

Doing business in Argentina

Investment environment and information on the legal, accounting and taxation framework to keep you on the right track.

2023

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“Even in a challenging context, Argentina offers very good opportunities for business. You only need to choose the right partner and move on. In Grant Thornton we know how to run across the complexity and are ready to help you”.

Fernando Fucci
Managing Partner
Grant Thornton Argentina



Forward

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This guide has been prepared for the assistance of those interested in doing business in Argentina. It does not cover the subject exhaustively but is intended to answer some of the important, broad questions that may arise. When specific problems occur in practice, it will often be necessary to refer to the laws and regulations of Argentina and to obtain appropriate accounting and legal advice. This guide contains only brief notes and includes legislation as of February 2023.

If you require any further information, please do not hesitate to contact your nearest Grant Thornton member firm.

Country profile

Summary

Argentina has the following characteristics:

- Stable political institutions
- Dependence on exports
- Educated workforce
- No racial or religious conflicts

Basic data (Most recent)	
Population	46.044.703 (2022 National Census)
Area	2,78 million square Km (30% of Europe)
GDP (Purchasing power parity)	US\$ 487,23 billion (World Bank, 2021)
GDP (Per capita - PPP)	US\$ 10,636 (World Bank, 2021)
Exports	US\$ 88,44 billion (INDEC 2022)
Imports	US\$ 81,52 billion (INDEC 2022)
Literacy rate	98% (2022 National Census)
Citizens per physician	250 (2020)
Life expectancy	77 years (2022)
Urban population	92,5% (2020)
Local currency	Argentine peso (ARS)

Geography and climate

Argentina is the 8th largest country in the world. Its topography is highly varied, ranging from fertile plains in the central region to mountains in the west and a semi-arid zone in the south. The climate varies from the subtropical to the sub-Antarctic. Between these two extremes lies a wide temperate belt well suited to agriculture.

Social configuration

The population is mainly of Spanish and Italian descent, although it also includes people of many other national origins. Different ethnic and religious groups coexist peacefully. The middle-class accounts for most of the population. The literacy rate is high, as well as the enrolment rate in primary, secondary and higher education. Labor is comparable in skills and aptitudes with that of most developed countries, especially at technical and professional levels.

Language

Spanish is universally spoken and understood. Argentine Spanish is slightly different of that spoken in other Latin American countries or in Spain, due to Italian influence. However, this means no difficulties for any Spanish speaking visitors. Dates are written DDMMYY. A full stop is used to write long numbers (99.999.999) and decimal numbers are separated with a comma (9,99).

Business hours/time zone

Business hours in the City of Buenos Aires and surroundings are in general from 8 or 9 am to 5 or 6 pm from Monday to Friday or including half Saturday. Banks are generally open from 10 am to 3 pm. In most provincial towns a long break after lunch is customary. In this case, business starts earlier and concludes later in the day. The whole of Argentina observes -3 Greenwich Mean Time.

National holidays

There are three kinds of national holidays in Argentina. In 2023, they are as seen below:

National Holidays		
Kind of holiday	Date	Celebration
Unchangeable dates	January 1	New Year
	February 20	Carnival
	February 21	
	March 24	Day of Memory and Justice
	April 2	Veteran Day
	April 7	Holy Friday (Easter)
	May 1	International Worker's Day
	May 25	First National Government Day
	June 20	National Flag Day
	July 9	National Independence Day
	December 8	Inmaculate Conception of Virgen Mary
	December 25	Christmas Day
Dates may change (they are moved to the closest Friday or Monday for touristic reasons)	June 19 (Real date: June 17)	Gral. Güemes Remembrance Day
	August 21 (Real date: August 17)	Gral. San Martín Remembrance Day
	October 16 (Real date: October 12)	Day of Respect for Cultural Diversity
	November 20	Day of National Sovereignty
Touristic holidays	May 26	Touristic reasons
	June 19	
	October 13	

There are also days considered “non-working” days for public entities employees, as well as religious holidays for those who profess the Jewish and Islamic faiths.

Political and legal systems

Argentina is a Federal Republic organized under a Constitution like that of the United States. It enjoys a democratic political system in which different parties actively compete. Moderate parties are dominant as the population provides steady support to sound economic policies.

Privatizations

In the early 90s Argentina conducted one of the most intensive privatization programs in the world. Telephone companies, airlines, most railroads, electric energy companies (including hydroelectric power plants), the Argentine oil company (YPF), steel mills, ports, TV stations and most public services were transferred in the last decade to the private sector. The combined value of privatized firms amounted to more than US\$ 30 billion. Many foreign firms participated in this program.

In the last two decades, the Argentine government retook control of certain entities considered to be exploiting strategic resources such as the private pension funds, the national airline and the national oil company.

Economic system

Argentina has a free market economic system. During the 1990s, in line with the privatization program and the beneficial foreign investment legislation, the Government had little influence in the economy.

By the end of 2001, Argentina was suffering an unbearable debt load, a lack of competitiveness due to the fixed 1 to 1 peso-dollar exchange rate and a high unemployment level; resulting in the country's deepest crisis ever.

The 2002 devaluation heightened competitiveness in the national market and prices of commodities rose sharply in the international markets. Argentina grew at a 9% rate during the 2003 – 2007 period, allowing repayment of debt to the IMF and the renegotiation of foreign private debt. Short-term commitments with the World Bank were also met.

In the years that followed, alongside with the world's 2009 financial crisis, the national government became more involved in the market through subsidies and price control, exports and imports.

During the 2010's, except for a few growth periods, lower economic performance paired with the need for external financing and harshened international conditions led to significant devaluation of the Argentine peso and high levels of inflation.

In recent years, due to a high inflation scenario, public savings took refuge in foreign currency to preserve its value and the economy began to suffer from a shortage of foreign currency. In this context, the Central Bank imposed strong restrictions on payments in foreign currency, both for dividends and for goods and services.

It is expected an increase in the export of goods in the next year (specially from the agribusiness and mining industries) and services, that will mitigate the current restrictions.

