

**Argentina:**  
**Latest Developments**

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**TTN**

**March 18, 2021**

# Argentina: some context

## Voluntary disclosure program (2016/2017)

Absolute success

USD 116,000 MM

21% of GDP

80% abroad

Reduced rate of Tax on Personal Assets to 0.25%

## Tax on Personal Assets

On worldwide assets in the case of Argentine resident individuals

Rate: increase in 2019 from 0.25% to 1.25%/2.25%



# Solidarity Contribution

- Emergency “contribution” (tax?), applicable only once on assets held as of Dec 18, 2020
- Threshold: AR \$ 200 MM (around USD 2.5 MM)
- If threshold is reached, the total amount is taxable
- Argentine residents (as of Dec 31, 2019): worldwide assets
- Argentine nationals with domicile or residence in “non-cooperative” or “nil or low tax” jurisdictions: worldwide assets
- Non-Argentine residents: assets located in Argentina (through substitute obligor)



# Solidarity Contribution

- Valuation: same as Tax on Personal Assets (but no exemptions apply)
- Contributions to trusts are included
- 180-day look-back term (intent to evade might be presumed)
- Assets located in Argentina: 2% to 3.5%
- Assets located abroad: “aggravated” rate of 3% to 5.25%, except repatriation of 30% of financial assets (special report from accountant)
- Funds repatriated can be devoted to certain investments/capital contributions
- Deadline to submit tax return and to pay: March 30, 2021 (option: 6 installments)



# Solidarity Contribution

- Reporting obligation of value of assets as of March 20, 2020, for those who:
  - are subject to the Contribution
  - are not subject to the Contribution but had assets for:
    - AR \$ 130 MM as of Dec 31, 2019
    - AR \$ 80 MM as of Dec 31, 2018 } must also report value of assets as of Dec 18, 2020



# Solidarity Contribution

## Potential arguments for a challenge:

- Confiscatory (debts are irrelevant; transfers to trusts)
- Violates equality (threshold; aggravated rates; no provisions for married taxpayers)
- Retroactive and violates property (extension of Tax on Personal Assets)

## Consequences of a challenge

- Interest / fines / foreclosure / criminal case / other



## MDR: scope

- Applies to domestic and international tax planning arrangements
- International arrangements: “any agreement, scheme, plan or any other action through which a taxpayer obtains tax advantages involving Argentina and any other jurisdiction”
- “tax advantage”: any reduction of taxes (very vague!) or avoiding any reporting regimes
- A non-exhaustive list of cases are included (legal entities for obtaining benefits of DTT; involvement of non-cooperative, or nil and low tax jurisdictions)
- Who is obliged (all independently):
  - taxpayers involved in a tax arrangement
  - tax advisors who help, assist, advice or are involved in the implementation
- Term: 10 days of implementation





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