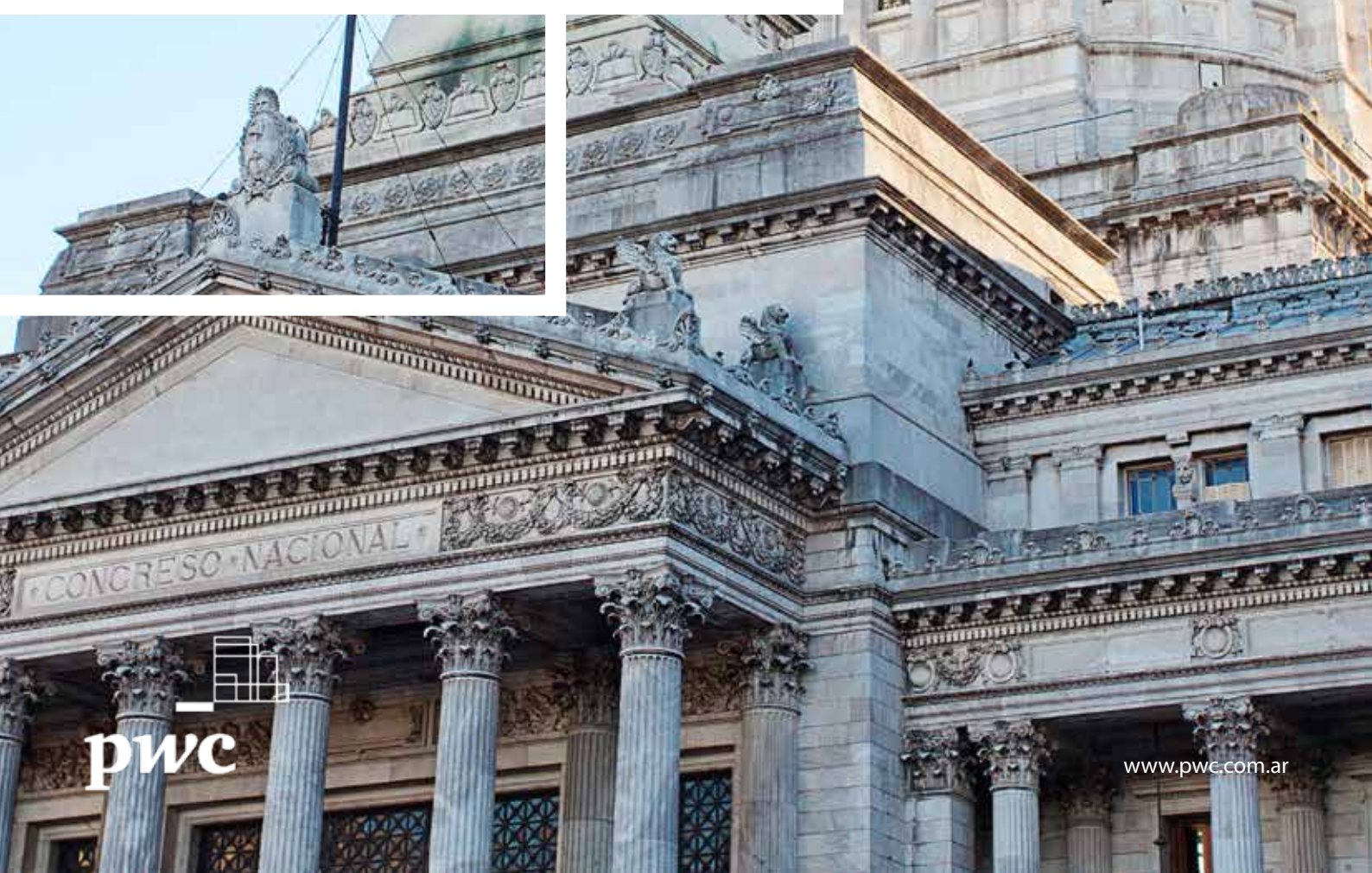


Doing Business in Argentina

2019 onwards



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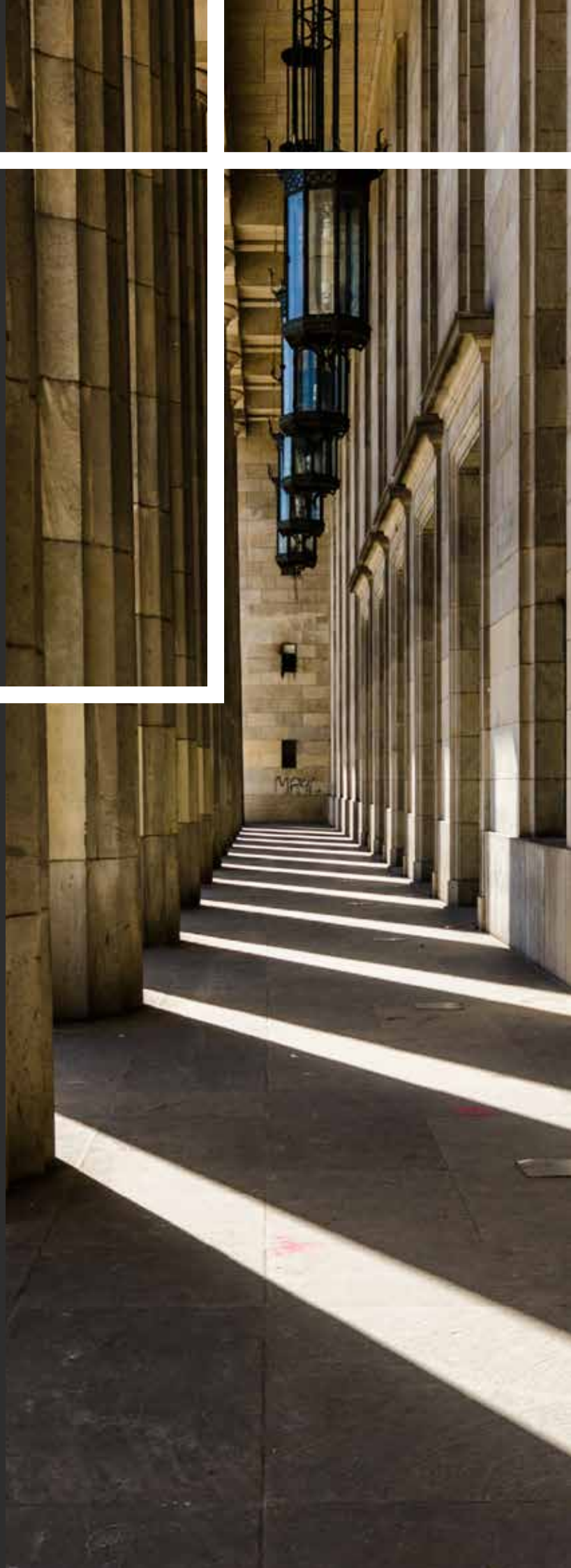
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Geographical
& demographical
background





Location

The Republic of Argentina¹ is located in South America, between latitudes 23°S (Tropic of Capricorn) and 55°S (Cape Horn). The Andes separates the country from Chile to the west and Bolivia to the northwest; Paraguay lies directly to the north, with Brazil, Uruguay and the South Atlantic Ocean to the east.

Brief history of the country

The history of Argentina began in 1776 with the creation of the Virreinato del Río de la Plata, the name given to the colonial territories of Spain. In 1810, Argentina initiated a process that led to independence in 1816, although for over sixty years there were internal battles for control of income from Customs, monopolized by the Province of Buenos Aires.

After this period of civil war, the country began a process of modernization in 1880, with the creation of new public institutions and efforts to build a foundation to incorporate the country into the international system of division of labor as an agricultural commodity producer. At the beginning of the twentieth century, Argentina followed an agro-export economic model which placed it as a leader in the world economy. This model was based on three pillars: a) high prices of commodities, b) incorporation of extensive croplands to the production process, c) and the incorporation of hundreds of thousands of relatively highly-skilled immigrants to the labor market. Between 1930 and 1983 there was a period of institutional instability, characterized by rotating civilian and military governments.

The effects of the Great Depression severely affected the country in the thirties, essentially due to a drop in trade and export volumes. From the beginning of the fifties into the seventies, Argentina changed its economic model to substitute imports, in an attempt to create an industrialized economy. In the seventies, under a new military regime, the country adopted an open economic model, eliminating mechanisms to protect industry.