Cost of living

The rate for 2022 yielded a 94% annual rate. Since on a mid and long term basis devaluation of currency follows inflation rate, once again, Argentina became very affordable for tourists who were compelled to our shores due to our diverse natural resources.

National treatment for foreign investors

Foreign corporations participating in the capital of Argentine entities need to register themselves in Argentina before becoming investors. Except for certain regulations or practical restrictions applicable to a few activities such as financial institutions, public media or fishing; foreign investors do not need to seek any kind of prior approval (although approval is required to benefit from the protections referred to in the following paragraph). They are also free to repatriate the full amount of their capital and earnings at any time. Nevertheless, the chapter below regarding Foreign Exchange regulations should be read and advice sought. Foreign and domestic companies are treated equally. Under the law, they have access to all economic sectors and are eligible for incentive programs and state procurement.

Argentina adhered to the principles of the Organization for the Economic Cooperation Development (OCDE). The country is a member of ICSID and offers the protection of MIGA (Multilateral Investment Guarantee Agency) and the Overseas Private Investment Corporation (with certain requirements).

Mercosur

Mercosur is the joint market formed by Argentina, Brazil, Paraguay and Uruguay (negotiations were conducted to progressively include neighboring countries Bolivia, Chile and Venezuela). The combined population of the 4 full member countries exceeds 307 million people and the total GDP is approximately US\$ 5,1 trillion. In January 1995, a common external tariff was established, and most products enjoy total free trade inside Mercosur.



Business entities

Summary

There are no restrictions for foreign investors for doing business in Argentina, being entitled to use any vehicle permitted by Law.

The forms of local business organizations foreseen by local Law are Stock Company, Simplified Stock Company, Limited Liability Company, Limited Partnership (simple or through shares), General partnership Company and Capital and Industry Company. The law also foresees the possibility of establishing local Branches of foreign corporations.

Joint Ventures and Management Cooperation, even when possible under local Law, are not considered independent corporations and therefore are not subject to Business Law Regulation. However, it should be noted that in certain cases Anti-Trust Regulation may apply.

It should be also noted that purchase of real estate through investment vehicles / business entities of foreigners are subject to limitations of local laws.

The most common business vehicles used by foreign investors in Argentina are Stock Company (locally called "Sociedad Anónima" or "S.A.") Limited Liability Company (locally called "Sociedad de Responsabilidad Limitada" or "S.R.L.") and the Branch (locally called "Sucursal"). The main aspects of each are discussed below.

Stock company (Sociedad Anónima)

Structure

A "Sociedad Anónima" (or "SA"), civil law equivalent of the common law corporation, is a corporation or joint-stock company, where shareholders' liability is limited to their capital investment. Its capital is represented by shares with equal par value and may be divided into different classes of stock. Capital must be fully subscribed at the time of incorporation and at least 25% of the cash contributions must be paid in at such time (the cash balance must be paid in within a maximum period of two years).

An SA must have an adequate capital to fulfill its corporate purposes. Thus, even if the Public Registry of Commerce of the City of Buenos Aires (the "PRC") has approved corporate capitals of ARG \$100,000, such approval is subject to the capital's adequacy to the company's corporate purpose.

A minimum of two shareholders is required to organize a regular SA. Although the CCL does not establish a minimum participation percentage for the minority shareholders, the PCR has adopted a criteria in connection with the distribution of the equity among the shareholders. In fact, even if it has not made any express statement as to what proportion of allocation of the capital among the shareholders would be deemed admissible, given recent case precedents a proportion of at least 97% and 3% among the majority and minority shareholder, respectively, would be deemed admissible.

It is worthy to point out that single shareholder corporations are accepted in Argentina since the issuance of the new Argentine Civil and Commercial Code, but as they are subject to stringent procedures of control by the Public Register of Commerce which result in higher costs of registration and maintenance, they are not yet commonly used by foreign investors in the initial stages of their activities in Argentina. Further information about this vehicle of investment may be supplied if required.

Administration

The SA's administration shall be entrusted to one or more directors, who may or not be shareholders. Appointment of one or more alternate directors is also required. Directors may serve consecutive terms of up to three years each. Note that most directors must be permanent residents in Argentina (e.g., if a non-Argentine resident is appointed as regular director, then two Argentine residents must be appointed as well).

Directors of an SA (including foreign directors residing abroad) must pay social security contributions within the category of *trabajadores autónomos* (independent or self-employed workers) on a monthly basis. For this purpose, Directors must be registered with the Federal Tax Authority.

Statutory Auditors

The Articles of Incorporation may set forth the appointment of one or more Statutory Auditors, who must be either lawyers or certified accountants domiciled within the Argentine Republic. Statutory auditors, locally known as *síndicos*, basically control that all acts performed, or resolutions taken by the Board of Directors comply with the law, with the provisions of the By-laws and the articles of incorporation.

It is worth pointing out that statutory auditors are jointly and severally liable for failure to meet their duties and obligations set forth by the law and the By-laws.

The Corporation Law (Law N° 19.550) establishes that the company is required to appoint statutory auditors only when the company (a) is publicly listed as regards its shares or negotiable obligations; (b) carries out specific activities, such as public franchises or services; (c) carries out activities in the field of capitalization, savings or otherwise, requires money or securities from the public by offering them future considerations or benefits; (d) holds a corporate capital in excess of ARG\$50,000,000; (e) is a *sociedad mixta* (mixed company - I.E., a partially government-owned company-); or (f) is controlled by, or controls another company subject to supervision, in accordance with the foregoing (g) is a single shareholder corporation.

Should the company fall within the above-mentioned categories, except for item (d), an odd number of statutory auditors shall have to be appointed by a shareholders' meeting, who must set up a corporate body, locally known as *Comisión Fiscalizadora* (Supervisory Committee), usually composed by 3 (three) regular and 3 (three) alternate members. As regards item (d) above, the appointment of one regular and one alternate statutory auditor, would suffice.

Dividends

Dividends may not be approved nor distributed to the shareholders of the SA except when arising from earned and liquid profits stemming from the balance sheet drawn up in accordance with the law and the statutes and approved by the shareholders' meeting.

