be requested in respect of all national taxes, including social security contributions. However, customs duties are not covered by the advance rulings regime. In addition, the regime does not apply to questions regarding the application of income tax treaties.

2. Transactions between Resident Companies

2.1. *Group treatment*

Although company law requires consolidated accounts to be prepared, for income tax purposes there are no provisions for fiscal unity or other forms of consolidation. Consequently, the tax authorities take the position that consolidated returns are not allowed for tax purposes and that the transfer of losses from loss-making to profit-making members of the same group of companies is not permitted.

2.2. *Intercompany dividends*

Dividends paid by resident companies to other resident companies are exempt from income tax.

Foreign-source dividends are taxed, *see* section 6.1.1. For dividends derived by non-residents, *see* section 6.3.1.

However, an "equalization tax" applies to dividends or profit distributions paid to either residents or non-residents when commercial profits (i.e. profits as determined in the financial statements) payable in cash or in kind (except eligible stock) exceed taxable profits. The tax is levied at the final rate of 35% on dividends (i.e. profits from joint-stock companies) or profit distributions made by, for example, limited liability companies, local permanent establishments, trusts or investment funds that are income taxpayers.

3. Other Taxes on Income

There are no other federal taxes on income in addition to the normal income tax. For local tax on gross receipts, *see* section 9.5.

4. Taxes on Payroll

4.1. *Payroll tax*

There is no payroll tax.

4.2. *Social security contributions*

Both employers and employees are obliged to contribute to the social security system. In addition to paying their own contributions, employers must withhold and remit the contributions of their employees.

Social security contributions are computed as a percentage of the employee's salary, according to the rates specified below. Contributions by the employer are determined based on the total amount of the employee's salary.

For employer contributions, the rates are as follows:

	Rendering of services (%)[1]	*Other activities (%)*
Pension fund system	12.71	10.17
Retirement Fund (INSSJP)	1.62	1.5p
Medical assistance	6	6
Family-related contribution	5.56	4.44
National Employment Fund	1.11	0.89
Total	27	23

1. The total percentage of social security contributions due by an employer rendering services and the annual turnover of which exceeds ARS 48 million is 4% greater than those due by an employer conducting other activities. As a general rule, the employer may credit the 4% as input VAT.

The employer's contributions mentioned above may be reduced by 1/3 or 1/2 with respect to the salaries of employees hired under certain specifically regulated contractual arrangements.

Employers must also finance a labour risk insurance, which has a monthly salary ceiling of ARS 48,598.08.

See also Individual Taxation, section 3.

5. Taxes on Capital

5.1. *Net worth tax*

The minimum deemed income tax (*impuesto a la ganancia mínima presunta*, IGMP) is a tax levied at the rate of 1% on business assets held at the end of the tax period by the relevant taxpayer. For some taxpayers it may indeed be simply a tax on a minimum income calculated as a percentage on assets (as the amount of income tax due is creditable against IGMP), while for others that may not use the income tax as a credit (e.g. because of accumulated losses) the IGMP is actually a tax on assets.

Taxable persons are as follows:

- resident companies;
- entrepreneurs or sole proprietorships;
- individuals and estates (but only in respect of rural immovable property);
- certain trusts, excluding financial trusts;
- qualifying investment funds;
- certain public companies; and
- permanent establishments of foreign persons.

There is a detailed definition of cases constituting a permanent establishment which includes a branch, sole proprietorship, agency, permanent representation, rural immovable property (even if it is not exploited), construction or assembly site, and fixed place of business for acquiring goods or for collecting information for the enterprise.

Accordingly, non-residents are subject to IGMP only if they are deemed to have a permanent establishment under the appropriate definition provided for this tax.

Civil associations and foundations, though IGMP taxpayers, are also exempt from IGMP if they are exempt from income tax.

The following assets are exempt from IGMP:

- assets located in the Tierra del Fuego province according to the regime set forth in Law 19,640;
- assets held by persons subject to the regime for investments in mining governed by Law 24,196;
- certain assets held by entities recognized as exempt from income tax (e.g. cooperatives, religious institutions and civil associations);
- assets exempt under a special law or convention;
- shares and other participations in the capital of companies subject to IGMP, including irrevocable contributions for future subscription of shares, unless those contributions bear interest at an arm's length rate;
- assets of certain trusts;
- units in eligible investment funds and units of income of certain funds;

- assets held by international non-profit organizations recognized as exempt from income tax;
- assets held in Argentina up to a total of ARS 200,000 (the exemption does not cover non-business immovable property). If the taxpayer also holds assets abroad, the exempt amount is increased by an amount calculated as a percentage of ARS 200,000, taking into consideration the percentage that the foreign-situs assets bear to the total assets of the taxpayer;
- depreciable new movable assets (other than automobiles) in the tax period of acquisition and the subsequent tax period; and
- the value of investments in the construction of new buildings or improvements of other buildings in the tax period of the investment and the subsequent period, excluding the non-business immovable property mentioned above.

IGMP is levied on the assets held by the taxpayer, wherever located. However, there are special rules for valuing assets located in Argentina and those located abroad.

Financial institutions and insurance companies subject to the control of state entities are only subject to IGMP on 20% of their assets. For consignees of cattle, fruit and agriculture products, IGMP is levied on 40% of their assets as valued under the general rules.

The income tax payable in a given tax period may be credited against the IGMP of that period. When the tax is levied on transparent entities for income tax purposes, the relevant allocation must be made. The excess income tax over IGMP of a given year does not trigger a credit to be carried forward. However, if the IGMP liability exceeds the income tax liability in the period, the excess may be carried forward to be utilized for set-off against the income tax liability of any of the following 10 years in which the income tax liability exceeds the IGMP liability.

Individuals, estates and sole proprietorships must make five equal monthly prepayments (20% of the tax assessed for the last taxable period). Other taxpayers must make 11 monthly prepayments (9% of the tax assessed for the last taxable period).

Resident companies, whose shares or participation rights are held by resident or non-resident individuals or estates and by non-resident entities, are also subject to a tax on personal goods (*impuesto sobre los bienes personales*, ISBP) – *see* Individual Taxation section 4.1.

5.2. *Real estate tax*

Urban land is subject to the immovable property tax (*impuesto inmobiliario o contribución territorial*, local tax) with some exceptions. This tax is collected by the provinces. The tax is normally levied on the cadastral value of each piece of immovable property without regard to the number of owners or to the taxpayer's personal wealth.

The tax rates vary from jurisdiction to jurisdiction and are subject to frequent changes. Under the Federal Fiscal Agreement, rates are limited to a maximum of 1.2% for rural property, 1.35% for sub-rural or suburban property and 1.5% for urban property. Unimproved land located in certain areas may be subject to land tax at increased rates. In addition, some provinces levy surtaxes.

See also sections 9.1. and 9.2. for transfer taxes.

6. International Aspects

6.1. *Resident companies*

For the concept of residence, *see* section 1.2.1.

6.1.1. Foreign income and capital gains

Resident companies are subject to tax on their worldwide income.

Capital gains derived by resident companies are subject to income tax under general rules (*see* section 1.4.).

Dividends received from foreign companies are subject to income tax and must therefore be included in the recipient's taxable base. A foreign tax credit is granted, *see* section 6.1.4.

6.1.2. Foreign losses

Losses from activities generating foreign-source income may only be offset against foreign-source income. These losses may be carried forward for 5 years. There is a separate limitation for foreign-source capital losses from the disposal of shares or other participations in investment funds or similar entities. Such losses may be set off only against capital gains from the same activity.

6.1.3. Foreign capital

IGMP is levied on assets held by the taxpayer, wherever located. However, there are separate rules for valuing assets located in Argentina and those located abroad. For the general IGMP rules, *see* section 5.1.

A foreign tax credit for similar taxes paid abroad on foreign-situs assets is granted against – and only up to – the IGMP liability arising from those foreign-situs assets.

6.1.4. Double taxation relief

To avoid double taxation of foreign-source income, Argentina applies the ordinary tax credit method, both unilaterally and generally under its income tax treaties.

For a list of Argentinian income tax treaties in force, *see* section 6.3.5. In 2012, Argentina terminated the tax treaties with Chile, Spain and Switzerland. A new tax treaty between Argentina and Spain is retroactively effective from 1 January 2013. A new tax treaty between Argentina and Switzerland was signed on 20 March 2014, passed by the Federal Congress and published in the Official Gazette of 11 December 2014, but it has not entered into force yet.

A taxpayer that is subject to tax in Argentina on worldwide income is entitled to have the foreign tax actually paid on that income credited against its Argentinian income tax liability. The credit is limited to the increase in Argentinian tax arising from the computation of foreign-source income.

For dividends, the foreign tax credit includes the tax paid on the profits out of which the dividends were paid. In order to determine which foreign taxes may give rise to a credit, the law provides for a definition of "similar taxes". Specific rules are also provided for determining the foreign tax credit of foreign permanent establishments of Argentinian residents.

6.2. *Non-resident companies*

For the concept of residence, *see* section 1.2.1.

6.2.1. Taxes on income and capital gains

See section 6.3. for withholding taxes on payments to non-resident companies.

Permanent establishments of foreign companies in Argentina are subject to tax on their worldwide income. Non-residents without a permanent establishment or agency in Argentina are subject to tax only on Argentinian-source income.

The taxation of income derived by resident subsidiaries owned by non-resident taxpayers is governed by the general rules for resident legal entities. However, there are certain specific rules for such companies, for example with respect to the calculation of the taxable base.

The profit of branches of foreign companies is subject to income tax in the same manner as the profit of local corporations. Remittances from a branch, agency or establishment are subject to withholding tax at the rate of 10%. Distributions in excess of taxable profits are also subject to the "equalization tax" (*see* section 1.1.).