Once democracy returned in the early eighties, the country faltered in finding a clear path to growth. GDP was stagnant, as in most Latin American countries, with episodes of hyperinflation toward the end of the decade. At the beginning of the nineties, Argentina adopted a convertibility plan with a pegged exchange rate. Many of the country's public utility companies were privatized during this decade.

After the 2001-2002 economic and social crisis, convertibility and the pegged exchange rate were abandoned and replaced with a controlled floating rate system.

During the first decade of the twenty-first century, Argentina experienced rapid growth driven mainly by commodity exports. During the period 2003-2011, the country's GDP grew at an average rate of almost 8%. As from 2012, the economy recorded a strong deceleration, with a 2012-2016 compound annual growth rate (CAGR) of 0.08%, always at constant prices. The main cause of this drop was the growing imbalances in both the internal and external sectors.

With the new administration of President Mauricio Macri, the country returned to the international stage, and in 2018 Argentina chaired the G20, which is a key international forum with other countries for discussing and decision-making on adopting concrete solutions for the chief challenges of the global agenda.

¹Argentina has six major regions: the Northwest, Northeast, West (Cuyo), Central (Pampeana), South (Patagonia), and the Greater Buenos Aires metropolitan areas



The climate

The climate varies from subtropical in the north to sub-Antarctic in the south, featuring a wide temperate belt between these two extremes. The city of Buenos Aires and most of the other main cities and industrialized areas are situated in this temperate region, where maximum summer temperatures average between 27° C (81° F) and 32° C (90° F), with temperatures occasionally exceeding 38° C (100° F). Winters are relatively mild, with occasional frost. Snow and prolonged frost are rare except in the western mountainous areas and in the south.

Mineral and energy resources

Energy resources: oil & gas, holding the world's fourth and second largest reserves respectively and electricity now having a noticeable momentum with generation from renewable sources - wind, solar and biomass mainly -; mineral resources: gold, copper, lead, zinc, lithium, natural borates, bentonite, clays and construction stone.

Education in Argentina

Education access in Argentina is free; however, to encourage high attendance rates in school, it is mandatory from the age of 4 to 18. Over twelve million students attend public and private schools and universities.

Prominent industrial sectors in the major cities

Petrochemicals, Steel, Foodstuffs, Textiles, Metalworking, Cement, other construction materials, Printing and publishing, Glass, Pharmaceuticals, Industrial gases, Agrichemicals, Tires for vehicles, Basic chemical products and Sugar. Agriculture is the productive sector with the most important and dynamic assets.

Population, major races, legal language, common languages/dialects used:

Area ²	2.78 million km ²
Population	44.49 million
Population per km ²	16
Population growth per year	1%
Urban Population	91%
Form of Government	Republican, representative and federal
Language	Spanish
Currency	Argentine peso (\$)
Political division	24 autonomous provinces with their own political, administrative and economic administrations (23 provinces and the Autonomous City of Buenos Aires)
Capital City	Autonomous City of Buenos Aires



Political and legal system

Major government authorities since December 10, 2015:

President³	Mauricio Macri
Vice President	Gabriela Michetti
Cabinet	Cabinet appointed by the President

Brief description of the legal framework

Argentina is a federal republic. The federal government consists of an Executive branch, headed by the President; a Legislative branch in the form of a Congress, which is divided into two chambers: the Senate and the Chamber of Deputies; and a Judicial branch. Provincial governments are generally organized along similar lines.

Legislative Branch

The Bicameral National Congress (Congreso Nacional) is made up of 72 seats in the Senate and 257 seats in the Chamber of Deputies. All members are elected by direct vote⁴. Currently the governing Party has no majority in either Chamber, a situation that has never happened in the modern history of the Country.

² Argentina is 2nd in territorial size in Latin America and 8th in the world

³ The President is both the Chief of State and Head of Government

⁴ One-third of the members are elected every two years for a six-year term to the Senate, and one half of the members are elected every two years for a four-year term to the Chamber of Deputies.

The economy

2018 was a difficult year for Argentina from an economic perspective. The Macri administration in its third year faced a series of adverse international and local conditions that interrupted the recovery and macroeconomic ordering that had begun to take shape during 2017.

Firstly, there were reversals in international financial flows from higher interest rates in the United States. Thus, the US dollar strengthened worldwide, with the devaluation of most currencies. Add to this a series of internal constraints, such as the adjustment of inflationary targets, the entry into effect of income tax on capital gains deriving from transfer of securities among other types of financial income, a lower harvest due to drought and the political rumbling regarding pensions and tariffs which lead to a crisis in trust that brought about a foreign exchange crisis.

Between December 2017 and December 2018, the exchange rate devalued by 114%; the worst months were May, when the peso depreciated by 17% compared to April, and September, when it devalued by 28% compared to August. The year began with an exchange rate at 19 pesos per dollar (the average of January 2018) and ended at 37.8 pesos per dollar (the average of December 2018). The foreign exchange crisis had its counterpart in the political sphere, where the ministry of finance and the ministry of economy were reduced, joined by another nine ministries, and two presidents of the Argentine Central Bank resigned.

In this context, Argentina asked the IMF for assistance twice: first in June, when the IMF granted a standby loan of USD 50 billion, and then in September, when the IMF agreed to increase the loan by USD 7 billion - USD 57 billion in total - thus securing the debt commitments for the remainder of 2018 and much of 2019. Within the framework of these agreements, the government undertook to accelerate the decline of the fiscal deficit, assuming a new objective of zero primary deficit for 2019 and a surplus of 1% of the GDP by 2020.

By the end of September, when the current president of the BCRA took office, he redefined the monetary policy. Thus, since October 2018, the Argentine monetary policy is based on a system to control monetary aggregates and a non-intervention zone for the exchange rate. That is, the monetary authority is committed not to increase the monetary base above a target, initially at the daily average of the monetary base of September 2018. It also established a non-intervention zone where the nominal exchange rate could float freely without any type of intervention by the BCRA. The non-intervention zone was initially set for an exchange rate of \$34 per dollar at the lower end and \$44 at the top. These limits are adjusted daily at a monthly rate of 3% over the three months remaining until the end of 2018, 2% monthly for the first quarter of 2019 and 1.75% for the second

quarter. Outside of that zone, the Central Bank has the possibility of intervening, with a daily cap.

The aforementioned depreciation of the Argentine currency and the continuous tariff adjustments was aimed at reducing the amount of subsidies granted by the Argentine State and reaching its tax goal generated inflation. The year 2018 left an average consumer price increase of 47.6%, but regulated prices rose significantly to 53.5%.

With regard to the economic activity, official data show that the GDP fell 2.5% in 2018 compared to 2017. This decline affected all sectors of demand, except for exports that, in real terms, showed zero variation. Investments, which played a key role during the previous year, dropped 5.8% year-on-year, followed by public consumption (-3.3%) and private consumption (-2.4%). Likewise, when we analyze the behavior of each sector, we see that 7 out of the 16 sectors showed a decline in 2018 compared to the previous year. The sectors that suffered the sharpest decline were agriculture, livestock, hunting and forestry (-15.1%) due to the aforementioned climate factor, manufacturing industry (-4.8%) and wholesale, retail and repairs (-4.5%).

As regards tax results, in 2018, the government surpassed the primary deficit target of 2.7% of GDP and reached 2.4%, as in 2017. This was the result of total revenue growing 30.2% and primary expenses increasing 22.4%.

The commercial channel of Foreign Trade has left a negative balance in 2018, which rose to USD 3.8 billion, significantly lower than the prior year. Exports grew 5% as a result of the devaluation of the peso and the recovery of the demand of some products from Brazil, Argentina's main business partner. Imports fell 2.2% mainly because of the decline in economic activity. 68% of imports are linked to the productive process and to investment (work in process, capital goods and components and accessories for capital goods). Meanwhile, the balance of services had a deficit of USD 9.7 billion.

In this context, 2019 will be a complex year. At international level, this year has a more positive outlook for Argentina than 2018, particularly due to the change in expectations about the behavior of interest rates in the United States, which has caused capital flows to start reversing toward the emerging markets. In addition, the estimated harvest for the current farming season shows that the generation of foreign currency revenues in the early months of the year will exceed that of 2018.