Filing with the PRC

Argentine business organizations require appropriate filing with the relevant governmental authorities as a condition for legal existence. For purposes of incorporating an SA, the proposed articles of incorporation and by-laws must be submitted to the PRC for approval. Prior public notice requirements must be complied with (a notice must be published for one day on the Official Gazette).

Registration of foreign stakeholders

There are no restrictions applicable to foreigners to hold shares in a Joint Stock Company ("SA"). However, note that for purposes of incorporating or participating in an Argentine SA, foreign corporations are required to file certain documents and register with the PRC.

Limited Liability Company (Sociedad de Responsabilidad Limitada)

Structure

A *Sociedad de Responsabilidad Limitada* (or "SRL") is an independent legal person, where partners' liability for the company's debt is limited to their capital investment. A minimum of two partners and a maximum of fifty is required to organize an SRL (in connection with the minimum percentage required for the minority quota holder, please note that the same requirements as for an SA apply).

Its capital is represented by quotas, all of which must have equal value. Capital must be fully subscribed at the time of incorporation and all the in-kind contributions and at least 25% of the cash contributions must be paid in at such time (the cash balance must be paid in within a maximum period of two years). It is not mandatory for an SRL to have a minimum capital as long as it is considered adequate to fulfill the company's purpose, however in many cases the PRC has requested to have a minimum corporate capital of ARG \$100,000.

Administration

The SRL's administration shall be entrusted to one or more managers, who may or not be partners. One or more alternate managers may also be elected. Managers may be appointed for a determined or undetermined period. Note that most of the managers must be permanent residents of Argentina.

Filing with the PRC

For purposes of registering an SRL, the proposed organizational contract must be submitted to the PRC for approval. Prior public notice requirements must be complied with a notice to be published for one day on the Official Gazette.

Registration of foreign partners

For purposes of organizing or participating in an Argentine S.R.L., foreign companies are also required to register with the Registry pursuant to article 123 of the Corporation Law.

Reporting obligations

SRLs with a capital of less than ARG \$50,000,000, have no obligation to file annual financial statements with the PRC. This is the main difference from a regulatory filing standpoint between a SA and a SRL, for SAs must submit their annual balance sheets with the PRC.

Dividends

Dividends may not be approved nor distributed to the quota holders of the SRL except when arising from earned and liquid profits stemming from the balance sheet drawn up in accordance with the law and the statutes and approved by the quota holders meeting.

Simplified Stock Company (Sociedad por Acciones Simplificada)

Structure

A *Sociedad por Acciones Simplificada* (or “SAS”) is an independent legal entity, where partner’s liability for the company’s debt is limited to their capital investment but they respond jointly and unlimitedly to third parties for the integration of the capital. A minimum of the partners is required to organize a SAS.

Its capital is represented by shares, all of which may have different value if they are divided into classes. Capital must be fully subscribed at the time of incorporation and all the in-kind contributions and at least 25% of the cash contributions must be paid in at such time (the cash balance must be paid in within a maximum period of two years). The SAS has a minimum capital of two Minimum and Vital Salary (ARS 67.743).

Administration

The SAS’s administration shall be entrusted to one or more managers, who may or not be partners. One or more alternate managers may also be elected. Managers may be appointed for a determined or undetermined period. Note that most of the managers must be permanent residents of Argentina.

Filing with the PRC

Argentine business organizations require appropriate filing with the relevant governmental authorities as a condition for legal existence. For purposes of incorporating a SAS, the by-laws must be submitted to the PRC for approval. Also, a notice of its registration must be published for one day on the Official Gazette.

Registration of foreign partners

For the purpose of organizing or participating in an Argentine SAS, foreign companies are also required to be duly registered with the PRC pursuant article 123 of the Corporation Law.

Reporting obligations

SASs have no obligation to file annual financial statements with the PRC, but they do have to record them in the Digital Books of the company within the four months of the closing date.

Dividends

Dividends may not be approved nor distributed to the share holders of the SAS except when arising from earned and liquid profits stemming from the balance sheet drawn up in accordance with the law and the statutes and approved by the partners meeting.

Argentine Branch of a foreign company

Branches are also regulated in the Corporations Law. A branch is not an independent legal entity from its parent company. Therefore, the parent company is held liable for the debts and obligations of the branch. Even, when possible, no capital contribution is required to make in the branch. Under the CCL and the Income Tax Law provisions a branch must keep separate accounting. The branch is managed by a resident representative duly appointed by the parent company.

If a foreign company desires to engage in regular business in Argentina, by setting up a branch, office or any other form of permanent representation, it should:

- Show evidence of its existence under the laws of its country (I.E.: By filing its bylaws or articles [of incorporation and other related documents])
- Register the articles of incorporation of the branch with the public register of commerce, appoint a representative or manager and register them accordingly
- Individualize their shareholders. The holders of shares listed on a stock exchange or securities market are exempt from this individualization, which is limited only to those who are within the internal control group and outside the rules for public offerings.

If the individualization of the shareholders and the determination of their holdings with the required scope are described in the corporation's articles of incorporation or subsequent amendments thereof, reference may be made to such documents.

Books and accounting records

Pursuant to Art 44 of the Commerce Code and Law No 19550, all Corporations domiciled in Argentina must keep accounting records of their transactions. The mandatory books are two: A Journal and an Inventory and Balance Sheets Book. Said Books should be kept up to ten years after the cease of operations of the Company.

In compliance with Art 73 of Law No 19550, a special book must also be kept to record the minutes of Company Meetings (i.e., Board of Directors, Shareholders, etc.). Additionally, Art 213 from Law No 19550 establishes the obligation to keep a book: Register of shares, in which it will be transcribed, among other, the kind of shares, rights and obligations reflected, status of capital integration, the votes granted, etc. On the other hand, the stockholders or representatives who attend the meeting will sign the Attendance Book, certifying their addresses, identity card numbers, number of shares held and the corresponding number of votes.

