

Argentina

Tax amnesty: the day after

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YES to amnesty: exchange of Information

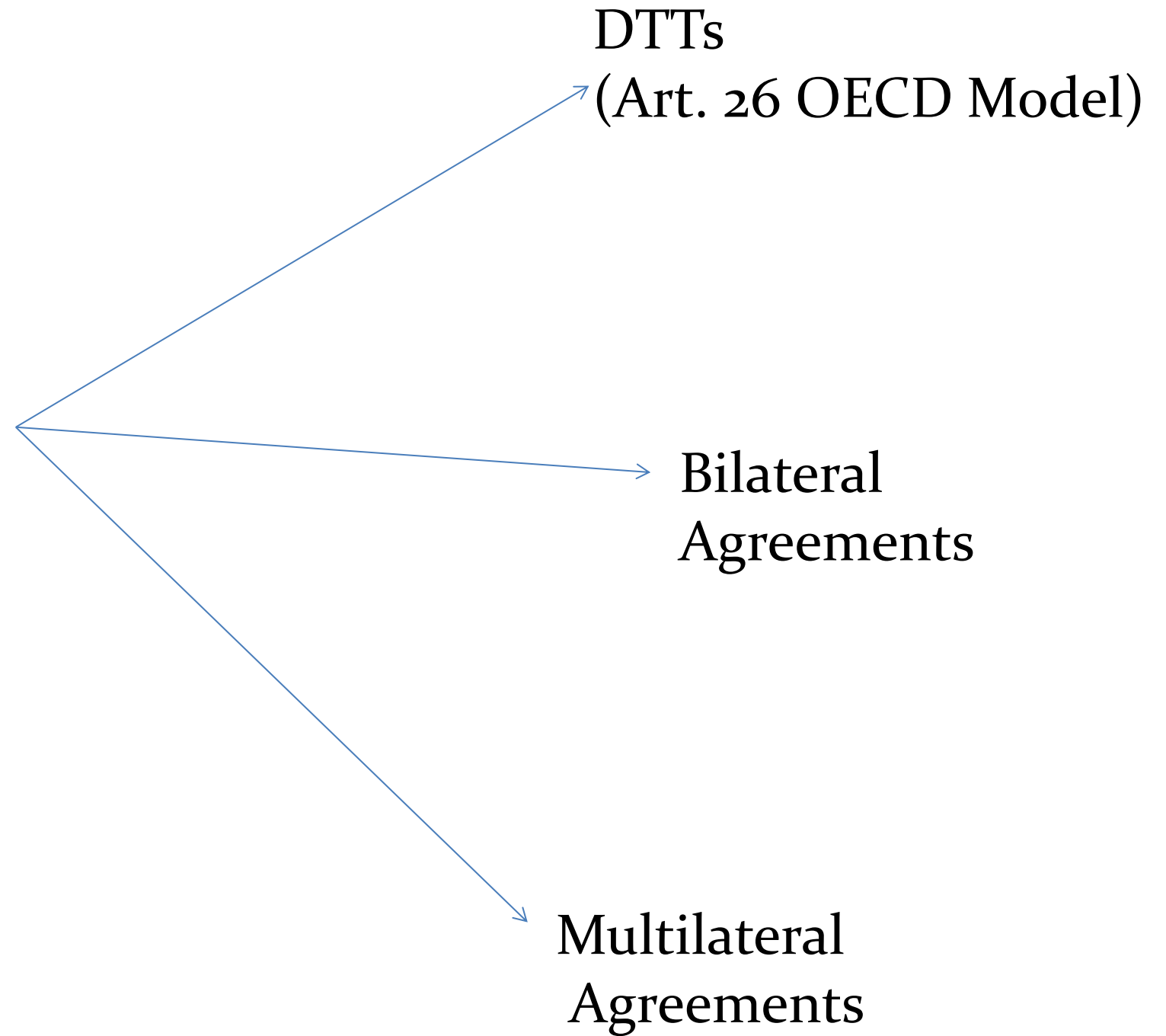
Provisions or agreements
signed by Argentina