Income exempt from corporate income tax for non-residents includes:

- interest on foreign credit granted to the national treasury, provinces, municipalities or the central bank;
- interest on public bonds and on eligible corporate bonds (interest on *obligaciones negociables* governed by Law 23,576, as amended); and
- interest and gains derived from securities placed by public offer issued by qualifying trustees (Law 24,441 of 9 January 1995).

Certain exemptions listed in section 1.3.2. may apply.

Argentinian-source taxable income derived by non-residents is taxed at the general income tax rate (35%). However, due to the rules on notional income described in section 6.3., the effective rate (calculated on the gross payment) differs for each type of income. For the effective rates, *see* below.

6.2.2. Taxes on capital

Non-residents are subject to the net worth tax (IGMP) only if they are deemed to have a permanent establishment under the appropriate definition provided for this tax. For this purpose, there is a detailed definition of circumstances that trigger the deemed existence of a permanent establishment. *See* section 5.1.

6.2.3. Administration

For general information regarding the administration of taxes, *see* section 1.8.

6.3. *Withholding taxes on payments to non-resident companies*

For withholding purposes, taxable income from Argentinian sources is normally presumed to be a certain specified percentage of the gross payment. As a result, different percentages of notional income are specified, without right of rebuttal in most cases. In the case of unspecified income, Argentinian-source notional income is presumed to be 90% of the gross payment, without right of rebuttal.

6.3.1. Dividends

Dividends paid by resident companies to non-residents and remittances from permanent establishments are subject to a final withholding tax at the rate of 10% on the gross amount distributed.

For the equalization tax, *see* section 1.1.

Dividends derived by resident companies are exempt from tax (*see* section 2.2.).

6.3.2. Interest

Interest is taxed as ordinary income. However, certain interest is exempt from income tax.

Interest payments to non-residents are subject to final withholding tax either at the reduced 15.05% rate or at the general 35% rate. *See* section 1.6.2. The 15.05% rate applies in the following cases:

(1) the borrower is an Argentinian financial institution;

(2) the lender is a banking or financial entity (under the supervision of the central bank or equivalent entity), and is not located in a tax haven jurisdiction or in a jurisdiction that has executed an exchange of information agreement with Argentina (and thus, under the application of its local rules it may not refuse to provide the information based on bank, stock exchange and other similar secrecy);

(3) the interest is for financing the importation of movable depreciable assets (other than automobiles), provided the financing is granted by the supplier of the assets. Not all financing qualifies for the reduced rate (e.g. interest on a loan granted by the supplier of the assets which is subsequently assigned to a third party);

(4) the interest is derived from one of the following deposits in financial institutions supervised by the central bank: savings accounts, special savings accounts, fixed-term deposits, or other deposits as determined by the central bank; and

(5) the interest is paid on certain bonds filed for registration in countries with which Argentina has concluded an investment protection agreement, provided that the bonds are registered according to the procedure specified in Law 23,576 (i.e. authorized for public offering) within 2 years after they were issued.

In cases described under (1) and (2), the reduced rate is applicable for any type of financing, i.e. not only that from loans but also from securities (e.g. commercial paper).

The Income Tax Law and supplementary laws provide attractive tax incentives to boost foreign investment in Argentina, such as the tax exemption of interest on qualifying corporate bonds and interest on qualifying securities issued by trustees for the securitization of assets.

For thin capitalization rules, *see* section 7.3.

6.3.3. Royalties

Argentinian-source taxable income from the assignment of rights or the licensing of patents, trademarks (only licensing between unrelated parties is admitted), industrial models, designs and know-how is presumed to be, without right of rebuttal, 80% of payments to non-residents. This percentage is increased to 90% if the requirements of the Transfer of Technology Law are not met (e.g. if the agreement giving rise to the royalty is not registered with the National Institute of Industrial Property (INPI) in due time). As this notional taxable income is subject to withholding tax at a rate of 35%, the effective rates on gross payments are 28% and 31.5%, respectively.

Argentinian-source taxable income derived from the exploitation of copyrights in Argentina is presumed to be, without right of rebuttal, 35% of payments to non-residents, provided that: (i) the copyrights are duly registered with the National Copyright Bureau; (ii) the payment is made to the author or the author's heirs; and (iii) certain

other conditions are met. This provision has been construed by the Supreme Court as applicable only to individual beneficiaries. Payments to foreign corporate beneficiaries are taxed in accordance with the next paragraph.

If the conditions are not met, the notional taxable income is 90%. As this 35% or 90% notional income is subject to withholding tax at a rate of 35%, the effective rates are 12.25% and 31.5%, respectively.

6.3.4. Other

6.3.4.1. Capital gains

Capital gains derived by non-residents from the transfer of title of shares, quotas and other participations in the capital of companies, bonds and other securities representing debt claims are subject to tax.

Non-residents collecting the price for the transfer of title of bonds, shares, quotas and any other participation in the capital of resident companies are, in principle, subject to a 13.5% final withholding tax on the price, by application of the previously mentioned rule of notional income, equal to 90% of the amount paid.

Regulatory Decree 2334/2013 has confirmed that non-residents have the option to determine the tax on a net basis. That is, the selling price minus the cost of the security and any expenses incurred to buy it or sell it. The applicable rate on the net taxable base is 15%.

Rules to determine how the tax is paid when both seller and buyer are non-residents are still pending.

6.3.4.2. Services

Payments to non-residents in respect of technical assistance are subject to final withholding tax at a rate of 35% on notional taxable income.

Argentinian-source taxable income is presumed to be, without right of rebuttal, 60% of the gross payment of fees for services comprised in the Transfer of Technology Law which consist of: (i) technical assistance services; (ii) engineering services; or (iii) consulting services under an agreement duly registered with the INPI, provided that the aforementioned services are not obtainable in Argentina. A certificate to that effect is issued by the INPI.

In order to apply the 60% notional income rule, certain additional requirements must be met:

- the payment for the services must not be based on a royalty calculated by reference to the sales price or the production volume of licensed products or services;
- the payment must be in proportion to the duration or amount of work performed;
- the supplier must render specific, predetermined services;
- the technical knowledge must not be provided through periodic services; and
- the services must not be rendered with regard to needs that are general, unspecified or conditional upon the signing of the transfer of technology agreement.

Such services include: (i) engineering services and (ii) consulting services (thus, subject to registration), but only where such services involve technical knowledge applicable to the productive activity of the local company and the transfer of such knowledge to this company or its personnel by means of training and advisory services, detail of mechanical and technical procedures, supply of plans, reports and studies.

If the above-mentioned requirements are not met, but the technical assistance involves a transfer of technology and the relevant contract is registered with the INPI, the Argentinian-source notional income is 80% of the payments (*see* section 6.3.3.).

If the agreement is not registered with the INPI, the deemed taxable income is 90% of the payments. Accordingly, as notional income is subject to a 35% withholding tax, the effective rates on gross payments are 21%, 28% and 31.5%, respectively.

If the service is outside the scope of the Transfer of Technology Law, but it involves technical assistance, the notional income is 90% of the payment and then the effective tax rate is 31.5%.

6.3.4.3. Members of boards of directors

Payments to non-resident members of the board of directors of an Argentina-based enterprise are generally subject to withholding tax on 90% notional income at an income tax rate of 35%, resulting in an effective rate of 31.5% on gross fees. However, if the director works temporarily in Argentina for a period not exceeding 6 months in the tax year, Argentinian-source taxable income is presumed to be, without right of rebuttal, 70% of wages, fees and other remuneration paid to such person. This 70% notional income is subject to final withholding tax at a rate of 35%, resulting in an effective rate of 24.5% on gross wages or fees.

6.3.5. Withholding tax rates chart

The following chart indicates the withholding tax rates that are applicable to dividends, interest and royalties paid by Argentinean companies to non-residents under the tax treaties in force as at the date of review. Where, in a particular case, a treaty rate is higher than the domestic rate, the latter is applicable.

	Dividends		***Interest[1]***	***Royalties***
	Individuals, companies	***Qualifying[2] companies***		
	(%)	***(%)***	***(%)***	***(%)***
Domestic Rates				
Companies:	10/35	10/35	15.05/35	12.25/28/31.5[3]
Individuals:	10/35	n/a	0/15.05/35	12.25/28/31.5[3]
Treaty Rates				
Treaty With:				
Australia	15	10[2]	12	10/15[4]
Belgium	15	10[2]	12	3/5/10/15 [5]
Bolivia	_[6]	_[6]	_[6]	_ [6]
Brazil	_[7]	_[7]	_[7]	_ [7]
Canada	15	10[2]	0/12.5[8]	3/5/10/15[5]
Denmark	15	10[2]	0/12[9]	3/5/10/15[5]
Finland	15	10[2]	15	3/5/10/15[10]
France	15	15	20	18
Germany	15	15	10/15[11]	15
Italy	15	15	0/20[8]	10/18[12]
Netherlands	15	10[2]	0/12[8]	3/5/10/15[5]
Norway	15[13]	10[2,13]	0/12[14,8]	3/5/10/15[5,13]
Russia	15	10[2]	15	15

	Dividends		Interest[1]	Royalties
	Individuals, companies	Qualifying[2] companies		
	(%)	(%)	(%)	(%)
Spain	15	10[2]	0/12[8,15]	3/5/10/15[16]
Sweden	15[17]	10[2,17]	0/12[18]	3/5/10/15[19,5]
Switzerland	15	10[2]	12	3/5/10/15[5]
United Kingdom	15[20]	10[2,20]	0/12[8,9,20]	15[5,20]