The formal requirements are:

- These books must be bound and have pre-numbered pages and be initialized by the appropriate local commercial court. Must contain the name to whom they belong, the objective of the book and the number of pages
- It is not allowed to leave blanks, amend the records, alter their order or damage the pages in any way.

However, Corporations subject to control by the *Inspección General de Justicia*, or by the Securities Commission, may be authorized by these entities to use modern EDP or mechanized records to replace or supplement the Journal book. If so, the journal should be kept based on global entries that do not comprise periods longer than a month and provided the identification of the corresponding credit and debit accounts, and their verification must be made possible.

As per the Argentine Commerce Law, all "traders" (meaning whoever performs acts of commerce on a regular basis), are obliged to prepare, as of the closing of each fiscal period, their financial statements in accordance with the generally accepted accounting principles, which should be transcribed to the Inventory and Balance Sheets Book.

The filing date for the above-mentioned accounting statements varies depending on the controlling entity regulating the Company, with quarterly financial statements being mandatory in certain areas of activity.

In general, the filing should occur within the subsequent four months to the fiscal year closing, except for:

- Financial entities, the filing occurs within 50 days (annual and quarterly financial statements)
- Entities subject to the surveillance of the national securities commission, within the 70 days for the annual financial statements and 42 days for the interim financial statements.

As per the rules established by the *Inspección General de Justicia*, the financial statements of all companies should be audited by Certified Public Accountants following the generally accepted accounting principles in Argentina.

The generally accepted accounting principles are issued by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE). This organism issues rules on accounting and auditing issues, which are approved by Professional Councils of Economic Sciences of each province. As of today, the Technical Resolutions (TR) in force are as follows:

TR N°	Topic
6	Financial Statements in constant currency
8	General rules for financial statement disclosures
9	Particular rules for financial statement disclosures
11	Particular disclosure rules for non-for-profit organizations
14	Accounting information for Joint Ventures
15	Rules on the situation of the public accountant as company syndic. Modified by TR 55.
16	GAAP framework
17	General accounting policies
18	Specific accounting policies
19	Amendment of professional accounting policies
20	Derivatives and hedging transactions
21	Equity value. Consolidation of Financial statements. Related parties' information disclosures
22	Agricultural activities
23	Post leave benefits to employees and other long term benefits
24	Particular aspects of accounting exposure and Audit precedures for cooperative entities
25	Particular accounting exposure standards for non-for-profit entities
26	Adoption of Intenational Financial Reporting Standards (IFRS) from the International Accounting Standards Board (IASB)
27	Professional Accounting Standards. Introduces changes to TRs: 6, 8, 9, 11, 14, 16, 17, 18, 21, 22, 23 and 24
28	Amendment to the general presentation and disclosure accounting standards. Impracticality of comparative information
29	Amendment to RT 26, date of approval of IFRS for SMEs
30	Solutions to facts unforeseen by accounting standards
31	Introduction to revolution model for fixed assets and other assets not intended for sale, and incorporation of the concept of Investment Properties and non- current assets held for sale
32	Adoption of international auditing standards (Entities preparing financial statements under IFRS or IFRS for SMEs)
33	Adoption of International standards for review engagement set by IFAC's IAASB (Entities preparing financial statements under IFRS or IFRS for SMEs)
34	Adoption of Quality control and Independence standards

TR N°	Topic
35	Adoption of international standards for assurance engagements and related services
36	Adoption of social financial statements
37	Standards on audit, review, other assurance engagements, certifications and related services prepared under TR-local standards. Modified by TR 53.
38	Amendments to TR 26 (IFRS) accepting the equity method to measure non-controlled interests in consolidated financial statements
39	Amendments to TR 6 and 17 Expression in homogeneous currency
40	Amendments to TR 9 and 11 Changes in presentation criterio
41	Measurement and disclosure aspects for entities considered small and medium entities based on revenues
42	Amendments to disclosure aspects of TR 41
43	Amendments to TR 26 (IFRS) for IASB permitting the equity method in separate financial statements defined by IAS 28
44	Amendments to TR 36 Social balance
45	Amendments to TR 15 (Rules about the public accountant as company syndic)
46	Amendments to TR 22 (Agricultural activity), new financial statement line "Biological assets" to adapt to IAS 41
48	Assets remediation (Capital assets, Investment property and Available for sale assets) allowing a simplified index-based revaluation and a revaluation involving a management's expert
51	New text of Technical Resolution N° 24 "Professional standards: particular aspects of accounting exposure and audit procedures for cooperative entities"

Additionally, there are other technical resolutions that are not linked to auditing or accounting. Some of them are:

- TR 47: Transfer pricing reporting criteria
- TR 49: Business Plans
- TR 50: Evaluation of investment projects
- TR 52: Study of demands.

TR 26 is mandatory for entities included in the public offering regime. Entities excluded are those for which the National Securities Commission (Comisión Nacional de Valores - CNV) accepts the accounting standards of other regulatory bodies, such as banking entities. Also excluded are entities under the control of the CNV, such as SME panel, asset managers, mutual funds, futures and options markets, stock exchanges and securities markets. For the remaining entities the IFRS, IFRS for SMEs or TR will be applicable (TR 6, 7, 8, 9, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 28, 30, 31, 38, 39, 40, 41, 42, 46, 48 and 51).

In 2012, IGJ (*Inspección General de Justicia*) allowed companies that are under control of a public company, to issue Financial Statements under IFRS, IFRS for SMEs or TR.

To clarify certain aspects of the TRs listed above, the following Interpretations were issued:

TR N°	Topic
1	Transactions between related parties (financial, re-financing and other)
2	Cash Flow statement and its equivalent
3	Income tax accounting
5	Audit Report on amounts and information presented for comparative purposes
7	Capital assets revaluation model (except for biological assets) and accounting treatment of investment properties (TR N° 31)
8	Application of paragraph 3.1 Expression in homogeneous currency of TR N° 17
9	The Audit report on comparative information
10	Characterization of other related services that imply issuing special reports included in Chapter VII.C of RT 37
11	Recoverable value
12	Clarifications to TR N° 37
13	Social balance assurance engagement
14	Business plan conceptual framework
15	Evaluation of investment projects
16	Special and Compliance Reports
17	Auditor's report comparative information

Since the effective date of the RT N° 39 (approved by the Professional Council of Economic Sciences of the City of Buenos Aires – C.P.C.E.C.A.B.A. by Decision of the Board of Directors N° 20/2014), that modified the norms on unit of measurement of the RT N° 17, the need to re-express the financial statements to reflect changes in the purchasing power of the currency is indicated by the existence or non-existence of an inflation context that leads to describe the economy as highly inflationary.