2019 is an election year, with the passing of months we could expect a certain increase in volatility of macroeconomic (especially financial and monetary) variables, as long as the uncertainty as to the outcome of the election is unsolved.

However, certain structural bases (such as the development of Vaca Muerta or growth in the export of knowledge-based services) have been established and/or consolidated in recent years that could allow Argentina to improve the results of its external accounts. This, added to the

planned fiscal order that will improve the results of internal accounts, could provide Argentina with a path of sustainable growth that limits the great volatility that has characterized the country in recent decades.

Gross domestic product at market prices - Gross added value at producer prices

Millions of pesos at 2004 prices

Year	GDP at market prices	GDP growth at market prices
2005	528.056	8,9%
2006	570.549	8,0%
2007	621.943	9,0%
2008	647.176	4,1%
2009	608.873	-5,9%
2010	670.524	10,1%
2011	710.782	6,0%
2012	703.486	-1,0%
2013	720.407	2,4%
2014	702.306	-2,5%
2015	721.487	2,7%
2016	706.478	-2,1%
2017	725.331	2,7%
2018	707.092	-2,5%



Balance of payments estimates

		2013	2014	2015	2016	2017	2018
Current Account	Total	-13.124	-9.179	-17.622	-15.105	-31.598	-28.003
	Goods	4.635	5.541	-785	4.416	-5.462	-867
	Services	-5.329	-4.641	-5.815	-8.452	-10.149	-9.707
	Interests	-13.165	-11.614	-12.105	-12.192	-16.388	-18.723
	Current transfers	734	1.535	1.083	1.123	401	1.295
Financial Account	Total	-16.165	-9.321	-18.498	-13.964	-31.273	28.385
Net Errors and Omissions		-3.074	-198	-928	775	186	-468
Variation in International Reserves		-11.824	1.195	-4.906	14.311	14.556	11.277

Source: Based on data from the INDEC

The image is a collage of six panels, each showing a different view of a dark, layered volcanic landscape. The panels are arranged in a 2x3 grid. The central panel, which is the largest, contains the text "Investment and challenges in Argentina" in white. The other five panels show various textures and patterns of the volcanic rock, including deep cracks, ridges, and small patches of yellowish-brown vegetation.

Investment
and challenges
in Argentina

Argentina's economy contracted by 2.6% in terms of GDP in 2018, mainly due to the impact of the worst drought in the last 50 years and the trade war between China and the United States. These factors, combined with the strengthening of the US dollar that began in June 2018, gave way to fragile emerging markets and a strong devaluation of the Argentine peso, which hit credit and brought about inflation. The year ended with very high interest rates to control currency devaluation and a 47.6% rate of inflation at the end of period (Dec 2019). The financing agreement with the IMF and the high projections of the harvest of commodities for 2019 are expected to improve Argentina's economic performance by 2020.

However, during 2018, Argentina continued improving foreign relations and undertaking pro-market reforms related to tax, social security and capital markets, as well as increasing focus on the logistics, energy and infrastructure sectors, aiming at creating a solid platform for sustainable growth.

In consequence, 2019 estimates predict another year of negative growth in the economy, albeit to a lesser extent (1.1%); a continued positive trade balance, which recovered 54% during 2018 (USD-8.3 billion to USD-3.8 billion); and a 0.5% surplus is expected as from 2021.

From June 2019, the Morgan Stanley MSCI Index, increasing expectations for more foreign investments, will reclassify Argentina as an emerging economy.

However, there is political uncertainty as to the outcome of the presidential elections in October this year.

Further, the unemployment rate in 2018 was 9.3%

IMF

The IMF backs Argentina's financial situation

Argentina is undergoing a pivotal point of change, backed by a USD 57.1 billion support loan from the IMF, providing financial stability and strengthening the country's economy. The standby arrangement will be available in 11 different tranches, USD 28.3 billion of which have already been disbursed. The key points of the program aim at reducing primary deficit, strengthening the autonomy of the Central Bank, progressively lessening the strains on the balance of payments and maintaining social cohesion. The agreement includes no intervention in the exchange rate within the dollar-floating band, which was previously adjusted 2% upward every month, and will be increased 1.75% every month as from April 2019.

Vaca Muerta / O&G

Growth potential in Neuquén Basin that boosts the O&G sector

In 2018, the top ten leading Argentine O&G companies announced strong investments in Vaca Muerta. The large shale formation located in the West of Argentina, Neuquén Basin, is the second largest unconventional gas resource in the world and the fourth largest unconventional oil resource. Currently, there are 884 wells with a production potential of 85,000. The demand for hydrocarbons was three times greater than the supply of oil worldwide in 2017, illustrating the importance given by the Government. In November, Argentina began exporting gas to Chile from the province of Neuquén after the country began to have a surplus in national gas production for the first time in 11 years. Throughout 2018, Shale Oil and Shale Gas production increased 87% and 215%, respectively.

PPP

New investments arose from the PPP agreements

In 2018 the National Government continued promoting private-public partnership (PPP) contracts, focusing on the development of national infrastructure and encouraging investments in key sectors including energy and mining, transport, communication and technology, water, sanitation and housing, education and health. In June 2018, the Government successfully awarded the first road projects for the construction of 7,200 km of highways and safe routes, signing contracts for more than USD 6 billion. In addition, a tender offer was made for the first 490-km section of the high voltage network (power line) of Charlone-Diamante. Project finance has been hard, however, due to macroeconomic uncertainties and high country risk premiums.





G20

Macri hosts the most important political leaders' summit aimed at strengthening Argentina's international relations

Argentina is one of the three sovereign states in Latin America that is part of the Group of Twenty (G20) and integrates the Newly Industrialized Countries (NIC). The G20 Summit, held in Buenos Aires between November 30 and December 1, 2018, was the first ever in Latin America, which gathered world leaders to address agenda priorities, including the future of work, infrastructure for development and a sustainable food future. This meeting represented an advance in the nation's trading relationships, as Argentina and China signed an agreement for more than USD 5 billion, and two agreements were signed with the United States, which covered a wide range of areas, such as aviation safety, investment in infrastructure and energy cooperation. Furthermore, Plaza Logística signed a letter of intent with OPIC (Overseas Private Investment Corporation) to access a USD 45 million loan for ten years. Geneia signed an agreement with OPIC as well to finance the construction of five solar and wind projects in the country.

RenovAr

Shifting to a sustainable energy model

The energy sector is a high priority for the current Government, which has focused on the development of renewable energies with the objective of supplying at least 20% of electricity consumption through renewables energies by 2025. There are currently 96 projects including those that have already entered commercial operation and those that are in full construction. More than 65 contracts were signed during 2018.

Macri's trips

Strengthening country relations and seeking foreign investments

The incumbent President Mauricio Macri and his cabinet continued building strong relationships with the world with official visits during 2018, including Russia, Switzerland, France, India, Singapore, Vietnam, the United Arab Emirates and other Asian countries, and attended the event at the Davos World Economic Forum to promote foreign investment and improve international relations.

Criminal Business Law

In an attempt to align with current regulations against bribery and corruption of other countries, Law No. 27401, enacted on March 1, 2018, established the Criminal Business Liability System that will apply to private legal entities of national or foreign capital, with or without state ownership, that have committed crimes against the public administration directly or indirectly, and for transnational bribery.

The following types of crimes are included under this term: i) national and transnational bribery and influence peddling; ii) negotiations that are incompatible with public office; iii) extortion (by a public official or judge); iv) illicit enrichment of officers and employees; and iv) aggravated false balance sheets and reports.

The law lists certain cases in which the legal entity will be exempted from punishment and administrative liability when all of the following conditions have been met: i) the legal entity spontaneously reported a crime under the law referred to as a consequence of its own internal investigation; ii) the legal entity implemented a suitable control and supervision system (Integrity or Compliance Program) to avoid the crimes envisaged under this law; and iii) the legal entity returned the unduly obtained benefit.

Legal entities may be subject to fines ranging from 2 to 5 times the undue benefit obtained. Total or partial closure may also apply.



Industries

General industry insights



Retail

Argentina is one of Latin America's largest and fastest-growing e-commerce markets, and Buenos Aires is one of South America's main trade hubs. Nonetheless, due to the weak macro situation and slow private demand, retail has been falling since 2016 in a slow rate, resulting in a decline of 3.2% in the sector's activities during 2017 and 1.5% last year. However, positive indicators are foreseen for the industry in the coming years based on three key factors: the expected real growth of the economy from 2020 onward, the slowdown in inflation and the recovery of salary purchasing power, especially in middle-class households.