1. Many treaties provide for an exemption for certain types of interest, e.g. interest paid by the government or to government institutions or to state-owned institutions, or in respect of commercial debt claims in the case of the supply of goods, in respect of a loan for development purposes or for the promotion of exports, etc. Such exemptions are not considered in this column.
2. The rate generally applies with respect to participations of at least 25% of capital or voting power, as the case may be.
3. The actual rate is 35%, but levied on 35%, 80% or 90% of the income, which results in the effective rates of 12.25%, 28% or 31.5%.
4. The 10% rate applies to copyrights, patents, lease of equipment; the supply of know-how or information; and technical assistance.
5. The 3% rate applies to news-related royalties; the 5% rate applies to copyright royalties (other than royalties related to films or tapes); the 10% rate applies to patents, trademarks, know-how, certain lease-related royalties and technical assistance.
6. The domestic rate applies; there is no reduction under the treaty. The source state has the exclusive right to tax.
7. The domestic rate applies; there is no reduction under the treaty. Both states generally have the right to tax. However, the state of source has the exclusive right to tax interest paid by public bodies.
8. The zero rate applies, inter alia, to interest paid by public bodies.
9. The zero rate applies to interest paid to banks and financial institutions (under certain conditions).
10. The 3% rate applies to payments for news; the 5% rate applies to copyright royalties (excluding computer software, cinematographic films, and works on film, videotape or other means for television or radio broadcasting); 10% for patents, equipment, software, know-how and technical assistance; and 15% for copyright royalties paid to someone other than the author or the author's *mortis causa* successor (including cinematographic films and works on film, videotape or other means for television or radio broadcasting).
11. The 10% rate applies to sales on credit of industrial, commercial or scientific equipment, and loans granted by a bank or for the financing of public works.
12. The 10% rate applies to copyright royalties.
13. A most favoured nation clause may be applicable with respect to dividends and royalties.
14. The rate under the treaty is 12.5%. However, by virtue of a most-favoured nation clause, triggered by the tax treaty between Argentina and Australia (in force from 31 December 1999), the rate would be automatically reduced to 12%.
15. The zero rate applies to sales of industrial, commercial or scientific equipment.
16. The 3% rate applies to news-related royalties; the 5% rate applies to copyright royalties; the 10% rate applies to patents, trademarks, know-how, certain lease-related royalties and technical assistance.
17. A most favoured nation clause may be applicable with respect to dividends.
18. The rate under the treaty is 12.5%. However, by virtue of a most-favoured nation clause, triggered by the tax treaty between Argentina and Australia (in force from 31 December 1999), the rate would be automatically reduced to 12%.
19. A most favoured nation clause may be applicable with respect to royalties.
20. A most favoured nation clause may be applicable with respect to dividends, interest and royalties.

7. Anti-Avoidance

7.1. *General*

Argentinian domestic tax law establishes the rule of "economic reality" which may be considered a general anti-avoidance rule. Under that rule the tax authority may challenge transactions where the legal form (e.g. corporate structures and agreements) do not appear consistent with the intended economic purpose or objective of the parties entering the transaction.

7.2. *Transfer pricing*

Argentina had adopted the arm's length principle and other OECD transfer pricing principles. The Argentinian transfer pricing provisions establish five methods for transactions between related parties, namely the comparable uncontrolled price method, cost-plus method, resale price method, profit split method and transactional profit margin method. It is anticipated that forthcoming regulations may introduce additional methods. One of particular issue is that Argentinian rules include the "most appropriate method" principle.

The domestic legislation also adds an additional method, the "sixth method", applicable to the export of commodities entered with traders that are deemed to be related to the exporter in accordance with certain objective criteria described in the law. When this method applies, the export price for tax purposes is set in accordance with the relevant market (there is always at least one public market because that is one of the requirements for the application of the method) on the day the goods are loaded to the respective means of transport used to ship the goods out from Argentina. The price agreed by the parties only applies if it is higher than the one provided by the markets.

Transfer pricing rules apply to cross-border transactions between related parties and to transactions between unrelated parties if the foreign party is located in a tax haven.

As established by article 21(7) of the Regulatory Decree to the Income Tax Law, every mention either in the Law or in the Decree to low-tax jurisdiction or tax haven should be understood as referred to "non-cooperative jurisdiction" (*see* section 7.5.).

A transaction between related parties exists if Argentinian residents, not being individuals, undertake transactions with non-residents and both are managed or controlled directly or indirectly by the same persons, whether individuals or legal entities, or if the individuals or legal entities have the power to decide or define the activities to be carried out by the Argentinian residents and non-residents.

The related parties test is broad and includes not only transactions between a local subsidiary and its parent company, but also other relationships (e.g. local company and foreign subsidiary; local permanent establishment and foreign head office; and local company and foreign permanent establishment).

In cases involving transactions with a party located in a low-tax jurisdiction, it is presumed with right to rebuttal that the transfer prices are not at arm's length. An arm's length range is first established. Then, if the prices, margins or profits as determined by the taxpayer fall within the range, the transactions are deemed to comply with the arm's length principle. Otherwise, the prices, margins or profits are deemed to be equivalent to the median of the range, plus or minus 5%, depending on where the value determined by the taxpayer falls in respect of the median.

Taxpayers must file two affidavits per fiscal year (forms 969 and 743) and per one half of the year (form 742), providing certain information required by the transfer pricing regulations. An annual transfer pricing study certified by a Public Accountant must also be filed with the tax authority together with the annual forms.

7.3. *Thin capitalization*

As a general rule, interest on debt attributable to an income-generating activity is deductible.

Resident companies, other than financial institutions, are subject to thin capitalization rules when the debt-to-equity ratio exceeds 2:1 (considering only related party loans). If this is the case, the interest accrued on the excess part of the loan is non-deductible, and re-characterized as a dividend.

Interest paid to foreign beneficiaries subject to a final 35% withholding tax (*see* section 6.3.2.) is excluded from the thin capitalization test and then it is deductible without restrictions.

7.4. *Controlled foreign company*

Shareholders resident in Argentina must include in their taxable income the taxable profits derived by a subsidiary resident in a low-tax jurisdiction from dividends, interest, royalties, leases and other passive income, provided that this income amounts to 51% or more of the total income accruing to the foreign entity.

Otherwise, the profits of the foreign entity are taxable in the hands of the shareholders when receiving the dividends.

There is no minimum participation threshold to trigger taxation on a current basis as above described.

Correspondingly, if Argentinian residents are shareholders in a CFC which has a direct or indirect participation in an Argentinian company, the dividends distributed by the Argentinian company are taxable in Argentina only to the extent that Argentinian income tax has been paid by the original distributing company.

This exemption applies only if the CFC is located in a country not considered to be a low-tax or no-tax jurisdiction. Capital losses arising on the sale of shares by a CFC may be set off only against capital gains arising on the sale of shares by a CFC.

As established by article 21(7) of the Regulatory Decree to the Income Tax Law, every mention either in the Law or in the Decree to low-tax jurisdiction or tax haven should be understood as referred to “non-cooperative jurisdiction” (*see* section 7.5.).

7.5. *Other anti-avoidance rules*

Tax havens

A new list of jurisdictions considered to be cooperative for purposes of tax transparency was published on the tax administration (AFIP)’s website on 1 January 2014 in accordance with General Resolution 3576/13 from AFIP and Decree 589/2013 from the Executive.

Decree 3576/13 provides that jurisdictions not included in the list are considered to be non-cooperative for international transparency purposes, which implies the application of specific tax law provisions. Under the new criterion, in order to be considered

cooperative, a jurisdiction must have entered into a tax information exchange agreement or a tax treaty with an exchange of information clause, and the exchange information must be effective.

The Resolution provides for three categories of cooperative jurisdictions:

- cooperative jurisdictions that have concluded a tax treaty or exchange of information agreement with Argentina, with which there is a positive evaluation of an effective exchange of information;
- cooperative jurisdictions that have concluded a tax treaty or exchange of information agreement with Argentina, with which it has not been possible to evaluate an effective exchange of information yet; and
- cooperative jurisdictions with which Argentina has started negotiations for a tax treaty or a tax information exchange agreement or the relevant agreement is in the process of being ratified.

The qualification of cooperative or uncooperative jurisdiction for tax transparency purposes will be in accordance with the list in force at the beginning of the relevant tax year.

8. Value Added Tax

8.1. *General*

Argentinian VAT is a general value added tax levied in respect of taxable supplies of goods and services, as well as in respect of final imports of taxable goods and services into Argentina. Exports of goods and services are zero-rated. Some specified transactions are exempt.

8.2. *Taxable persons*

Taxable persons are individuals and legal entities making taxable supplies of goods or services. With regard to imports, the taxable person is any person carrying out the importation. A special regime applies for certain small taxpayers.

The concept of taxable persons specifically includes temporary joint ventures, consortia, associations not considered to be legal entities, groups not forming a company and any other entity engaging in taxable transactions.

8.3. *Taxable events*

VAT is levied on: the sale of movable property located in Argentina by taxable persons; work, leasing and services specified in the law, provided that they are performed in Argentina; the final importation of movable property; and the use or exploitation in Argentina of services which are supplied abroad by non-residents to Argentinian taxpayers, provided that they are related to taxable transactions (i.e. the importation of services).

8.4. *Taxable amount*

VAT is levied on the net price of the taxable transaction, i.e. the invoice price less any discounts allowed under commercial practice. VAT and excise taxes are not included in the taxable amount. The value of services rendered together with the taxable transaction or as a consequence thereof, such as transportation, cleaning, packing, insurance, guarantees, installation and maintenance; financing expenses charged by the taxpayer, such as interest and commissions for deferred payments or payments in arrears; and the price of goods included in taxable services must be included in the taxable amount.

With regard to imports, the taxable amount is equal to the customs value plus customs duties.

8.5. *Rates*

The standard VAT rate is 21%. A reduced rate of 10.5% applies to, for example, supplies of certain food, dwellings, interest and medical services.