With the means of identifying the existence of an inflationary economic context, Interpretation N°8 (approved by the C.P.C.E.C.A.B.A. by Decision of the Board of Directors N° 115/2014) provides a quantitative standard that is a necessary condition to proceed to re-express the figures of the financial statement, said standard is that the accumulated inflation rate in 3 years, considering the Wholesaler Internal Price Index (I.P.I.M.) elaborated by the National Statistics and Census Institute (I.N.D.E.C.), reaches or surpasses 100%, among other factory.

During the first half of 2018, various macroeconomic factors produced a significant acceleration of inflation, resulting in indexes that exceeded the accumulated 100% in 3 years, and in inflation forecasts that confirmed said trends. Because of that, the Board of Governors of the Argentine Federation of Professionals Councils of Economic Sciences (F.A.C.P.C.E.) issued the Resolution N° 539/2018, indicating that the high inflation context was formed and the financial statements corresponding to annual or intermediate periods closed from July 1st, 2018, on must be adjusted to reflect the changes in currency purchasing power. Said decision also indicated that financial statements corresponding to annual or intermediate periods closed until the 30th of June 2018 did not have to be re-expressed.

The use of inflationary adjustment had been discontinued the 28th of March 2003 by effect of the Decree N° 664/03 of the National Executive Power (P.E.N.), which instructed certain controller bodies not to receive financial statements adjusted by inflation starting from March 1st, 2003. As set out by the Governing Board of the F.A.C.P.C.E. by their Decision N° 287/03, the discontinuing of the use of inflationary adjustment would have corresponded from October 1st, 2003; however, the changes in currency purchasing power occurred between February 28th, 2003, and September 30th, 2003, were not significant. The forementioned Decree N° 664/03 was derogated after the enactment of the Law 27.468, on December 3rd, 2018. Likewise, dated December 28th 218, the General Inspection of Justice (I.G.J.) and the National Stock Commission issued resolutions that rule the effective date of the use of the RT N° 6 and the IAS 29, and derogated the prohibition of presenting financial statements adjusted by inflation starting from its effective date.

The accounting principles generally accepted in Argentina are similar to the ones in the United States and to the IFRS (International Financial Reporting Standards), the main exception being inventories, where the referred accounting frameworks are based on the acquisition costs and the Argentine principles promote the application of current values and original cost adjusted by inflation as an alternative).

The generally accepted audit principles (TR 37) are compatible with the ISAs (International Statements on Auditing) for private and public companies. Entities obligated to apply IFRS or where their provincial professional council provides the option to apply IFRS or IFRS for SMEs will have to apply ISAs as the audit standards. Those having to apply TRs (Local accounting rules) shall apply TR 37 as the audit standard.

From the issuance of TR 32, and for periods started on or after 1 July 2013, financial statements audits of those entities who compulsorily must issue their financial statements under IFRS as mandated by TR N° 26 have to be performed in compliance with International Statements on Auditing.

Lastly, having IFRS become mandatory for banking institutions since January 2018.



Tax legislation

In the federal sphere, taxes are as follows:

- Income Tax (Corporate and Individual)
- Tax on Personal Assets (Individuals as well as partnerships as substitute responsible)
- Value Added Tax
- Excise Tax (Specific Items)
- Tax on debits and credits on bank current accounts.

The A.F.I.P. (our IRS) oversees the application, collection and audit of taxes. This entity (A.F.I.P.) reports to the Secretariat of Public Finance which in turn reports to the Ministry of Economy.

Provincial taxes and those of the Federal District are administered directly by the Revenue Office of each Jurisdiction. These entities, in turn, are subordinated to the respective Provincial Ministries of Economy, and to the City of Buenos Aires Autonomous Government, respectively.

The main provincial taxes are as follows:

- Turnover Tax
- Stamp Tax
- Real Estate Tax

The revenues of the municipalities arise from the collection of charges and contributions in the respective jurisdictions by means of inspection rights, safety and hygiene, street illumination and cleaning and other specific rights.

National taxes

Income Tax (General characteristics)

Companies or Enterprises domiciled in Argentina, including the branches of foreign companies, are liable to income tax on a worldwide basis regardless where the source of the income or profit is (in the country or abroad).

Traditionally, Argentina Tax Law was based on the principle of taxation at source. A considerable reform of the tax system in April 1992 abandoned this principle by establishing the taxable transactions on an international basis.

Notwithstanding the above-mentioned, in the case of income obtained abroad, taxpayers may take a tax credit for similar taxes paid outside Argentina on their foreign business activities up to the limit of the increase in tax liability caused by the inclusion of the foreign-source income.

Non-resident taxpayers that are Companies, Enterprises and other foreign beneficiaries that operate temporarily in Argentina without setting up branches, affiliates, etc. will solely pay tax on their Argentine source income.

With reference to the tax on individuals said taxes are levied on revenues or enrichment periodical in nature, so that it implies the permanence of the producing source.

In the case of Companies or Enterprises, results of any operation or transaction fall within the tax scope, regardless whether they comply or not with the above-mentioned requirements.

Corporations domiciled in Argentina –including- Limited Partnerships- or branches of foreign business enterprises are taxed as follows:

- For profits of fiscal year beginning until December 31, 2021, = from 25% up to 35% of their taxable income.
- The later remittance of dividends and/or distribution of profit is subject to a 7% withholding income tax burdened on its beneficiaries (foreign beneficiaries or individuals domiciled in Argentina).