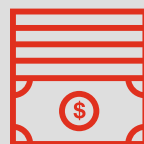
Agriculture

Argentina's agriculture faced low crop yields during the 2017/2018 season, mainly due to a historical drought, resulting in a drop of 17.7% in oilseed exports (USD 16.7 billion) and 4.7% in sunflower derivatives compared with 2017 production levels, according to INDEC. Nonetheless, 2019 projections by Bolsa de Comercio de Rosario estimate a recovery in local production, driven by an increase in wheat and corn cropped land, in relation to 2018, resulting in a forecasted production of 18.7 million tons of wheat and 47.3 million tons of corn (6.9% and 47.6% increase, respectively). Soy crop yield is expected to be 51% higher than in the previous season, achieving a production forecasted in 54 million tons.



Mining

During 2018, tax withholdings on mining exports were removed to promote the development of the sector, especially in San Juan, aiming to create new jobs, improve international competitiveness and attract foreign and local investments. For example, French mining company Eramet invested USD 380,000,000 in a lithium pilot in Salta called Centenario – Ratones. In Jujuy, the Olaroz Cauchari project is advancing with the construction of three lithium extraction wells with an estimated investment of USD 425,000,000. The mining sector is attracting capitals from China, Japan and Canada, among other countries.



Financial Services

In May 2018, a capital markets reform bill was passed, which is, aimed at supporting the development of a broader and more diversified securities market and bolstering confidence in Argentina's capital markets, as well as including the promotion of mortgage portfolio securitization and the elimination of barriers on the issue of corporate bonds. In addition, the reform added transparency to the market and reduced the regulatory asymmetry, promoting the opening of new funds. According to Cámara Argentina de Fondos Comunes de Inversión (CAFCI), an association of Argentine mutual funds, there were 525 funds operating in September 2018, an increase of 41 since the beginning of the year.



Form of Foreign Investment /Structuring the Deal





Joint venture, wholly owned company, branch, representative office, partnership

Foreign investors may make use of any of the legal forms allowed by domestic legislation. Local companies with foreign capital can access domestic credit with the same rights and under the same conditions as local companies with domestic capital.

Formation procedure

Foreign companies seeking to be shareholders of an Argentine subsidiary or to operate in Argentina through a branch must first be registered as foreign shareholders or branches, with the Superintendency of Commercial Companies

In all cases, foreign companies “IGJ” operating in Argentina must appoint individuals who will be legally responsible for them, and separate accounting records must be kept for companies’ operations in Argentina.

The main types of investment vehicles used by non-resident individuals and foreign corporation are a branch; a corporation (Sociedad Anónima); and a limited liability company (Sociedad de Responsabilidad Limitada). In 2017 a new simplified corporation was introduced (Sociedad por Acciones Simplificada, “SAS”) as an alternative to existing legal entities. The aim of the SAS is support increasing entrepreneurial activity in the country and rising interest from international businesses. This type of company presents a simple and flexible scheme that allows investors to set up a new company in less than 24 hours.

Restrictions on foreign investment

- No restrictions on any industrial sectors.
- No restrictions on the percentage of foreign ownership in a local entity.

Regulatory environment

General commercial laws and regulations

Area	Regulations
Foreign investment	Law No. 21382/ 1993 on Foreign Investment and Regulatory Decree No.1853/ 1993.
Labor Law	Labor Contract Law No. 20744, Labor Law No. 25877, Law No. 24241 (Integrated Retirement and Pension Benefit System), Law No. 24557 (workers compensation) and Collective Bargaining Agreements
Commercial Companies	Commercial Companies Law No.19550, Insolvency Proceedings and Bankruptcy Law No.24522
Immigration Policy	Law No. 25871
Trade	Code of Commerce, Law No.2637
Capital Markets	Law No. 26831

Foreign Trade and Customs Regulations



Introduction

The Argentine Central Bank (BCRA) has regulated the Foreign Exchange System since the year 2001. From 2015 onwards, the Central Bank (BCRA) has been introducing changes in the legislation in order to liberalize the foreign Exchange market.

From a Customs point of view, import licenses are applicable to the importation of all products. There are new regimes and programs in force such as the regime of import price adjustments agreed with related suppliers, and the Authorized Economic Operator (AEO). Duties are applicable to exports of goods and services.

Operation of the foreign exchange market

Apart from financial institutions (exchange houses and agencies), other companies engaged in activities different from financial services are authorized by the BCRA to act as foreign exchange traders if they are registered with the Registry of Foreign Exchange Traders. Individuals that have previously established a Sole Shareholder Corporation ("SAU") or a Simplified Corporation ("SAS") may also register with this entity.

The obligation to submit the documents (contracts, invoices, etc.) that support every foreign currency amount entering/exiting the country through the Exchange Currency Market (MLC) has been eliminated, together with the obligation to present the corresponding affidavit to the financial institution; the declaration of a concept code in the foreign exchange voucher is only for statistical purposes. Notwithstanding, the responsibility for each foreign exchange transaction remains in head of the local entity that accesses the MLC.

Review of Foreign Assets and Liabilities

BCRA Communication "A" 6401, dated December 26, 2017, established the Review of Foreign Assets and Liabilities, which replaced the studies required by Communications "A" 3602 - "Study of debt securities and liabilities issued by the financial sector and non-financial private sector", and "A" 4237 - "Study of direct investments", based on information at December 31, 2017.

Through Communication "A" 6594 dated November 2, 2018 individuals were exempt from this obligation, the current system remains in force exclusively for legal entities when the higher of: (i) the sum of their foreign asset and liability account balances on the last day of the preceding year; or (ii) the sum of all their foreign asset and liability flows that occurred during the same year, exceeds USD 1 million. The frequency with which this information must be filed and its characteristics depends on the amount in excess of this cap (the brackets being less than USD 1 million, between USD 1 and USD 10 million, between USD 10 and USD 50 million, or USD 50 million or more).



Financial Debts

There is currently no obligation for funds obtained from foreign loans to be entered and settled through the MLC, regardless of whether the MLC will be later accessed to settle principal and interest.

Direct Investment System

There is no obligation for funds of direct investments to be entered through the MLC but they must be duly registered with the Superintendency of Commercial Companies or the Registry of Commerce, depending on the jurisdiction.

Additionally, non-residents that wish to access the MLC to repatriate direct investments made will not be required to furnish evidence of the entry of those funds.

Payment of dividends

Dividend payments are allowed under the current legislation, and there are no documentary or informative requirements for accessing the MLC to make payments under this heading.

Imports of goods

From a foreign exchange point of view, there are currently no documentary requirements in force for accessing the MLC to make payments abroad in respect of imports of goods, payments on demand, and prepayments.

For all definitive imports, importers must register some information relating to the goods to be imported through the Integral System for Monitoring Imports (SIMI). This information will be made available to the agencies that adhere to the Single Foreign Trade Window (VUCE) for the purposes of its intervention within the scope of their respective competences; they will analyze the provided information and ask to include the complementary data they deem necessary.

If approved, the SIMI will remain valid for a period of 180 consecutive days as from the date of approval.

The SIMI may be not approved if the economic and financial standing (CEF) of the importer for performing the intended import is not enough. For the purpose of analyzing the standing of the importer, the “Economic and Financial Standing System” was created by AFIP Resolution No. 4294/2018. The parameters to be analyzed include the tax returns for income tax, minimum notional income tax, value added tax and tax on personal assets; mortgages; purchase or sale of real property and vehicles; purchase of fixed assets, among others.

The SIMI must also be used for processing import licenses: Automatic Import Licenses (LA) must be obtained for all the goods included under the tariff positions of the Mercosur Common Nomenclature (NCM), with the exception of the tariff positions specifically listed, for which Non-Automatic Import Licenses (LNA) must be obtained. The LNA can be



delayed to be obtained and the lapses for approval are variable. The LNA list is dynamic, and allows variations to be introduced based on the needs of each sector and other variables.

Service imports

There are currently no documentary requirements in force for accessing the MLC to make foreign payments for the settlement of services rendered from abroad.

Exports of goods

At present, there is no obligation to bring in, settle and trade on the MLC foreign currency amounts relating to exports of goods, prepayments and pre-financing. Thus, collections of exports are like free availability funds for exporters, and they can use them as they choose in Argentina and abroad.