An increased rate of 27% applies to supplies of telecommunication services, gas and electrical power and running water and sewage services. Immovable property is subject to VAT only in specific cases, depending on who has constructed the property.

8.6. *Exemptions*

There are two types of exemptions under the VAT Law, namely:

- exemption without the right to deduct input VAT; and
- exemption with the right to deduct input VAT. Such exemptions are commonly referred to as zero rates.

Exempt supplies (without the right to deduct input VAT) include, inter alia: books (including electronic formats); retail distribution of newspapers and periodicals; shares, bonds and securities; gold coins, gold bars and other coins; medical services in specified cases; and transportation of persons and freight.

Exports are zero rated.

8.7. *Non-residents*

Non-residents must register if they perform taxable transactions in Argentina. Non-residents must be registered through a representative.

9. Miscellaneous Taxes

9.1. *Capital duty*

There is no capital duty.

9.2. *Transfer tax*

9.2.1. Immovable property

A transfer tax is levied on the transfer (for consideration) of title to Argentinian-situs immovable property, provided that the proceeds of the transaction are not subject to income tax. The tax is calculated on the transfer price at the rate of 1.5%.

Transfers made by non-residents are subject to withholding tax at source.

See also section 9.3.1.

9.2.2. Shares, bonds and other securities

See section 9.3.2.

9.3. *Stamp duty*

9.3.1. Immovable property

Transfers of immovable property are subject to stamp duties (levied by the federal capital and the provinces) on the value of the property stated in the sales contract, or the cadastral value, whichever is greater. The amount of stamp duty paid on a previous promise to sell immovable property may be credited against the liability for the stamp

duty on the final transfer of that property. In the federal district (City of Buenos Aires), the rate is 2.5%. In the province of Buenos Aires, the rate is 4%. Other rates are as follows: in Catamarca 1.8%, in Córdoba 1.5% and in Mendoza up to 2.5%.

9.3.2. Shares, bonds and other securities

Transfers of shares are subject to stamp duty (normally 1%), provided generally that the transfer is made through a written agreement. However, an exception applies if the transfer takes place in the City of Buenos Aires, La Rioja, Tierra del Fuego, Neuquén, Tucuman, Santa Fe (exemption only in respect of listed shares) and the Province of Buenos Aires (exemption only in respect of listed shares).

9.3.3. Other transactions

Stamp tax applies to contracts and agreements e.g. procurement agreements and distribution agreements provided they are written agreements. Tax rates vary in accordance with the tax jurisdiction but generally are around 1% of the economic value of the agreement.

9.4. *Customs duty*

9.4.1. Import duties

Import duties are levied at different rates depending on the type of imported good, e.g. for new capital assets, generally 0%; for raw materials, parts and pieces generally from 0% to 35%; and for consumable goods, generally from 0% to 35%. Duties are set by identifying goods by way of their harmonized code in the MERCOSUR Common Code (*Nomenclatura Común del Mercosur*, NCM), based on the Harmonized Commodity Description and Coding System (HS) for classifying goods and assigning tariffs.

9.4.2. Export duties

A 25% export duty applies to crude oil exports, plus an additional duty of between 5% and 20% depending on the price. A 20% duty applies to crude oil, gas, butane and liquefied gas and a 5% duty applies to leaded and unleaded petrol and diesel. A 45% duty applies to natural gas.

A variable export duty regime applies mainly for soybeans, sunflowers, wheat and corn. The duty rate varies depending on the international prices of the agricultural products.

9.5. *Excise duty*

Excise duties are levied (in only one stage) on the transfer and importation of goods specified by the excise duties law, and on the rendering of specified services. Taxable persons include producers, importers and merchants with respect to taxes on tobacco, alcoholic beverages, wine, non-alcoholic beverages, syrup, extracts, cellular and satellite phone services, vehicles and motors, luxury objects, recreation and sports craft and spaceships.

Excise duties are normally calculated on the sales price as including the excise tax itself and any other tax levied on the chargeable product except VAT. Excise duties are levied at ad valorem rates based on the price of goods or services, at rates which vary for different items and range from 0.1% to 60%.

9.6. *Other taxes*

9.6.1. Tax on gross receipts

The Argentinian provinces, the City of Buenos Aires and all other jurisdictions levy local taxes on the habitual exercise of economic activities, known as the tax on gross receipts (*impuesto a los ingresos brutos*). The tax is levied on: receipts derived from the exercise of civil or commercial activities for the purpose of obtaining profits; professions; occupations; brokerage; and any habitual activities. Certain transactions are exempt from this tax, for example development of dependent work; discharge of a public office; liberal professions in certain jurisdictions; and exportation (except for the export of services in the City of Buenos Aires). Imports are not taxable.

Internal double taxation of activities developed by the same taxpayer in several jurisdictions is avoided under a multilateral agreement. The agreement provides for the allocation of the taxable base among the jurisdictions concerned.

As a general rule, the tax is levied on gross receipts accrued during the tax period (i.e. the calendar year) and derived from the development of the activity taxed by the applicable law. In certain cases, special provisions provide for taxation on a cash basis (e.g. taxpayers for whom bookkeeping is not compulsory). There are also instances in which the tax is calculated on the difference between the purchase and sales prices (e.g. certain fuel and tobacco products). Special rules are also established for the computation of the taxable base in certain cases such as banks, insurance companies, foreign exchange and news agencies.

Certain items are excluded or deducted from the taxable base, for example output VAT, excise taxes and certain other taxes. Rates vary for different provinces and for different activities, generally ranging from 1% to 6%.

9.6.2. Tax on acquisition of foreign consumption and travel expenses

General Resolution 3450, published in the Official Gazette of 18 March 2013 and effective from that date, introduces a tax on the acquisition of:

- foreign goods and services, including purchases made on the Internet, and advances of foreign currency paid by means of credit or debit cards issued by domestic financial entities;
- travel services to be provided abroad (acquired through domestic travel agents);
- passenger transport services to foreign destinations; and
- the acquisition of foreign currency or traveller cheques for purposes of travel and tourism.

The tax is levied at the rate of 35% on the price of the goods and services converted into the local currency (ARS) at the official exchange rate.

Taxable persons are individuals and legal entities performing transactions subject to this tax. The tax is withheld by the financial entities issuing the credit and debit cards, travel agents, transport companies, and foreign exchange bureaus and any other financial entities authorized by the Central Bank to deal with foreign currency.

The tax is considered a payment on account of the income tax or the net wealth tax (in the case that no income tax is due). Any balance in favour of the taxpayer may be offset against other tax obligations. Individuals who are not income tax or wealth tax taxpayers may apply for a reimbursement.

The levy has formally been enacted as a *percepción*, i.e. a payment in advance of the annual income tax or net wealth tax. In practice, however, its determination has no relation with taxable income or taxable wealth.

9.6.3. Tax on debits and credits on bank accounts

Under Law 25,413, a tax is levied on credits and debits (i.e. deposits and withdrawals) on bank current accounts. It is assessed and collected by the financial entities with which such accounts are registered. The individuals or entities holding such accounts bear the tax and are responsible for remitting any tax due. This tax applies from 3 April 2001 to 31 December 2017 (the effective period has been extended since 2011).

In general, the tax base for assessing the tax is the gross amount of credits and debits, excluding additional expenses relating to these transactions. The general tax rate is 0.6%. The application of the special rates of 1.2%, 0.5%, 0.25%, 0.075%, 0.05% and 0.01% is restricted, depending on the subject and/or the transaction, as established in the regulations.

Certain transactions are exempt from this tax, for example transfers of funds to checking accounts (excluding transfers made by way of cheque) in respect of the same entity or individual effecting the transfer, and debits in respect of the payment of this tax.

A percentage (ranging from 17% to 34%) of the tax on current accounts is credited against income tax and minimum deemed income tax.

ARGENTINA

This chapter is based on information available up to 31 January 2016.

Introduction

Resident individuals are subject to income tax on their worldwide income. Employees, independent contractors and entrepreneurs must contribute to the social security system.

Taxation of capital gains derived by residents depends on the person, activity and property involved. Capital gains from financial investments and alienation of intangibles are, in general, subject to tax.

The currency is the Argentinian peso (ARS).

1. Individual Income Tax

Resident individuals are subject to income tax on their worldwide income. Income tax on individuals is levied at progressive rates.

1.1. *Taxable persons*

Taxable persons include individuals and estates.

For income tax purposes, the following persons are deemed to be residents:

- nationals, unless they have lost their residence status by becoming resident of another country or by residing outside Argentina for at least 12 months;
- nationals who are official employees working abroad for the state;
- foreign nationals who stay in Argentina with a permanent visa (for immigration purposes) or with a temporary visa for at least 12 months; and
- estates where the relevant individual was a resident at the time of death.

The following are deemed not to be residents and thus subject to tax only on Argentinian-source income (but calculated under the rules for assessing income applicable to residents):

- foreigners who stay in Argentina for work purposes for less than 5 years;
- foreign members of diplomatic or consular missions and the technical or administrative personnel of such missions who were not residents at the time they were appointed to such positions; and
- foreign members of international organizations who were not deemed to be residents at the time of commencing their activities; and
- foreigners who stay in Argentina with temporary visas for studying or researching, so long as their only remuneration is in the form of a scholarship or other similar consideration.

The Income Tax Law also contains rules on dual residence similar to the tiebreaker rules under article 4 of the OECD Model, which apply in determining the residence of an individual who became resident in another country (after losing status as an Argentinian resident) and who then returns to Argentina with the purpose of staying in Argentina. In these situations, the tax authorities have provided a definition of the terms “permanent home” and “centre of vital interests” to be applied in situations where a treaty does not apply.

Spouses file separate returns. However, income from property acquired during marriage is allocated to the husband except in certain special cases.