The equalization rules are repealed since fiscal year starting January 2018.

- Associations of persons excluding the Limited Liability Partnership-, which are not direct taxpayers, but determine tax result to be assigned to and disclosed by their partners.
- Physical individuals domiciled in Argentina, burdened with a progressive rate according to a scale (9% to 35%), with personal deductions.
- Foreign beneficiaries (companies domiciled abroad or individuals with no residence in Argentina), who are levied with different effective rates (35% on presumed net profit) as follows:

Description	Effective tax rate
Technical assistance, engineering or consulting unavailable in the country	21%
Assignment of rights or license under patents, etc.	28%
Exploitation of copyrights in the country (individuals)	12,25%
Interests arising from vendor's financing of imports of amortizable movable goods, except automobiles	15,05%
Interests arising from loans obtained abroad when the borrower is a financial entity or a bank which is included on the list of countries following the banking supervision rules established by the Basel Bank Committee	15,05%
Interest originated in deposits with financial entities rules by Law N° 21526	15,05%
Other interests	35%
Salaries, fees and other compensations to persons working transitory in the country	24,50%
Movable goods leases	14%
Real Estate Leases	21%
Transference of property situated, placed and/or used in Argentina	17,50%
Other	31,50%

The tax is determined annually by the taxpayer (company or individual in the country) through the filing of a tax return where the tax result (profit or loss) is established according to rules set by the corresponding legislation on taxable income, appropriation method of the profit to the fiscal period, costs and deductible expenses, exemptions and personal deductions, inventory and credit valuation methods, loss carry-forwards, etc.

New rules disposed the taxation of the indirect sale of a participation in an Argentina company or goods situated in Argentina. These operations are levied at 15% over the capital gain (determined as a difference between sales price and acquisition cost considering the portion of the goods situated in Argentina. A 13,5% withholding tax may apply if the acquirer is an Argentina registered payer.

Following OECD recommendations, Argentina replaced the thin capitalization rules applicable in related parties' loan in force up to December 2017. Now, the deduction of interest expense generated in loan with local or foreign related parties, is limited up to 30% of the current year EBITDA of the local entity. If the real interest does not exceed the threshold, the difference could be carry forward for 3 years. If the real interest exceeds the threshold, a special rule will allow the carry forward for 5 years. The limitation includes the interests and the difference of exchange of the loan too.

Taxpayers in Argentina file an annual tax return and compute advance payments against the final annual tax. Corporations should file such tax return within the 5^o month after the closing of the fiscal / financial statements and must pay 10 advance payments. The first one is equivalent to 25% of the tax determined the prior year, and each of the remaining 9 equals to 8.33% of the same basis. Those that receive revenues on account of personal services rendered in the capacity of an employee are not obliged to file a tax return or to pay advances, if the employer has performed the corresponding withholdings.

Foreign beneficiaries do not file a tax return and the tax must be withheld as a unique and definite payment in the source by who makes the corresponding payment. For those cases when the withholding agent of the country takes charge of bearing the tax, a grossing up of the income should be done, increasing the above-mentioned effective rates.

There are rules in the tax law regulating transfer prices of goods and services between related companies in Argentina and abroad. Simultaneously, limitations were introduced to the deduction of certain interests in those cases of corporation thin capitalization. In accordance with said rules, the possibility to deduct interests is being conditioned to the compliance on the part of the company with a debt-to-equity ratio.

Argentina has adopted transfer pricing rules that follow, in essence, the international standards (OECD guidelines).



Tax on Personal Assets

It levies with rate of 0,50% up to 1,75% the property situated in the country and 0,70% up to 2,25% the property abroad belonging to individuals residing in Argentina. This tax only applies when the respective assets exceed ARS \$6.000.000. The tax is levied on financial investments in Argentina, government securities and company stock.

Government securities are valued at their listing price or at their nominal value plus the corresponding accrued interests whether they are listed on the stock exchange or not, respectively. Company stock is valued at its listing price or at its tax based proportional equity value under the same conditions as those described above in this paragraph.

The tax is also levied on property in Argentina belonging to foreign individuals, obliging the individuals in the country having the availability or holding of said property to submit the tax as the substitute responsible for the foreign individual (tax rate 0,50%).

Changes introduced to this tax by Law 25585 (year 2002) establish that, in addition to individuals and undivided inheritances domiciled in the country, corporations and any other ideal person domiciled abroad who own shares or any kind of interest in the stock of corporations regulated by the Commercial Corporations Law 19.550, will also be subject to the tax. The law assumes, without admitting proof to the contrary, that indirect ownership of such shares or interests pertain to foreign physical persons. Corporations regulated by the Commercial Corporations Law 19.550 issuers of the above referred shares will act as substitute responsible for the determination and payment of the tax, applying a 0,50% rate over the proportional equity value resulting from the balance sheet for the latest period ended December 31.

Value Added Tax

The range of application of the V.A.T. in our country is wide and is levied on:

- Sales of movable goods
- Contracts for the construction of movable assets
- Construction works on property belonging to third parties
- Construction and sale of property (real estate)
- Rendering of services
- Rendering of financial services
- Definitive imports of movable assets
- Renderings of financial services, etc. performed abroad the use of which is carried out in Argentina, if the renders are taxpayers for other taxable events. Thus, they are levied on by the tax, the interest from loans granted abroad, fees for technical assistance, etc. The renderers will be responsible of entering the tax
- Digital services provided by a foreign company used in Argentina.

There are no significant exemptions, neither of an objective nor subjective nature, from a macroeconomic point of view.

The standard rate of this tax is 21%. There also exist special rates:

- A 27%, applicable to the sale of natural gas, electric power and running water regulated by measurers, and telecommunications
- A 10.5%, applied to certain taxable activities related to the construction of property (houses), renderings and sales related to certain products of animal and plant origin, health insurance services, long range and mid-range public transportation, and interests and commissions for loans granted by financial entities in Argentina or abroad. In this last case, when the entity complies with international standards of banking supervision established by the regulations. This special rate also applies to the acquisition and importation of certain durable goods to be used in productive activities.