This deregulation allows exporters to negotiate freely the payment term with the foreign buyer without being tied to any internal regulation, collect payments for exports in cash in Argentina or abroad, allocate those funds as they deem convenient, and collect any applicable export drawbacks even before settling the foreign currency amount.

Decree No. 793/2018 established an export duty of 12% on definitive exports of all the goods comprised within the tariff positions included in the NCM, effective from September 4, 2018 to December 31, 2020. This export duty may not exceed ARS 4 (4 pesos) or ARS 3 (3 pesos) per dollar of taxable amount or FOB value, depending on the type of merchandise being exported. The above-mentioned decree also states that for those goods whose export is already taxed (for instance, agro industrial products such as goods containing soy, bovine hides and skins), the export duty thereby established must be added.

Exports of services

After the notion of service provision was incorporated to the definition of goods that can be imported and/or exported under the Argentine Customs Code, Decree No. 1201/2018 set up a new tax of 12% — until December 31, 2020— on exports of services meaning any service hired and/or rendered, performed in Argentina for valuable consideration but not in an employment capacity, effectively used or exploited abroad.

From a foreign exchange point of view, there is no obligation for foreign currency amounts collected by residents by way of exports of service to be brought into the country, either for subsequent settlement or for crediting to local foreign currency accounts.

Formation of external assets

Residents are allowed to access the MLC to acquire foreign currency amounts and/or make (direct or portfolio) foreign investments, with no limit to the amount.

Travel and tourism

There are no restrictions on the purchase of foreign currency for travel and tourism.

Import of goods under contracts with a price adjustment clause between related companies, with participation of third party operators

AFIP Resolution No. 4419 set forth the conditions and procedures to register this type of transaction. Those interested in declaring definitive imports subject to a price adjustment clause between related companies with participation of third party operators, prior to registration in the Malvina Information System (SIM), must file a copy of the contract where the methodology for price adjustment is defined with the customs service.

Once the transaction is authorized, the definitive import can be prepared; the request for destination must be accompanied by a provisional sworn statement, subject to review by the customs service. The importer may modify this sworn statement, based on the contractual provisions previously informed.

Within 180 (one hundred and eighty) calendar days after the end of the tax period, the importer must submit to the customs service the documentation supporting the final value of the goods, according to the contract filed and objective and quantifiable criteria, as well as data and documentation on the economic group and the third party operator.

Should there be an increase in price after the goods were dispatched, the pertinent tax system will be applied, and interest will accrue from the registration date of the definitive import to the effective payment date.

Importers that do not comply in due time and manner with filing the documentation referred to above will be automatically excluded from operating under this modality, and the customs service will be entitled to apply the penalties pursuant to customs regulations.





Authorized Economic Operator (AEO)

The AFIP, following the guidelines of the World Customs Organization, implemented through General Resolution No. 4150/2017 and its amendments the AEO program, which consists in dutiful compliance with customs, tax and social security obligations, as well as those related to the safety of goods and the integrity of the logistics chain. This program implies a mutual commitment between Customs and Foreign Trade Operators, with the main purpose of ensuring safety and fluency of customs operations, allowing more competitiveness to the operator and improving the allocation of resources by Customs.

At the date of filing their application to join the program, the interested parties must meet certain requirements established in regulations in force such as: not have incurred in non-compliance with the filing and payment of the balances of tax, customs or social security obligations; not have been prosecuted or subject to criminal complaints in relation to tax, customs or social security offences with a prosecution order issued; have financial standing (assets and resources) to meet their obligations and financial commitments in the development of their business activity; and keep an updated record of their import/export transactions (stock management). Further, they must have systems in place for the control of inventories existing at each site, furnished with a security system to avoid data loss and with audit information. In addition, they must present a risk matrix related with the supply chain. There are also some additional special requirements, which are applicable according to the level of the operator.

Certification as an AEO implies, among other benefits, easier, simpler and more direct access to the customs administration; priority action against contingencies; acceleration of procedures before the control authorities; fewer physical and documentary controls (operations register by green channel of selectivity - mainly); eases to adhere to simplified customs procedures and the possibility of benefiting from mutual recognition agreements established between customs of different countries, resulting in a reduction of time and costs, also in the countries of destination of the merchandise.

Tax system



Significant developments

Income tax regulations

On December 27, 2018, the Argentine Executive Branch issued Regulatory Decree No. 1170/2018 (the “Decree”), which regulates several aspects of the amendments introduced to the Income Tax Law (“ITL”) by the tax reform enacted by Law No. 27430.

One of the most important aspects addressed by the Decree relates to the provision of further guidance regarding the situations under which an indirect transfer of Argentine assets may be exempt from tax under the “intra-group relief”.

In this sense, the rule establishes that a transfer is considered to be made within the same “economic group” when: (i) a transferor holds, directly or indirectly, 80% or more of the paid-in capital of the transferee, or vice versa; or when one or more entities jointly hold, directly or indirectly, 80% or more of both the transferor and the transferee, and (ii) this relationship existed for a period of at least two years prior to the relevant indirect transfer. The exemption shall not apply if the only purpose of the transfer is to obtain a more favorable tax treatment to the one that should have corresponded without the existence of such economic group.

The Decree introduced some clarifications on how the dividend withholding should apply during the transitional period when the rate goes from 7% to 13% (i.e. profits generated in years from 2018 through 2020).

Further, the Decree established the procedure to calculate the equalization tax when the taxpayer distributes pre-reform profits. It is worth noting that equalization tax – repealed as from 2018 but still applicable on pre-reform profits – applies on dividend distributions in excess of accumulated tax earnings at a rate of 35%.

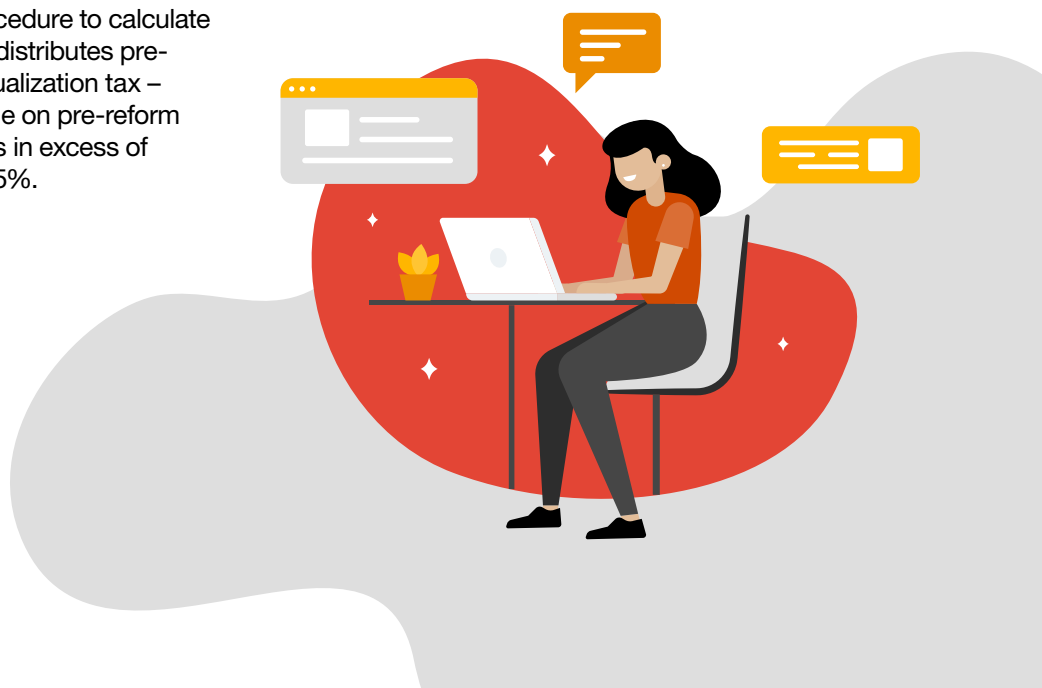
The Decree also sets forth that interest paid to a non-resident, where the respective tax has been withheld – though reduced by an applicable double taxation treaty – is not subject to the newly enacted thin capitalization rules. However, this exception would not cover foreign exchange losses arising from intercompany financing granted by a foreign related party, as those losses are not subject to taxation in Argentina.