Owners or partners of a sole proprietorship or a general partnership (transparent companies) must include their share of the entity's taxable income in their taxable base. There is no tax at the entity level.

1.2. *Taxable income*

1.2.1. General

Resident individuals and estates are subject to income tax on their worldwide income. For income tax purposes, the concept of income includes:

- income and gains that are periodically produced by a permanent source;
- capital gains from the alienation of movable property subject to depreciation;
- capital gains from the alienation of shares and other participation interests in the capital of companies, bonds and other securities representing debt claims; and
- any other income from the categories mentioned below such as alienation of trademarks, patents and any other right to earn a royalty or income flow.

The Income Tax Law specifies four categories of income sources. The purpose of this categorization is to further define the concept of taxable income (although some items may be later treated as exempt income) and to specify the corresponding deductions and allowances as follows:

First Category Income: income from immovable property (not belonging to Third Category income, *see* below). This category includes rental income and any other income realized from the ownership of immovable property.

Second Category Income: income from capital assets (not belonging to Third Category income, *see* below). This category includes:

- income from securities, bonds, treasury bills, debentures, guarantees, financing and loans;
- income from the lease of movable property;
- royalties and periodic subsidies;
- life pensions and gains or participations in life insurance;
- compensation for a promise to abstain from doing something, to abandon or to prevent performing an activity. However, such income is included in the Third or Fourth Category, as the case may be, when the promise consists of the non-performance of a business, industry, profession, occupation or employment;
- gains from the alienation of goodwill, trademarks, patents and any other right to earn a royalty or income flow; and
- alienation of shares, quotas and any other participation interest in the capital of companies, bonds and securities in general.

Third Category Income: income derived by enterprises. This category includes income derived from:

- a proprietorship located in Argentina;
- partners from their partnership or membership in other transparent entities;
- the activities of commission agents, auctioneers, consignees and other trade agents not specifically included in the Fourth Category;

- the transfer of certain immovable property;
- trusts under certain conditions; and
- income not included in other categories.

Fourth Category Income consists of income from employment and personal work such as:

- earnings from public positions of authority;
- employment earnings;
- retirement earnings;
- professional earnings;
- earnings from the rendering of personal services to cooperative societies;
- the earnings of directors, managers and executives of corporations; and
- the earnings of brokers, travel agents and customs agents.

1.2.2. Exempt income

Income exempt from individual income tax includes:

- gifts, inheritances and legacies;
- income subject to the tax on games and sporting events;
- gains from the sale, exchange, barter or disposal of shares, bonds or other securities, obtained by resident individuals and undivided estates, provided the securities are listed or authorized for quotation on stock exchanges in Argentina. This exemption does not cover income derived by commission agents, auctioneers, consignees and other trade agents and capital gains derived by individuals from frequent securities trading;
- gains derived from bonds, treasury bills and other debt securities issued by state bodies when a law or a decree enacted by the executive branch establishes an exempt treatment;
- certain interest, royalties and other income from copyrights derived by the author or the author's heirs, provided that certain conditions are met, up to an annual amount of ARS 10,000; and
- interest accrued on savings accounts and fixed time deposits made in authorized financial institutions.

Some of the items mentioned above are disregarded for exemption purposes if there is a transfer of income to a foreign tax jurisdiction. However, where there is an applicable tax treaty between Argentina and the country involved in the transaction, the treaty rules apply and as a result the income may be tax exempt in Argentina.

1.3. *Employment income*

1.3.1. Salary

Salaries are included in the individual's total income and taxed under the general rules. Salaries are subject to withholding tax at the progressive rates under the Income Tax Law. The tax withheld is final for taxpayers who receive only employment income and do not choose to register with the tax authorities.

1.3.2. Benefits in kind

Benefits in kind are fully taxable and are added to the individual's income taxable base. Benefits in kind include education of the taxpayer's children, rent-free accommodations, lodging and holiday travel allowances, car expenses, and personal expenses made by company credit card.

With respect to employee compensation consisting of stock purchase options of the employer or of any other company of the same group, the difference between (i) the acquisition cost and (ii) the stock exchange price or, if not available, the proportional value of the company's net worth at the time the option is exercised, is deemed to be employment income and therefore taxable as such.

1.3.3. Pension income

Retirement pensions and retirement compensation are included in the individual's total income and are taxable under the general rules.

1.3.4. Directors' remuneration

Directors' fees which qualify as subject to tax (not exceeding the limits established under the Income Tax Law: the greater of 25% of accounting profits of the tax period or a fixed sum per each recipient of the fees (ARS 12,500)) are included in the individual's total income and are taxed under the general rules. Fees exceeding these limits are not subject to tax provided that the company paying the fees pays corporate income tax in the tax year to which the fees correspond.

1.4. *Business and professional income*

Business and professional income is treated as Third Category income and generally taxable under the general rules.

1.4.1. Business income

Business income derived by individuals is included in their taxable base and taxed at the income tax rates applicable to any other type of income subject to income tax.

The owner or partner of a sole proprietorship or a general partnership must include his share in the entity's taxable income in his taxable base. There is no tax at the entity level. Civil companies (*sociedades civiles*) used to be subject to the same tax treatment, but are no longer contemplated in the new Civil and Commercial Code in force from 1 August 2015 (enacted by Law 26,994).

Resident shareholders must include in their taxable income the taxable profits derived by a company resident in a low-tax jurisdiction from dividends, interest, royalties, leases and other passive income. Those shareholders do not have to include the profits realized by a controlled foreign company (CFC) resident in a low-tax or no-tax jurisdiction in their taxable income if at least 50% of the profits are connected with active income. In this case, the profits are taxable in the hands of the shareholders only when received as dividends.

Correspondingly, if residents are shareholders in a CFC which has a direct or indirect participation in an Argentinian company, the dividends distributed by the Argentinian company are taxable in Argentina only to the extent that Argentinian income tax has been paid by the original distributing company. This exemption applies only if the CFC is located in a country not considered to be a low-tax or no-tax jurisdiction.

1.4.2. Professional income

Income from independent personal services is included in the individual's total income and taxed under the general rules.

Income from independent work is also subject to withholding tax at source if it exceeds ARS 1,200 in a 1-month period. The tax withheld may be credited against the annual income tax or the monthly advance payments. The general withholding rate for professional income depends on whether the recipient is registered with the tax authorities or not:

- if registered, the rates are progressive and range from 10% to 30%; and
- if not registered, the rate is 28%.

1.5. *Investment income*

Dividends derived from resident companies are subject to a 10% final withholding tax upon distribution. Dividends derived from non-resident companies are taxed as ordinary income at progressive rates (*see* section 1.9.).

When resident companies make profit distributions in excess of the taxable income, an "equalization tax" applies. The equalization tax applies to dividends and profit distributions paid to either residents or non-residents when commercial profits (i.e. profits as determined in the financial statements) payable in cash or in kind (except eligible stock) exceed taxable profits. The tax is levied at the final rate of 35% on dividends or profit distributions made by, for example, limited liability companies, permanent establishments, and trusts or investment funds that are deemed to be taxpayers.

Interest is, in general, taxed as ordinary income. However, some interest is exempt from income tax (*see* section 1.2.2.).

Royalties are considered ordinary income, but special rules govern the expenses that may be deducted. Residents that habitually develop research in order to obtain assets which may produce royalties must calculate their income under the rules applicable to companies (Corporate Taxation) and not under the rules in this section.

Income from immovable property is included in the recipient's taxable income.

1.6. *Capital gains*

Taxation of capital gains derived by resident individuals depends on the person, activity and property involved.

The most relevant capital gains subject to tax are the following:

(1) capital gains derived from immovable property that is subdivided for urbanization purposes;

(2) capital gains derived from immovable property built and sold according to Law 13,512 (horizontal property buildings);

(3) capital gains derived from the alienation of goodwill rights, trademarks and patents;

(4) capital gains derived from the transfer of movable depreciable assets; and

(5) gains from the alienation (e.g. sale, exchange or barter) of shares, bonds or other securities not listed or authorized for quotation in stock exchanges, as well as the transfer of title of quotas and any other participation interest in the capital of companies.

Capital gains described in categories (1) to (4) are subject to tax as ordinary income. Capital gains described in the category (5) are subject to income tax at the rate of 15%. In some administrative cases, the tax authority adopted the position that capital gains of foreign source are taxed at a rate of 35%. This position is controversial and so far not backed by a clear legal provision or case law.

Capital gains derived by individuals from the alienation of other immovable property are not within the scope of the Income Tax Law, but rather are subject to a specific tax (transfer tax). The tax is calculated on the transfer price at the rate of 1.5%. Gains derived by non-residents are subject to withholding tax at source.

1.7. *Personal deductions, allowances and credits*

The income tax levied on individuals and estates is calculated on their total income subject to tax, less applicable deductions and allowances. Income derived through partnerships and other transparent entities is included in taxable income and reported by partners on a net basis (income derived by partnerships is computed under the general income tax rules, i.e. gross income minus applicable deductions).

1.7.1. Deductions

In computing taxable income, resident individuals may deduct expenses that are necessary to obtain income or maintain or preserve the source of income, as well as certain expense allowances as described below.

The following annual allowances are applicable:

- gifts to the government and eligible institutions: up to 5% of the taxpayer's net taxable income derived during the year under certain conditions;
- contributions to pension funds provided the fund is a scheme organized and administered by the federal state, provinces or municipalities;
- funeral expenses: ARS 996.23;
- qualifying life insurance premiums: ARS 996.23;
- premiums for additional health insurance for the taxpayer and his dependants: up to 5% of net income;
- mandatory social security contributions for the pension fund system: 100% of the contributions;
- medical expenses: up to the lower of 40% of those expenses and 5% of the taxpayer's net income;
- interest on mortgages in respect of the taxpayer's occupied dwelling: up to an annual limit of ARS 20,000; and
- consideration for the services and social security contributions paid to servant/housekeeper, up to an annual limit of ARS 15,552.