The mechanism for the calculation of this tax is based on the following:

- V.A.T. is charged by a Company on sales or services are called a V.A.T. Debit.
- V.A.T. borne by a Company on purchases of goods or services is called a V.A.T. Credit. The tax borne on the acquisition of fixed assets, including buildings and constructions may also be creditable.
- In general, an entity deducts its V.A.T. credit from its V.A.T. debit each month, files a tax return and pays the difference, (V.A.T. debit excess) if any.

Finally, it is worth mentioning that the exports of movable property and services are not subject to tax. Exporters may obtain a refund on the tax credit for V.A.T. billed to them for the goods exported (exemption rate 0). Whereas the renderings of services performed in the country whose economic use is carried out abroad, are not subject to tax.

Aligned with the purpose to aim the capital investments for Argentina companies, it is incorporated a regime of return of VAT credit generated by acquisitions or constructions of goods for use, except automobiles, that remain immobilized for a period of six (6) months after their computation.

The refund will be considered as a definitive benefit to the extent that within the term of sixty (60) months would have been applied to the amounts effectively paid by the operations in the domestic market or in the case of exporters, that the tax crudities would have been entitled to get refund.

Tax on debits and credits on bank current accounts

This tax levies on debits and credits performed on bank accounts opened in entities regulated by the Financial Entities Law. It also levies on payments performed outside the formal banking circuit, including cash payments performed under an organized modality whose intent is to replace the use of bank accounts.

The general rate of this tax is 0.6% on each debit or credit performed on the above-mentioned accounts.

The 33% of the Tax on debits and credits is considered as payment in advance, applicable to Income Tax or Alternative Minimum Tax.

Provincial taxes

Turnover Tax

This is a provincial tax levied on revenue obtained from the habitual exercise of activity carried out in the different jurisdictions.

The net revenues arising from the activity (sales net of discounts, devolutions or bonus) compose its taxing base. Given the case of Financing Entities the taxing base is composed by the difference between the credit balances of the profit and loss accounts and the interests accrued by third parties, also existing special taxing bases for other kind of activities (Insurance Companies-Intermediation Activities-Publishing Agencies-Retirements and Pension Funds Administrators, etc.).

At present, exemptions exist for the manufacturing, primary activities, construction and mining industries. Since it is a local tax (there are 24 provincial jurisdictions with taxing empowerment in this matter) it is difficult to reflect a global panorama being necessary to analyze specifically each situation of each industry in each jurisdiction to assess the effective incidence of this tax.

For the jurisdictions in which this tax is in force or for which there exist no exemptions, the following rates could be considered on an indicative exemplifying level:

Primary Activity	1.0%
Industrial Activity	1.5%
Commerce and Services	3.0%
Construction Sector	1.5%
Financing Activity and others	6.0%

Stamp Tax

This is a local tax, for which the City of Buenos Aires and each province establish their own legislation. In the City of Buenos Aires, this tax was applied only to the transfer of real estate, ships (when they won't be used commercially), yachts, sailing crafts and aircrafts, at a 3.6% rate, except for real estate sales to be used as dwelling units. Commercial lease contracts on real estate are taxed at a 1.0% rate.

In 2008, changes were introduced to the Law, broadening the scope of this tax to all profit-oriented acts, contracts and transactions formalized in the City of Buenos Aires through public deeds or private agreements. This tax is also applied to monetary operations, calculated over the interests paid or charged by the financial entities. The severed tax rate is 1.0% over the face value of the contracts.

In the Buenos Aires Province real estate transfers are taxed at a 2% rate, and are also covered all profit-oriented acts, contracts and transactions formalized in its territory through a public deed or a private agreement (in the latter case the rate applicable is between 1% and 2%).

Provincial law exempts from the stamp tax all acts or credit transactions, including mortgage assignments, for the acquisition, construction or expansion of dwelling units used as single, permanent residency of a family, obtained through financial entities included under the law 21.526. As long as the fiscal valuation does not exceed certain amount, the subsequent transfer of this type of real estate property is also exempted.

The rest of the provinces provide for a similar treatment of the stamp tax to that of the Buenos Aires province, with each province establishing their own tax rates.

Contributions on Real Estate Property

These contributions of provincial characteristics are applied on the assigned fiscal value to the real estate property located within each jurisdiction.

International treaties to avoid double taxation

At present, there are many Bilateral Investment Treaties (BITs) in force in Argentina to protect investments and avoid or lessen double taxation in the international sphere. Such treaties are held with: Australia, Belgium, Bolivia, Chile, Brazil, Canada, Denmark, Finland, France, Germany, Italy, Mexico, Norway, Russia, Spain, Sweden, The Netherlands, and the United Kingdom.

Likewise, there exist special agreements on reciprocal taxing exemption related to transactions of international transport.

The taxing treatment of the different types of revenues summarized and outlined throughout this brief description can be partially modified by clauses of these treaties, since they generally establish benefits or preferred treatment for corporations or residents of the signing states.

Some types of revenues of Argentine source (including interests, royalties, dividends and capital profits) can be levied at reduced rates. Additionally, the ordinary revenue from Foreign Enterprises is totally exempt from Income Tax in Argentina unless such income could be attributed to a permanent establishment domiciled and settled down in our country.

Likewise, these treaties use to contain special clauses that cover the taxing deduction of expenses incurred abroad on account of the beneficiary of the permanent establishment situated in our country (including management expenses and general administrative expenses) and of no discrimination for the natives of the signing states with relation to different taxes of any type or description. All the treaties bear clauses that prevent double taxation, granting exemptions and/or tax credits according to different types of cases and revenues.

Labor legislation

Summary

Labor Law No 20744 and its amendments are applicable to all workers performing their tasks in an employee capacity in Argentina, except for:

- Public administration employees
- Household service employees
- Agricultural employees.

The three above-mentioned cases are ruled by their own agreements and bylaws.