Value added tax (VAT) regulations

Additionally, on December 11, 2018 the Federal Tax Authorities issued General Resolution No. 4.356/2018 (the “Resolution”), which established the mechanism to report and pay the VAT related to the provisions of services within Argentina by non-resident providers.

According to VAT regulations, those that are tenants, borrowers, representatives or intermediaries of a non-resident party carries out taxable transactions within Argentina, are responsible for the VAT corresponding to the non-resident as substitute taxpayers. As a substitute taxpayer, the local party is required to determine and pay the VAT related to the relevant transaction. For these purposes, they will have to register before the Federal Tax Authorities. The VAT paid by the substitute taxpayer would be creditable by the later as Input VAT in its own VAT return.

The Resolution sets forth that the substitute taxpayer must determine and pay the respective VAT within ten (10) business days as from the occurrence of the taxable event.



Other tax changes: New export duty on goods and services

Through Decree No. 793/2018, as of September 4, 2018 and until December 31, 2020, an export duty of 12% is established for the export of all merchandise included in the tariff positions of the Mercosur Common Nomenclature.

This export duty may not exceed not exceed ARS 4 (4 pesos) or ARS 3 (3 pesos) per dollar of taxable amount or FOB value, depending on the type of merchandise being exported.

Decrees No. 280/2019 and No. 335/2019 establish that those micro and small companies that exported less than USD 50,000,000 in 2018 and whose export operations of the current year (in FOB value) exceed the exports of the previous year, will not be subject to the payment of export duties. To obtain such exemption, the goods exported must be included in Annex I of Decree No. 335/2019. Moreover, the annual amount subject to tax exemption may not exceed USD 600,000.

Decree No. 1201/2018, published in the Argentine Official Gazette on January 2, 2019, establishes a new duty on the export of services. The rate is 12% and the amount to be paid may not exceed ARS 4 (4 pesos) per dollar of taxable amount, which is the amount of the invoice.

Exports from micro- and small-sized companies will be taxed only if their annual turnover for exports of service exceeds USD 600,000..

Taxes on corporate income

Tax on Profits

The profit tax rate on net taxable business profits is 30% for fiscal years starting on or after January 1, 2018 and 25% for fiscal years beginning on or after January 1, 2020. Legal entities residing in Argentina are subject to tax on Argentine and foreign-source income and are able to claim any similar taxes actually paid abroad on foreign-source income as a tax credit.

The same rate applies on net taxable profits from Argentine source and from activities performed abroad by branches of foreign entities.

Tax on minimum notional income

This tax has been repealed as from fiscal years beginning on or after January 1, 2019.

For prior years, the applicable rate was 1% on the value of fixed and current assets. Income tax was creditable against this tax. In addition, any payment of this tax, not offset by income tax, will be treated as a payment on account of income tax computable for a maximum period of ten years.

Corporate residence

Corporate residence is determined on the basis of centers of activity and is unaffected by the place of incorporation or management. Centers of activity in Argentina of non-Argentine corporations are treated as permanent establishments (PE).

As part of the 2017 tax reform, a PE definition has been introduced into the Income Tax Law. Such a definition is generally aligned with the one included in the OECD's Model Tax Convention for the Avoidance of Double Taxation, although it is broader as it includes the performance of services by a non-resident provider, including services rendered by consultants within the National Territory for a total length greater than six (months) within any 12-month period.



Other taxes

Value added tax (VAT)

The current general rate of 21% is applied on the sales value of products and services (including professional services), with a few specific exceptions. This tax is applicable to imports of goods and services.

Certain goods are taxed at a reduced rate of 10.5% and some services taxed at 27%. Exports of goods and services are taxed at 0%. Nevertheless, input VAT related to exports may either be used as a credit against output VAT or refunded pursuant to a special procedure. VAT paid on purchases, final imports and rental of automobiles, not considered as inventory, may not be computed by the purchaser as a credit. The same tax treatment applies to other services, such as those provided by restaurants, hotels and garages. The above-mentioned restrictions do not apply when the engagement of these services is for a conference, congress, convention or any other similar event directly related to the specific activity of the contracting party.

As a result of the 2017 tax reform, VAT legislation currently includes 'digital transactions' (e.g. digital services, hosting, on-line technical support, software services, Internet services) provided from abroad as a taxable event. Hence, these types of services are now subject to VAT at a 21% rate if they are provided by a non-resident entity to an Argentine customer, on condition that they are actually used in Argentina.

Turnover tax (gross income tax)

Each of the 24 jurisdictions into which Argentina is divided imposes a tax on gross revenues from the sale of goods and services. Exports of goods are exempt from this tax. Rates, rules and assessment procedures are determined locally.

Note that in accordance with the Tax Consensus, adhering Provincial governments have agreed to progressively reduce the turnover tax rates for certain activities over a 4-year period as well as to set forth exemptions for services that are economically used abroad.

Wealth tax

Wealth Tax is payable by Argentine companies on all shares issued by them and owned either by individuals, regardless of residence, or by companies residing abroad.

The wealth tax rate for this purpose is 0.25% on the value of the shares as of December 31 of each year, based on the Financial Statements of the respective fiscal year. However, companies are allowed to request reimbursement from the shareholders.

According to case law issued by the Supreme Court, branches of foreign entities may claim an exemption from this tax.

Excise taxes

A wide variety of items, such as automotive and diesel motors, tobacco, alcoholic beverages (including wine, champagne and beer), insurance, cellular and satellite telephone services, recreational or sport boats, aircraft; luxury goods and non-alcoholic beverages with caffeine and taurine, among others, are taxed at varying rates.

Tax on financial transactions

This tax is levied at a rate of 0.6% on the amounts credited to or debited from the taxpayer's bank accounts.

Transactions made in banks without using a bank account and any disposition of one's own funds or the funds of a third party are subject to a tax rate of 1.2%.

One third (33%) of the tax on financial transactions effectively paid on bank account transactions (0.6%) and movement of funds (1.2%) is creditable against income tax and/or the respective tax prepayments.

Stamp duty

This local tax is applicable on documents or agreements that evidence acts or transactions for valuable consideration (usually referred to as taxable documents). The average tax rate is 1% and is applicable on the economic value of the agreement.



Import & Export duties

The level of import duties currently ranges between 0% and 35%, except in cases where specific minimum duty is applied or which involve merchandise with a specific treatment. In general, merchandise originating from LAIA and MERCOSUR countries is entitled to a preferential duty treatment.

The levels of export duties range from 5% to 20% for certain specific products. Besides, there is an additional export duty of 12% with a maximum of ARS 4 of ARS 3 for each US dollar of the taxable value or the official FOB price, which is applicable for all the tariff positions. (Please refer to the 'Significant Developments' section and "Foreign Trade and Customs Regulations" for reference to the temporary export duty on goods and services).

Other Tax Changes: Statistical rate on import operations

By means of Decree No. 332/2019, the Executive Branch increased the Statistical rate which is levied on all imports operations, including some imports that were exempted, such as intra-Mercosur origin transactions. The new rate has been increased from 0,5% to 2,5% and it will be applicable until December 31, 2019.

In addition, whenever the 2,5% rate applies, the maximum ceilings that are charged for each import operation were modified from USD 500 to a maximum caps of USD 125,000; being the latter applicable if the taxable base is USD 1,000,000 or higher.

According to Decree No. 361/2019, the statistical rate will be 0% for: (a) imports of capital goods that are brought into the country to be used for investments in hydrocarbon production developments; (b) goods to be imported under special regimes (such as "Used Production Lines", and others); (c) goods to be imported under temporary import destinations.

Social security taxes

Law No. 24241 (Argentine Integrated Pension Fund System Law) establishes the territoriality principle, under which

Argentina's Social Security System covers all persons providing services under a permanent or temporary employment contract within the national territory.

Each month, local employers must deposit the employer contributions jointly with the employee withholdings into the National Social Security System and the National Health Care System.

The employer social security tax is payable on the total monthly compensation and is not subject to any cap amount. Since January 2019, the total employer contribution is 26.4% for companies whose main activity consists of rendering services or commerce, provided their annual sales exceed AR\$48,000,000 and 24% for all other companies.