1.7.2. Allowances

In computing taxable income, resident individuals may deduct certain family and personal allowances as described below.

With effect from 1 March 2013, the following fixed annual allowances are applicable:

- family allowances:
  - dependent spouse: ARS 17,280;
  - children (natural or adopted): ARS 8,640; and
  - resident dependant, ascendant, descendant or sibling: ARS 6,480; and

- personal allowances:[1,2,3]
  - basic personal allowance: ARS 15,552; and
  - special allowances:
    - employees: ARS 74,649.60; and
    - self-employed (only if the taxpayer pays the annual social security contribution before filing a tax return): ARS 15,552.

The executive branch is granted the power to modify the amounts in order to accommodate them with the national economic policy (Law 26731, published in the Official Gazette of 28 December 2011).

1.7.3. Credits

Taxes withheld at source and advance payments may be credited against the amount of tax due.

Foreign income tax paid on foreign-source taxable income may be credited by a resident against his Argentinian income tax liability. The credit is limited to the increase in the Argentinian tax arising from the computation of the foreign-source income.

1.8. *Losses*

1.8.1. Ordinary losses

Losses incurred in a year may be carried forward to be set off against taxable income of other fiscal years, up to 5 years from the year in which the loss was incurred. Losses may not be carried back.

Losses incurred in derivative transactions (excluding hedging transactions) may only be set off against income from derivative transactions in the same tax period or in the following 5 years.

1.8.2. Capital losses

Losses incurred by persons to whom Third Category rules apply upon the alienation of shares, ownership interests in companies or shares in common investment funds, may only be set off against net income derived from the alienation of similar property. Such losses may be carried forward up to 5 years from the year in which the loss was incurred, to be set off against income derived in other years from the same type of transaction.

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1 Decree 1242/2013, published in the Official Gazette of 28 August 2013, increased family and personal allowances with effect from 1 September 2013, but only for certain categories of employees and pensioners, as follows:
- employees and pensioners with monthly earnings not exceeding ARS 15,000 between January 2013 and August 2013 are entitled to a special allowance (the aim of this allowance is to offset the taxable income);
- employees and pensioners with monthly earnings not exceeding ARS 25,000 between January 2013 and August 2013 are entitled to a 20% increase on the amounts of family allowances and personal allowances shown above; and
- employees and pensioners working or residing in the Patagonia region, as defined by article 1 of Law 23,272, are entitled to a 30% increase on the amounts of family allowances and personal allowances shown above, irrespective of their monthly income.

2 General Resolution 3770 (published in the Official Gazette of 7 May 2015) established directions for employers on how to apply the above-mentioned rules and clarified other related matters in respect of remuneration received as of 1 January 2015.

3 The Executive Branch´s Decree 152/2015, published in the Official Gazette of 18 December 2015 and effective from that date, established a one-off increase of the individual income tax deduction allowance. The increase is equivalent to the net amount of the second installment of the 13th month salary corresponding to tax year 2015. The purpose is to offset the taxable effect of this second installment (under labour law, a "13th month salary" must be paid in two installments, and the second installment must be paid by the end of the calendar year). The increase is limited to employees whose monthly gross salary between July and December 2015 does not exceed ARS 30,000.

1.8.3. Foreign-source losses

Losses from activities generating foreign-source income may only be offset against foreign-source income. These losses may be carried forward for 5 years. There is a further limitation for foreign-source capital losses from the disposal of shares or other participations in investment funds or similar entities. Such losses may be set off only against capital gains from the same activity.

1.9. *Rates*

1.9.1. Income and capital gains

Resident individuals are subject to income tax at the following progressive rates:

Taxable income (ARS)			*Tax due on lower limit (ARS)*	*Marginal rate on the excess (%)*
Up to		10,000	0	9
10,001	-	20,000	900	14
20,001	-	30,000	2,300	19
30,001	-	60,000	4,200	23
60,001	-	90,000	11,100	27
90,001	-	120,000	19,200	31
Over		120,000	28,500	35

The income of resident individuals is not subject to surcharges or surtaxes.

Resident individuals deriving capital gains on the alienation of bonds, shares, quotas and any other participation interests in the capital of companies are subject to tax at the fixed rate of 15% on the net profit.

For the tax treatment of domestic dividends, *see* section 1.9.2.

For dividends and capital gains derived by non-residents, *see* section 6.3.1.

1.9.2. Withholding taxes

Resident individuals deriving dividends from resident companies are subject to final withholding tax at the rate of 10%.

In certain cases, a withholding tax is levied either as an advance payment of the tax, to be offset against the final tax liability (e.g. withholding tax on fees), or as a final tax.

Employment income is also subject to withholding rules. *See* section 1.3.1.

1.10. *Administration*

1.10.1. Taxable period

For individual income tax purposes, the tax year coincides with the calendar year.

1.10.2. Tax returns and assessment

The assessment and collection of taxes is normally based on signed returns to be filed by a taxpayer under the requirements and terms established by the tax authorities. Currently, most returns must be filed electronically.

Resident individuals and estates deriving taxable income must file annual returns, unless (i) their income is derived entirely from employment and the tax has already been withheld at source or (ii) taxable income is less than the available allowances; *see* section 1.7.2.

Individuals and estates must file returns in April or May of the year following the tax year. They also must file a sworn return every year listing their assets and liabilities as of 31 December of the year to which the income tax return refers. This return must include assets located or utilized abroad.

1.10.3. Payment of tax

Individuals and estates (unless receiving only income subject to final withholding tax) must make five monthly prepayments of income tax in June, August, October and December of the relevant tax year, and in February of the following year. Each advance payment is equal to 20% of the tax assessed for the last tax year as reduced by both tax reductions granted under tax incentive schemes and non-final withholding taxes corresponding to the same year. The advance payment referred to above must only be made if the amount exceeds ARS 100.

Any balance of tax due, after taking advance payments into account, must be paid upon the filing of the return, although the tax authorities may authorize that the final tax be paid in instalments (including interest).

1.10.4. Rulings

The General Director of the tax authorities has legal powers to interpret or enact regulations on the application of the laws and decrees regarding taxes under its jurisdiction. Such interpretations and regulations, made by means of rulings (*resoluciones*), are published in the Official Gazette and are in principle binding on taxpayers. Taxpayers may appeal those decisions that have an interpretative nature to the Ministry of Economy within 10 working days. Such an appeal does not release the taxpayer from the obligation to pay taxes on transactions deemed to be taxable during the ruling request procedure, but if the decision of the tax authorities is revoked by the Ministry of Economy, the taxpayer is entitled to a tax refund.

Advance rulings may be requested in respect of all national taxes, including social security contributions. However, customs duties are not covered by the advance rulings regime. In addition, the regime does not apply to questions regarding the application of income tax treaties.

2. Other Taxes on Income

2.1. *Municipal income tax*

No municipal income tax is levied in Argentina.

2.2. *Church tax*

No church tax is levied in Argentina.

3. Social Security Contributions

3.1. *Employed*

Employees must contribute to the social security system. Social security contributions are computed as a percentage of the employee's salary, according to the rates detailed below. All employee contributions are computed at the relevant rates, considering the salary of the employee with a monthly salary cap of ARS 48,598.08 (effective from 1 September 2015).

The social security contribution rates are as follows:

Employee's contribution	*Rate (%)*
Pension Fund System	11
Retirement Fund (INSSJP)	3
Medical assistance	3
Total	17

Compulsory social contributions made by employees and self-employed persons are deductible for income tax purposes. Deposits in pension funds agreed under a written contract are deductible for income tax purposes for the payer and are not treated as taxable income for the beneficiary. Appreciation of shares in the fund is not treated as taxable income or gain. Pensions paid under the system are subject to income tax.

3.2. *Self-employed*

Self-employed taxpayers pay contributions to the retirement and pension fund system established as fixed amounts. Those amounts are calculated as 32% (pension fund 27%, INSSJP 5%) on the minimum threshold net income of each category as follows (effective from 1 September 2015):

Category	*Contribution(ARS)*
I	797.50
II	1,116.50
III	1,595.02
IV	2,552.02
V	3,509.02

Taxpayers can change their applicable category once a year. The table above shows the standard contributions. Other fixed amounts are established for taxpayers engaged in dangerous activities, voluntary contributors, minor workers, etc.

Board members of corporations on which they also have an employee status may opt to contribute only as employees.

4. Taxes on Capital

4.1. *Net wealth tax*

Net wealth tax (*impuesto sobre los bienes personales*, ISBP) is levied on individuals domiciled in Argentina and estates situated in Argentina, including assets located both in Argentina or abroad at the end of the calendar year. Non-residents are subject to ISBP only on Argentinian-situs property owned at the end of the calendar year. Resident companies, whose shares or participation rights are held by resident or non-resident individuals or estates and by non-resident entities, are also subject to ISBP.

Law 26,545, published in the Official Gazette of 2 December 2009, extended the period of application of the net wealth tax to 31 December 2019.

With respect to married couples, the husband must report both his own property and any property acquired during marriage, with certain exceptions.

Certain Argentinian-situs property is exempt from ISBP, including: intangible property (e.g. goodwill, trademarks, patents, rights derived from concessions); rural immovable property subject to IGMP; and public bonds or securities issued by the national, provincial or municipal governments.

Foreign individuals who are present in Argentina to carry out work for a period not exceeding 5 years are treated as being non-domiciled in Argentina and are thus liable to ISBP only on Argentinian-situs net wealth.

Except for mortgages on a taxpayer's dwelling, liabilities are not deductible.