DTTs
(Art. 26 OECD Model)

Bilateral
Agreements

Multilateral
Agreements

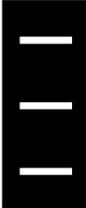
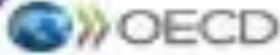
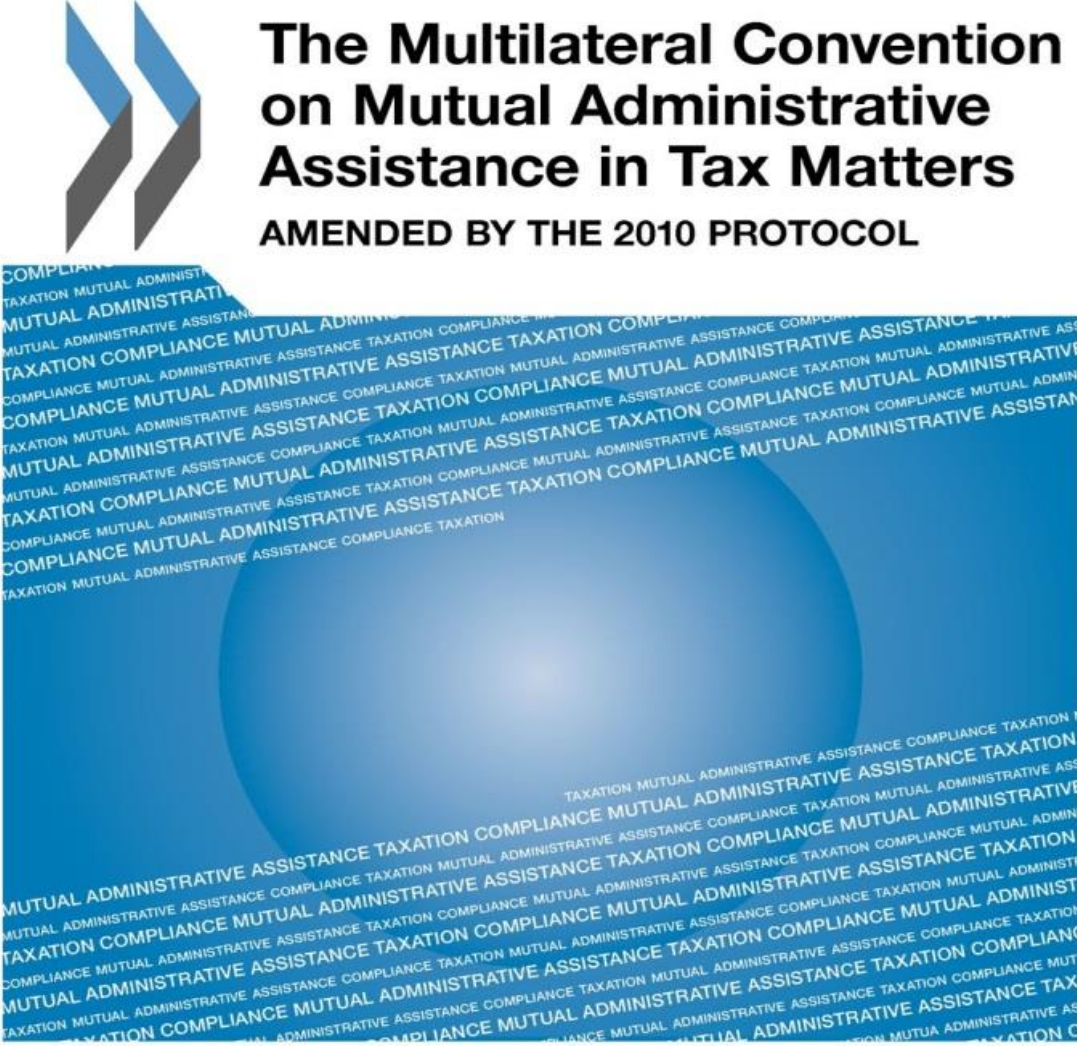