The employee social security withholdings which include pension fund, health care and social services are levied on the monthly salary up to a monthly cap of AR\$ 117,682.47, except for June and December, where the cap is increased by 50% due to the 13th month salary. This salary cap is index-adjusted in March, June, September and December of each year. The total employee social security tax rate is 17%, which consists of contributions of 11% to the pension fund, 3% to health care and 3% to social services.

Please note that since January 2019, a non-taxable amount of AR\$ 7,003.68 per employee is established for purposes of the employer contribution to the Social Security System (20.4% of the 26.4% and 18% of the 24%, referred to above). Therefore, AR\$ 7,003.68 from each employee's compensation is non-taxable (for some agricultural and textile activities the non-taxable amount is AR\$ 17,509.20).

Employer contributions will be modified in 2020, and 2021 and will be 25.5% for all activities as of January 2022. In addition, the non-taxable amount will be increased each year. Should any employee serve as Director of the same Company, the social security liability shall be limited to the contributions made as a self-employed individual for the management duties performed. The employee's enrollment in the Social Security System will be voluntary regarding a salary as employee. Thus, if the Director opts not to pay these contributions, the Company is not obliged to pay any employer contributions.



Income determination

Inventory valuation

Inventory valuation is based on the latest purchase. Thus, LIFO may not be chosen for tax purposes.

Conformity between book and tax reporting is not required.

Capital gains

Capital gains and losses attract normal profit tax treatment, except for those losses from the sale of shares, quotas, bonds and other securities that may be offset only against the same type of income.

Intercompany dividends

These dividends are not included in the tax base of an Argentine entity (the recipient) if distributed by another Argentine company. However, tax is levied if the dividends are distributed by a foreign company.

Foreign income

Foreign income received by resident corporations is subject to tax.

Note that an Argentine taxpayer is immediately taxed on passive income generated by a 'Controlled Foreign Corporation' (CFC) that is directly or indirectly held by the Argentine taxpayer, to the extent that more than 50% of that CFC's income is passive and is effectively subject to a tax that is lower than the 75% of the applicable Argentine income tax rate.

Tax losses from a foreign source may only be offset against income from a foreign source.

Transfer pricing rules

The transfer pricing regulations governing intercompany transactions, which were introduced

into income tax law by Law No. 25063, as amended by Laws Nos. 25239 and No. 25784, adopt principles similar to

those of the Organization for Economic Cooperation and Development (OECD) pursuant to which companies must comply with the arm's length principle to determine the value of goods and services in their transactions with foreign-related companies.

Deductions

Depreciation and depletion

Depreciation is generally computed on a straight-line basis over the technically estimated useful life of the assets or, alternatively, over their standard useful lives (e.g., machinery and equipment, ten years; furniture, ten years). Depreciation of buildings and other construction on real estate is 2% per annum on cost (on a straight-line basis), unless it can be proven that useful life is less than 50 years.

Depreciation of automobiles with an original cost in excess of AR\$20,000 is not deductible. Related expenses (gasoline vouchers, insurance, rentals, repairs and maintenance, etc.) are deductible for up to an amount of AR\$7,200 per car per year. Conformity between book and tax depreciation is not required.

Percentage depletion is available for natural resources (mines, quarries, forests).

Net operating losses

The available life of income tax loss carry forward is five years.

Payments to foreign affiliates

Transactions between related parties should be at arm's length. This principle was included in the transfer pricing rules and was extended to transactions with companies located in non-cooperative jurisdictions or low or zero tax jurisdictions. The tax authorities will determine income by applying one of six methodologies: comparable uncontrolled price, resale price, added cost, profit distribution, residual profit distribution, and net margin of the transaction. Payments to foreign affiliates or related parties and companies located in low or zero tax jurisdictions that represent income of Argentine source are tax deductible, provided they are paid before the due date for filing the tax return and the corresponding withholding is paid to the tax authorities.

Other significant items

1. Donations: when made to companies and associations expressly exempt from assessment of tax on profits, donations up to a maximum of 5% of the donor's net taxable profits are admissible deductions, provided certain requirements are fulfilled.
2. Representation expenses: if adequately documented, representation expenses are admissible deductions up to 1.5% of the amount of salaries accrued during the fiscal year.
3. Directors' fees: Amounts of 25% of after-tax profit or AR\$12,500 per individual, whichever is greater, are deductible in the financial year to which they apply, provided they are approved and available for the director before the tax return is due, or in a later year of payment.
4. Thin capitalization: except for financial institutions governed by Law No. 21526 and leasing companies, interest and foreign exchange losses derived by an Argentine resident on loans granted by a related party –whether local or foreign- would be deductible up to a limit equal to 30% of the taxpayer's taxable income before deducting interest, foreign exchange losses and depreciation. The portion of non-deductible interest will be carried forward for up to five years. Any tax credit can also be carried forward for up to three years. Certain exemptions to thin capitalization rules may be available.

Tax incentives

Mining activity

Law No. 24196 created an investment regime for the mining activity and is applicable to individuals and legal entities.

Mining ventures included within this regime enjoy fiscal stability (i.e., tax rates will remain basically the same) for a term of 30 years, except for VAT, which will adjust to the general regime. Furthermore, the regime grants incentives for tax on profits, tax on assets, import duties, and any other tax for introduction of certain assets. Additionally, the possibility to obtain a VAT reimbursement during the exploration stage as indicated in Law No. 24196 has been regulated by General Resolution No. 1641/2004.

Forestry

Law No. 25080 established an investment regime for plantation, protection and maintenance of forests and contains rules similar to tax incentives for mining.

Software

Laws No. 25922 and No. 26692 establish a System of Promotion Benefits for the Software Industry that will be in force throughout the Argentine territory. Local legal entities whose main activity in the country (and on their own account) is the creation, design, development, production and implementation of software systems. The software self-development activity is excluded from this system.

The system grants tax and social security benefits that may be claimed if specific requirements are met: this has been extended until 2019.

Tierra del Fuego

Although with certain limitations in the case of new projects, companies established in this province enjoy a general tax exemption as well as important benefits in customs matters, based on a system established by Law No. 19640 and supplementary regulations.

Renewable Energy

Companies engaged in the production of energy through renewable sources are entitled to certain tax benefits, like early return of VAT or accelerated depreciation of capital goods for Income Tax purposes, among others.

Biotechnology

Law No. 26270 established a promotion system for the development and production of biotechnology and grants benefits for tax and social security contributions that may be claimed if specific requirements are met.

Small and medium-sized enterprises (Law No. 27264)

Law No. 27264 (passed in August 2016) established a special tax system for small and medium-sized enterprises (SMEs) and for infrastructure investments conducted by SMEs. The most relevant benefits include the following:

- Full exemption on Minimum Notional Income Tax starting January 2017 (tax to be repealed by 2019).
- Full credit (against income tax and its prepayments) on tax on financial transactions paid by micro and small-sized enterprises. A 50% credit on the tax paid by medium-sized manufacturing entities.
- Deferral of due date for payable VAT balance
- Fiscal stability (from July 2016 to December 2018) for SMEs that invest in infrastructure projects and/or capital goods.
- Income tax credit for an amount equal to 10% of the amounts invested in infrastructure projects and capital goods.
- Tax bond (creditable against federal taxes) for the Input VAT credit balances resulting from infrastructure investments.

The regulatory authority would be in charge of carrying out a registry of companies that are considered SMEs and are therefore entitled to the benefit.

Knowledge- based activities

This regime, established by Law 27,506, is intended to replace the former Software Promotional Regime, but also would broaden its scope to contemplate and promote other economic activities that are knowledge- based and/or intensive in the use of new technologies. Benefits include fiscal stability, a reduction of Corporate Income Tax rate to 15%, a higher deduction for the calculation of social security contributions, a transferable tax certificate that can be used to offset other Federal tax obligations and a non-withholding certificate for VAT purposes.

The promotional regime will be applicable as from January 1, 2020 and will be in force until December 31, 2029.

Export incentives

Exports of goods and services are exempt from value-added and excise taxes. The temporary import of raw materials and intermediate and packaging goods for the manufacture of products for export is free of duty with the obligation to offer sufficient guarantees for the import. A reimbursement system is in place for VAT credits paid to suppliers in relation to export activity.

Withholding taxes

Dividend distributions and branch profit remittances paid out of profits generated in fiscal years beginning on or after January 1, 2018 are subject to a 7% withholding tax in Argentina. The rate would be increased to 13% from fiscal year 2020 onward. Although the equalization tax is no longer in force due to the amendment introduced by Law No. 27430, it still remains applicable on dividend and branch profit distributions made out of earnings accumulated prior to January 1, 2018 and which were in excess of tax earnings as of the year-end prior to the relevant distribution.