Net wealth tax is levied at the following rates:

Taxable net wealth (ARS)			*Tax rate (%)*
Up to		305,000	0.00
305,000	-	750,000	0.50
750,000	-	2,000,000	0.75
2,000,000	-	5,000,000	1.00
Over		5,000,000	1.25

Argentinian companies are liable to ISBP in respect of the amount of the participation based on a presumption, without right of rebuttal, that the final participant is an individual. These companies are subject to a separate tax calculation at the rate of 0.5% on the value of the shares. The value is determined in accordance with the equity value stated on the company's balance sheet on 31 December of the period.

Under Regulatory Decree to Law 23,966, the tax administration adopted the position that permanent establishments of foreign companies in Argentina must pay the tax on behalf of their head office (i.e. acting as substitute for resident and non-resident taxpayers). However, this interpretation was challenged by the taxpayer in "*The Bank of Tokyo - Mitsubishi UFJ Ltd. c/ Estado Nacional - AFIP -DGI*". The Federal Supreme Court upheld the taxpayer's position on 16 December 2014, ruling that branches of non-residents are outside the scope of the tax. Law 23,966, as amended by Law 25,585, provides that shares and other participation rights in the capital of companies regulated by the Companies Law (Law 19,550) are assets subject to ISBP. However, branches do not issue shares or participation rights in the capital of companies nor are comprised in the definition of companies provided by the Companies Law and therefore they are outside the scope of the tax. The decision is in principle binding only for the particular case. However, in practice and due to the weight of the Court's decisions, it is reasonable to anticipate that the tax will no longer be levied on PEs and branches of foreign companies.

In addition to the annual payment, ISBP taxpayers are required to make advance payments. Individuals and estates are required to pay five monthly instalments as advance payments in June, August, October and December of the taxable period and February of the following year. Each advance payment should be equal to 20% of the tax assessed for the last year, as reduced by the amount effectively paid for similar taxes levied abroad.

The taxpayer may credit amounts effectively paid for similar taxes levied abroad on the taxpayer's net wealth. The foreign tax credit may not exceed the increase in the ISBP liability arising from the computation of property permanently located abroad (i.e. ordinary credit).

4.2. *Real estate tax*

Urban land is subject to the immovable property tax (*impuesto inmobiliario o contribución territorial*, local tax) with some exemptions. This tax is collected by the provinces. The tax is normally levied on the cadastral value of each piece of immovable property without regard to the number of owners or to the taxpayer's personal wealth.

The tax rates vary from jurisdiction to jurisdiction and are subject to frequent changes. Under the Federal Fiscal Agreement, rates are limited to a maximum of 1.2% for rural property, 1.35% for subrural or suburban property and 1.5% for urban property. Unimproved land located in certain areas may be subject to land tax at increased rates. In addition, some provinces levy surtaxes.

5. Inheritance and Gift Taxes

Argentina does not levy inheritance or gift tax at the Federal level.

5.1. *Taxable persons*

Not applicable.

5.2. *Taxable base*

Not applicable.

5.3. *Personal allowances*

Not applicable.

5.4. *Rates*

Not applicable.

5.5. *Double taxation relief*

Not applicable.

6. International Aspects

6.1. *Resident individuals*

For the concept of residence, *see* section 1.1.

6.1.1. Foreign income and capital gains

Resident individuals are subject to tax on their worldwide income and capital gains. For the tax treatment of special items, *see* sections 1.3., 1.4., 1.5. and 1.6.

Dividends received from foreign companies are subject to income tax as ordinary income and, therefore, must be included in the recipient's taxable base. A foreign tax credit is granted.

6.1.2. Foreign capital

Tax on net wealth is levied on the worldwide assets of resident individuals (*see* section 4.1.). The taxpayer may credit amounts effectively paid for similar taxes levied abroad on the taxpayer's net wealth. The foreign tax credit may not exceed the increase in the ISBP liability arising from the computation of property permanently located abroad (i.e. ordinary credit).

6.1.3. Double taxation relief

To avoid double taxation of foreign-source income, Argentina applies the ordinary tax credit method, both unilaterally and under tax treaties.

Foreign income tax actually paid may be credited against the Argentinian income tax liability. The credit is limited to the increase in Argentinian tax arising from the computation of foreign-source income.

For dividends, the foreign tax credit includes the tax paid on the profits out of which the dividends were paid. In order to determine which foreign taxes may be computed as a credit, the law provides for a definition of "similar taxes". Specific rules are also provided for determining the foreign tax credit related to the profits of foreign permanent establishments of residents.

For a list of tax treaties in force, *see* Corporate Taxation Section 6.3.5.

6.2. *Expatriate individuals*

A non-resident individual working in Argentina for less than 5 years is subject to income tax on his Argentinian-source income under the rules for resident taxpayers (i.e. tax on actual income, deductions and allowances and progressive rates).

For employees and other individuals performing personal services in Argentina, *see* section 6.3.1.

6.3. *Non-resident individuals*

Under certain circumstances individuals who do not meet the resident test are subject to income tax on Argentinian-source income under the rules for residents (*see* section 1.1.).

A resident who emigrates and remains outside Argentina for a period of 12 months or longer is deemed to be a non-resident. In calculating the 12-month period, temporary visits to Argentina up to a combined total of 90 days, whether consecutive or not, are disregarded.

For withholding purposes, those who receive their income abroad (either directly or through attorneys, agents, representatives or any other empowered persons in Argentina) and those who receive their income in Argentina but do not appear to have a residence in the country are deemed to be non-residents.

Argentinian-source income

Generally, income is considered Argentinian-source income if it is derived from:

- property situated, located or economically used in Argentina;
- the development in Argentina of acts or activities that may produce income; or
- events occurring in Argentina.

Income specifically considered to be Argentinian-source includes:

- interest on capital used in Argentina, including bonds and other debt claims issued by state bodies;
- interest on debt claims secured by property located in Argentina (if the property is not so located, the interest may still be considered Argentinian-source under the rules discussed above);
- income from exported goods produced, manufactured, processed or bought in Argentina;
- income from the transfer of goods situated, located or economically used in Argentina belonging to enterprises or companies organized, established or located abroad;
- gains from the alienation of shares, quotas and participation interests in the capital of resident companies; and
- gains derived from derivative transactions when the assumed risk is located in Argentina, provided that the gain is derived by a resident.

Income exempt from income tax includes, in particular, interest on foreign credit granted to the national treasury, provinces, municipalities or the central bank; interest on public bonds (provided a law or a decree enacted by the executive branch so establishes) and on eligible corporate bonds (interest on *obligaciones negociables*); and interest and gains derived from securities placed by public offer issued by qualifying trustees (*see also* section 1.2.2.).

Capital gains obtained by non-resident individuals from the sale of immovable property are outside the scope of the Income Tax Law.

6.3.1. Taxes on income and capital gains

Argentinian-source income (unless exempt) paid to non-residents is, in general, subject to final withholding tax levied on gross income under notional taxable income rules. In certain cases, the non-resident taxpayer is allowed to assess its actual taxable income by deducting the expenses attributable to the relevant Argentinian-source income.

For withholding purposes, taxable income from Argentinian sources is normally presumed to be a percentage of gross payments. As a result, different percentages of notional income are specified, without right of rebuttal in most cases. In the case of unspecified income Argentinian-source notional income is presumed to be, without right of rebuttal, 90% of gross payments.

6.3.1.1. Employment income

Argentinian-source taxable income derived by non-resident employees working temporarily in Argentina for a period not exceeding 6 months in the tax year is presumed to be, without right of rebuttal, 70% of wages and other remuneration. As this 70% notional income is subject to the general 35% income tax rate for payments to non-residents, the effective rate is 24.5%.

6.3.1.2. Business and professional income

Argentinian-source taxable income derived by non-resident individuals from the rendering of personal services temporarily in Argentina for a period not exceeding 6 months in the tax year (e.g. scholars, technicians, professionals, artistes in general

and athletes) is presumed to be, without right of rebuttal, 70% of fees and other remuneration. As this 70% notional income is subject to the general 35% income tax rate for payments to non-residents, the effective rate is 24.5%.

Argentinian-source taxable income derived by non-resident artists hired by the national government, provinces, municipalities or other eligible institutions in order to perform services in Argentina for up to 2 months are subject to income tax on 35% of the income. Therefore, the effective rate on gross receipts is 12.25%.

Notional income in respect of technical assistance to non-residents is presumed to be, without right of rebuttal, 60% of the gross fees paid for the transfer of technology, provided certain conditions are met. If those conditions are not met, but the technical assistance involves a transfer of technology and the relevant contract is registered with the National Institute of Industrial Property (INPI), the Argentinian-source notional income is 80% of the payments. If the agreement is not registered with the INPI, the notional income is 90% of the payment.

Fees as consideration for technical assistance outside the scope of the transfer of technology law are subject to an effective withholding tax rate of 31.5% (notional income of Argentinian source being 90%).

Payments to non-resident members of the board of directors of an Argentina-based enterprise are generally subject to withholding tax on notional income equal to 90% of the amount paid. However, if the director works temporarily in Argentina for a period not exceeding 6 months in the tax year, Argentinian-source taxable income is presumed to be, without right of rebuttal, 70% of wages, fees and other remuneration paid to such person.

6.3.1.3. Investment income

Dividends and distribution of profits paid by resident companies to non-residents and remittances from permanent establishments are subject to final withholding tax at the rate of 10% on the gross amount.

Interest, including interest on loans, derived by non-resident individuals is subject to a final withholding tax levied at the following effective rates:

- general rate: 35% (i.e. 35% tax rate levied on 100% of the interest); or
- reduced rate: 15.05% (i.e. 35% tax rate levied on 43% of the interest income). The rate applies where:
  - the interest arises from the financing of movable depreciable asset imports, other than cars, granted by the supplier; or
  - the interest arises from qualifying leasing agreements.