Working day

The extension of the working day is homogeneous for all the country, and it is established by Law No 11544, the most significant points being as follows:

- Working day will not have to exceed eight hours a day or 48 hours a week
- The night-shift (period between 9.00 p.m. And 6 a.m. Of the following day) cannot exceed seven hours
- When the job is performed in unhealthy places, the duration of the work will not exceed 36 hours a week or 6 hours per day
- The employer should pay the employee rendering services in supplementary hours an overcharge of fifty per cent (50%) of the normal salary should it be on ordinary days, or a one hundred per cent overcharge (100%) if it were on Saturdays after 1.00 p.m., Sundays and holidays
- Decree 484/00 establishes that in no circumstances will overtime exceed 30 hours a month or 200 hours for one year

The employee is entitled to a resting period not less than 12 hours among worked days. The Employee is not obliged to render services over time except in cases of danger or accidents, occurred or imminent.

Salary/ remuneration

It is understood by remuneration the amount that the worker should obtain because of the labor agreement. Said remuneration, in no case, could be lower than the minimum vital and mobile salary (ARS 67.743 by February 2023) and can be cancelled in currency, in kind (up to 20%), lodging, food or through the opportunity of obtaining benefits or profits.

The employer will fix a monthly salary (gross salary) that the employee will receive for the services rendered, from which the corresponding Social Security (17%) and the Income Tax withholdings if any will be deducted.

The liquid amount of money that the employee will collect arises from the amount that the employer fixes as gross salary less the corresponding deductions/withholdings. The employers will be obliged to keep a special book of salaries, registered and officially sealed before the "Labor and Social Security Ministry."

Annual Complementary Salary

The annual complementary salary will be calculated based on the 50% of the largest remuneration collected by the worker in the half year periods ended in June and December each year. Payment will be proportional to the actual time worked by the employee during each half year.

Vacations

Every employee will benefit from a minimum and continued period of remunerated annual rest (vacations) of:

- 14 running days, when seniority on the job does not exceed 5 years
- 21 running days, when seniority is over 5 years, not exceeding 10 years
- 28 running days when seniority is over 10 years, not exceeding 20 years
- 35 running days when seniority is over 20 years.

Collective agreements regulating each activity can establish larger benefits.

Sickness

Each involuntary illness or accident that an employee suffers, and which causes the impossibility to render the service, will not affect the right of said employee to collect his/her salary during a period of three months if his/her seniority in the job were less than 5 years, and of 6 months if it were longer.

In those cases, in which the employee has family dependents and for the same circumstances he/she will not be able to work, the periods during which he/she will be entitled to collect his/her salary will be extended to 6 months and 12 months, respectively.

Family charges

Those employees whose salaries were lower will be entitled to collect a bonus for his/her family charges, being the main renderings as follows:

- Bonus for child
- Bonus for disabled child
- Bonus for pre-birth
- Bonus for annual school help for the basic and polimodal education
- Bonus for maternity
- Bonus for birth, adoption or marriage.

Salary limit corresponds to the gross salary earned in each month -overtime included-, excluding the annual complementary salary.

It should be noted that the bonuses for maternity and disabled child will be collected independently from the amount of the employee's salary.

Dismissal pay

The expiration of the labor agreement could be caused by different reasons. In the cases of dismissal decided by the employer without due cause, the employer will be obliged to pay the employee a series of dismissal payments, which in their great majority are based on the seniority and the gross salary of said employee.

The most usual dismissal payments relate to seniority, non-benefited vacations and substitute for pre-notice. The seniority dismissal payment is based on one gross salary for each year or fraction over three months that was labored by the employee.

According to applicable labor law the amount to be used in this calculation should be taken from the general wage scales negotiated by the unions. However, recent jurisprudence stated that the salary calculated in such a way should not be less than 67% of the dismissed person's remuneration. The labor agreement could not be dissolved at one of the parties will without previous notice or otherwise dismissal pay for this concept.

The pre-notice, when the parties do not settle it in a longer term, should be given for the following advance:

- By the employee, of 15 days
- By the employer, of 15 days when the employee had a seniority in the job up to 3 months, of 1 month when the employee's seniority is over 3 months and does not exceed 5 years and 2 months when it is longer.

It is also possible that the discontinuation of the agreement were produced by employee's resignation. In both cases, resignation and dismissal, the discontinuity of the agreement should be communicated by written notice.

Social Security

The employer will have the obligation to make a monthly contribution for all the workers in the Company to the Argentinean Integrated System of Retirements (S.I.P.A.).

The main social security rates levied in Argentina are detailed in the section “Family Charges” (page 27).

	Employer Contributions	Employee Withholdings
Pension Fund	10,77%	11% (*)
Family Subsidy Fund	4,70%	---
Health Scheme	6%	3% (*)
Pension Institute	1,59%	3% (*)
National Employment Fund	0,94%	---
Total	24%	17%

* Up to a maximum variable amount that in fact acts as a cap on the highest salaries only (ARS 548.651 by December 2023).

The legal social security withholdings of 17% for which the employee is affected on his/her salary are deposited by the employer through the Integrated System of Retirements and Pensions.

Regarding to Employer Contribution, the actual legislation establishes a reduction in the base of calculation of the employer contributions related to social security taxes. This deduction could be up to ARS 7.003 per employee.

In addition, the employer should pay per each of the employees a certain amount. Each Labor Risk Insurance Company establishes the percentage on the salary and the fixed value per person in accordance with the risk and the level where the insurer categorizes the Company. The employer should also pay for each of the employees a compulsory collective life insurance.



Hiring methods

The main modalities for hiring in accordance with the Labour Law No 20744 are as follows:

Infinite time duration	<ul style="list-style-type: none"> • For indefinite time • For partial time • Seasonal
Definite time duration	<ul style="list-style-type: none"> • On a fixed term • Temporary
Trial period	<ul style="list-style-type: none"> • For indefinite time • For partial time • Seasonal

Indefinite time employment contracts will be celebrated on a trial basis for the first three months. Both parts are obligated to perform the Social Security contributions/withholdings during the trial period.

A trial period is not contemplated to exist in fixed term and in eventual employment agreements. Special remuneration book: must exist in all modalities.



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