Furthermore, in the case of non-residents, gains on the sale of shares, share certificates and quotas of Argentine entities would be subject to a 13.5% tax on gross proceeds or, alternatively, 15% on actual (proceeds duly supported).

Similar rates would apply in the case of transfers of bonds, digital currency and other Argentine securities denominated in foreign currency. For securities denominated in pesos, the rates would be reduced to 4.5% on gross proceeds or 5% on net gain. Certain securities disposed by a non-resident such as government bonds (except LEBACs), corporate bonds (obligaciones negociables) and listed shares are exempt from capital gains tax provided certain requirements are met.

The above tax treatment is apply only to the extent that the investor is located or is a resident of a cooperative jurisdiction and the funds have come from those jurisdictions. Otherwise, the applicable tax rates would be increased to 31.5% on gross proceeds or 35% on the net gain.

Other payments to residents and to non-residents are subject to WHT rates as follows:

Recipient	Interest (%) (1)	Royalties (%) (1, 2)
Resident corporations	6/28 (3)	6 (4)
Resident individuals	6/28 (3)	6 (4)
Non-resident corporations and individuals:		
Non-treaty:	15.05/35	21/28
Treaty:		
Australia	12	oct-15
Belgium	0/12 (5)	3/5/10/15
Bolivia	15.05/35	21/28
Brazil	15.05/35	21/28
Canada	12.5	3/5/10/15
Chile	4/12/2015	3/10/2015
China (10)	12	3/5/7/10.
Denmark	12 (5)	3/5/10/15
Finland	15	3/5/10/15
France	15.05/20 (6)	18
Germany	10/15 (7)	15
Italy	15.05/20 (5)	oct-18
Mexico	12	oct-15
The Netherlands	12	3/5/10/15
Norway	12.5 (8)	3/5/10/15
Qatar (10)	12	10
Russia	15	15
Spain	12	3/5/10/15
Sweden	12.5	3/5/10/15
Switzerland	12	3/5/10/15
Turkey (11)	12	3/5/2010
United Arab Emirates (9)	12	10
United Kingdom	12 (5)	3/5/10/15



Notes

1. Withholding from payments of interest and royalties to non-residents is based on a flat rate of 35% applied to an assumed percentage gross profit margin. This margin is not contestable, but the resultant rate may be limited by a bilateral treaty. Under the 1998 tax reform, the general margin for interest paid for credits obtained abroad is 100%. However, a margin of 43% is applicable (i) if the debtor is a local bank; (ii) if the creditor is a foreign financial institution located in a country not considered as a low or zero tax jurisdiction, or in countries that have signed an agreement with Argentina for exchange of information and have no bank secrecy laws, which are under the supervision of the respective central bank; (iii) if the interest is paid on a loan intended to the purchase of tangible assets other than cars; (iv) if the interest is paid on debt certificates (private bonds) issued by local companies and registered in certain countries that have signed an agreement with Argentina for the protection of investments; and (v) on interest paid on time deposits with local banks. 'Royalties' covers a variety of concepts. The rates given in this column relate specifically to services derived from agreements ruled by the Foreign Technology Law, as follows:
 - Technical assistance, technology, and engineering not obtainable in Argentina: 21% (35% on assumed profit of 60%).
 - Cessation of rights or licenses for invention patents exploitation and technical assistance obtainable in Argentina: 28% (35% on assumed profit of 80%). On non-registered agreements, the rate is 31.5% (profit of 90% is assumed) or 35% (profit of 100% is assumed), depending on the case.

Several other concepts of 'royalties' are subject to rates that, in turn, may be limited by a treaty. A broad sample of these concepts and the non-treaty effective rates are set forth in Note 2.
2. Payments to non-residents (only) for 'royalties', rentals, fees, commissions, and so on, in respect of the following are subject to withholding at the rates given below on the basis of assumed gross profit margins (Note 1) unless limited by a treaty. The treaty referred to should be consulted to determine any limitation in each case.



3. The higher tax rate is applicable on non-registered taxpayers. Income tax must be withheld at 3% -10% if not registered on interest paid to corporations by financial entities or stock exchange/open market brokers; individuals are tax exempt.
4. Resident corporations and individuals who are registered for tax purposes are subject to 6% withholding (28% if not registered).
5. Interest is exempt if paid on credit sales of machinery or other equipment, specific bank loans at preferential rate or loans by public entities.
6. The treaty limits taxation of interest to 20% (registered).
7. The 10% rate is applicable to interest on credit sales of capital equipment, any bank loan, or any financing of public works; otherwise, a rate of 15% will be applied.
8. Interest paid on loans with guarantee of the Norwegian Institute for Credit Guarantees or paid in relation to imports of industrial equipment is tax exempt.
9. The treaty was entered into on February 4, 2019. Its provisions would generally apply as from January 1, 2020.
10. Treaty signed in December 2018 with the corresponding ratification by both countries still pending.
11. Treaty signed in April 2018 with the corresponding ratification by both countries still pending.

Tax administration

Returns

Tax is assessed on a fiscal-year, self-assessment basis. The deadline for filing income tax and minimum notional income tax returns is the second week of the fifth month after the fiscal year end.

Payment of tax

Income tax installment payments must be made in the course of the tax year, on a monthly basis beginning the first month after the due date for filing the tax return.

Payment	WHT (%)
Freight and passenger bookings (other than those covered by special treaties), news and feature services, insurance underwriting	3.50
Containers	7.00
Copyright	12.25
Rental of movable assets	14.00
Motion picture, video, and sound tape rentals and royalties; radio, television, telex and telefax transmissions; any other means for projection, reproduction, transmission, or diffusion of image or sound; sale of assets located in Argentina	17.50
Rental of real estate	21.00
Any other Argentine-source income (unless the non-resident is or was temporarily resident)	31.50



Reference information

General statistics on cost/expense, i.e. average labor costs, office rental and utilities necessary for doing business locally

- Ministerio de Hacienda:
www.argentina.gob.ar/hacienda
- Insituto Nacional de Estadística y Censos:
www.indec.gob.ar

Local government agencies

- Ministerio de Producción y Trabajo:
www.argentina.gob.ar/produccion
- Secretaría de Ambiente y Desarrollo Sustentable:
www.argentina.gob.ar/ambiente
- Administración Federal de Ingresos Públicos:
www.afip.gob.ar
- Administración Nacional de la Seguridad Social:
www.anses.gob.ar
- Ministerio de Relaciones Exteriores y Culto:
www.argentina.gob.ar/relacionesexterioresyculto
- Ministerio del Interior, Obras Públicas y Vivienda:
www.argentina.gob.ar/interior
- Secretaría de Turismo:
www.argentina.gob.ar/turismo

Practical Tips for Business Visitors

- Requirements for visitors' visas
- International time zone
- Argentine time zone is GMT -0400

Normal business hours

- **Banks and exchange houses:**
Monday to Friday, from 10am to 3pm
- **Business offices:**
Generally from 9am to 6pm
- **Stores:**
In large cities, from 9am to 8pm, although in the interior they tend to close at mid-day. On Saturday many are open only from 9am to 1pm
- **Cafés, bars and pizza parlors:**
Open almost around the clock, some closing between 2am and 6am
- **Restaurants:**
Lunch is served from 12.30pm and dinner from 8.30pm. Many establishments offer fast food at all times
- **Trading currency in the country:**
Argentina's legal tender is the peso. Although the US dollar and the euro are widely accepted, currency exchange for local currency is performed at banks and authorized exchange houses. The most commonly accepted credit cards are American Express, VISA, Diners and MasterCard. It can be difficult to exchange travelers' checks outside of Buenos Aires
- **Climate:**
Argentina enjoys a wide range of climates: temperate and humid on the plains of the Pampas; cold and humid in the extreme west of Patagonia; subtropical in the north of Mesopotamia; and warm in the north east of the country. From November to March the average temperature is 23° C and from June to September, 12° C
- **Weights and measures:**
Weight: kilo (k); Measurement: meters (m)
- **Format of dates**
DD/MM/YY (date/month/year)
- **Numbers:**
Thousands separated by a point, decimals by a comma



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