Interest on qualifying corporate bonds is exempt from income tax.

Royalties and other Argentinian-source taxable income from the assignment of rights on or the licensing of patents, trademarks, industrial models, designs and know-how is presumed to be, without right of rebuttal, 80% of payments to non-residents. This percentage is increased to 90% if the requirements of the "transfer of technology" law (*Ley de transferencia de technología*) are not met. Under this law, "technology" encompasses invention patents, industrial models or designs and know-know for product manufacturing or provision of services. The law essentially provides that, in the case of "technology", the underlying contract must be authorized by and regis-

tered with the National Institute of Industrial Property (INPI). Therefore, the effective tax rates are:

- 28% (i.e. 35% tax rate levied on 80% of the royalties) for royalties paid for intangible property qualifying as "technology" under the transfer of technology law; or
- 31.5% (i.e. 35% tax rate levied on 90% of the patent royalties), provided the royalties are paid for intangible property that does not qualify as "technology" under the transfer of technology law or they qualify as "technology" but the underlying contract giving right to the royalties is not registered with the National Institute of Industrial Property (INPI) at the time of payment.

Argentinian-source taxable income derived from the exploitation of copyrights in Argentina is presumed to be, without right of rebuttal, 35% of payments to non-residents, provided that certain conditions are met (e.g. the beneficiary is not a legal entity). If the conditions are not met, the notional taxable income is 90%.

Non-residents alienating bonds, shares, quotas and any other participation interests in the capital of resident companies are -in principle- subject to a 13.5% final withholding tax on the price of the transfer, by application of the rule of notional income equal to 90% of the amount paid. However, it is expected that a regulatory decree to Law 26,893 will further clarify the tax treatment of capital gains derived from financial investments, confirming this treatment and establishing whether the non-residents have the option to be taxed on a net basis when entering into these types of transactions. Additionally, it should also be established how the tax is to be collected when buyer and seller are both non-residents.

So far, only in two cases may a non-resident taxpayer choose to be taxed on either notional income or net taxable income, namely with regard to:

- payments on rentals of immovable assets located in Argentina; and
- payments on transfer of goods situated, located or used for economic activities in Argentina.

Where the taxpayer is taxed on net taxable income, taxable income is assessed by deducting from gross income the expenses incurred in producing that income and other allowed deductions according to the category of income under general rules for resident taxpayers.

6.3.2. Taxes on capital

Non-residents are subject net wealth tax (ISBP) only on Argentinian-situs property existing at the end of each calendar year. No tax-free amount applies to this category of taxpayers. Non-residents are not required to make any payment if the payable amount is less than ARS 255.75. *See also* section 4.1.

The taxpayer may credit amounts effectively paid for similar taxes levied abroad on the taxpayer's net wealth. The foreign tax credit may not exceed the increase in the ISBP liability arising from the computation of property permanently located abroad (i.e. ordinary credit).

Minimum deemed income tax (IGMP) taxpayers and resident individuals and legal entities that use, have the right to use, or have the custody or administration of taxable assets belonging to non-resident individuals or estates are subject to final tax at the rate of 1.25% on the value of the assets. This tax is not applicable with respect to the following assets:

- public bonds issued by the national, provincial or municipal governments;

- negotiable bonds issued under Law 23,576;
- specific corporate debts;
- shares or participation interest in companies or enterprises;
- participations in mutual investment funds; and
- participations in cooperatives.

Other taxable assets owned by legal entities resident of jurisdictions with preferential tax regimes, are deemed, without right of rebuttal, to be owned by an Argentinian individual. With respect to these assets, the tax rate is increased to 2.5%; and the taxpayer is the resident individual or legal entity in charge of the administration of the assets. However, the following non-resident owners are excluded from the legal presumption:

- insurance companies;
- open investment funds;
- pension funds; and
- banks or other financial entities that have their head office located in countries in which the central bank applies Basilea principles.

These anti-avoidance rules do not apply if the Argentinian-situs property is deemed to constitute a permanent establishment for IGMP purposes, in which case the permanent establishment has a liability to IGMP.

6.3.3. Inheritance and gift taxes

Argentina does not levy inheritance or gift taxes at the Federal level.

6.3.4. Administration

Non-residents directly deriving Argentinian-source income are subject to final withholding tax, and thus are not generally required to file tax returns. Non-residents carrying on their activities through a permanent establishment in Argentina and Argentinian non-residents must file income tax returns and make a self-assessment of the tax due.

KEY FEATURES

Last reviewed: **1 February 2016**

A. General information	
Sources of tax law	Income Tax Law (*Ley de Impuesto a las Ganancias*, LIAG); Tax Procedure Law (*Ley de Procedimiento Tributario*,LPT)
Main types of business entities	joint-stock company (*sociedad anónima*, SA); limited liability company (*sociedad de responsabilidad limitada*, SRL)
Accounting principles	IFRS
Currency	Argentinian peso (ARS)
Foreign exchange control	yes, as prescribed by central bank foreign exchange regulations (limits on the purchase of foreign currency); tax administration regulations also include rules on foreign exchange control
Official websites	Tax Administration http://www.afip.gob.ar/ Ministry of Economy http://infoleg.mecon.gov.ar/
B. Direct taxation: Companies	
1. Resident companies	
Residence	A company is resident in Argentina if it is incorporated in Argentina.
Tax base	worldwide
Corporate tax rates	35%
Alternative minimum tax	yes, 1% on business assets held at the end of the tax period (income tax is creditable against this tax)
Capital gains	part of ordinary income
Loss carry-forward	yes, 5 years
Loss carry-back	no
Unilateral double taxation relief	yes, ordinary tax credit
2. Non-resident companies	
Corporate tax rates	35%
Capital gains on sale of shares in resident companies	15% on 90% of the income (effective rate: 13.5%) or 15% on net taxable gain, at the choice of the seller
Capital gains on sale of immovable property	17.5% on gross amount or 35% on net income
Withholding tax rates	
Branch profits	10% (plus equalization tax of 35%, under conditions)
Dividends	10% (plus equalization tax of 35%, under conditions)
Interest	35%; 15.05% (specific cases)
Royalties	35% on notional taxable income (effective rates: 31.5%, 28% and 12.25%, depending on type of intangible property)

Fees (technical)	35% on notional taxable income (effective rates: 21%, 28% and 31.5%, depending on type of service)
Fees (management)	35% on notional taxable income (effective rates of 24.5% and 31.5% depending on duration)
3. Specific issues	
Participation relief	inbound dividends: no; outbound dividends: no
Group treatment	no
Incentives	mining; financial investments; personnel training; R&D; software industry; biofuel industry; investment in capital assets and infrastructure projects; petroleum industry; electricity produced using renewable sources of energy
Anti-avoidance	
Transfer pricing legislation	yes
Thin capitalization legislation	yes
Controlled foreign company legislation	yes
General anti-avoidance rule (GAAR)	yes
Other anti-avoidance legislation	tax haven legislation
C. Direct taxation: Individuals	
1. Resident individuals	
Residence	Residents include: - nationals, unless they have lost their residence status by becoming resident of another country or by residing outside Argentina for at least 12 months; - foreigners who stay in Argentina with a permanent visa (for immigration purposes) or with a temporary visa for at least 12 months; and - estates where the relevant individual was a resident at the time of death.
Taxable income	worldwide
Income tax rates	progressive; top rate 35% (over ARS 120,000)
Alternative minimum tax	yes, 1% on business assets held at the end of the tax period (income tax is creditable against this tax)
Capital gains	15% or taxed as ordinary income (subject to progressive rates)
Unilateral double taxation relief	yes, ordinary tax credit

Social security contributions	11% for pensions; 3% for pensions (retirement fund); 3% for health insurance
2. Non-resident individuals	
Income tax rates	35% on different percentages of gross income according to type of income (notional taxable income)
Capital gains on sale of shares in resident companies	15% on 90% of income (effective rate: 13.5%) or 15% on net capital gain; exemptions possible
Capital gains on sale of immovable property	15% on 90% of income (effective rate: 13.5%) or 15% on net income
Withholding tax rates	
Employment income	35% on 70% of income (effective rate: 24.5%)
Dividends	10% (plus equalization tax of 35%, under conditions)
Interest	35% generally; 15.05% (35% on 43% of income); 0% on qualifying corporate bonds
Royalties	35% on notional taxable income (effective rates: 12.25%, 28% and 31.5% depending on type of intangible property)
Fees (technical)	35% on notional taxable income (effective rates: 24.5% and 31.5%, depending on type of service)
Fees (directors)	35% on notional taxable income (effective rates: 24.5% and 31.5% depending on duration)
D. Indirect taxation: Value added tax (VAT)/Goods and services tax (GST)	
Taxable events	supplies of goods; supplies of services; importation
VAT/GST (standard)	21%
VAT/GST (reduced)	0%, 2.5%, 5%, 10.5%
VAT/GST (increased)	27%
Registration/deregistration threshold	no
VAT group	no
E. Other taxes	
Inheritance and gift taxes	no
Net wealth tax (individual)	progressive; top rate 1.25% (over ARS 5 million)
Net wealth tax (corporate)	no; however, the alternative minimum tax is levied on 1% of business assets held at the end of the tax period (income tax is creditable)
Real estate taxes	yes, tax rates vary per province up to: 1.2% for rural property, 1.35% for sub-rural or suburban property and 1.5% for urban property (taxable base may not exceed 80% of the market value)

Capital duty	no
Transfer tax	yes, 1.5% for immovable property (if not subject to income tax)
Stamp duty	yes
Excise duties	yes
Other main taxes	tax on gross receipts; tax on current accounts

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