Bilateral Exchange of Information Treaties

Andorra	Aruba	Azerbaijan	Bahamas	Bermudas
Cayman Islands	Costa Rica	Curaçao (to be concluded)	China	Ecuador
Guardia di Finanza- Italy	Guernsey	India	Ireland (to be concluded)	Isle of Man
Jersey	Macao	Macedonia	Monaco	Netherlands (to be concluded)
Peru	San Marino	South Africa	Uruguay	

Argentina signed/adopted international standards





(101 jurisdictions have committed)

EARLY ADOPTERS (2017):

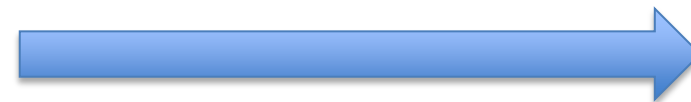
Anguilla, Argentina, Barbados, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Niue, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Trinidad and Tobago, Turks and Caicos Islands, United Kingdom (**54 jurisdictions**).

LATE ADOPTERS (2018):

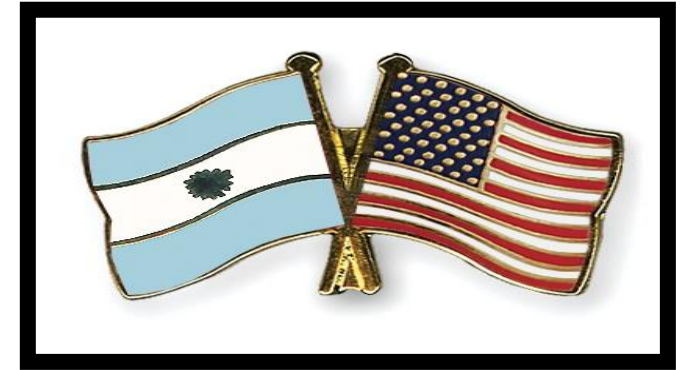
Albania, Andorra, Antigua and Barbuda, Aruba, Australia, Austria, The Bahamas, Bahrain, Belize, Brazil, Brunei Darussalam, Canada, Chile, China, Cook Islands, Costa Rica, Dominica, Ghana, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Kuwait, Lebanon, Marshall Islands, Macao (China), Malaysia, Mauritius, Monaco, Nauru, New Zealand, Panama, Qatar, Russia, Saint Kitts and Nevis, Samoa, Saint Lucia, Saint Vincent and the Grenadines, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Turkey, United Arab Emirates, Uruguay, Vanuatu (**47 jurisdictions**).

Argentina & the CRS: General Resolution 3826/15

- Information and Due Diligence liabilities imposed by Argentine Tax Authority to financial entities
- A translated version of the CRS is annexed to the Resolution



Argentina & USA



- Following the enactment of FATCA, Treasury (US) published the Model Intergovernmental Agreement (IGA) to improve tax compliance and to implement FATCA
- US interested in signing an Intergovernmental Agreement (IGA) under FATCA but Argentina interested in signing a bilateral exchange of information treaty (US refused)
- Argentina proposed an IGA “with reciprocity” terms
- No agreement so far

YES to amnesty: consequences of assessment

- Interest rate: 3% per month (36% per year)
- Fine for negligent omission: 50% to 100% of amount of tax
- Fine for fraud: 2 to 10 times of amount of tax
- Criminal case?



Tax Criminal Law

- Federal law (enacted by National Congress)
- Provides for different crimes involving **fraud**
- Negligent lack of payment: should not be included
- Consequence: imprisonment
- Most widespread case: evasion
 - Simple evasion: threshold of AR\$ 400,000 per tax/year
 - Aggravated evasion: threshold of AR\$ 4,000,000 per tax/year



Tax Amnesty Regime

Law 27,260 published in July 2016



Amnesty regime

- It is qualified as a “voluntary” and “exceptional” regime
- Covers **funds** and **assets** in **Argentina** and **abroad**
- No obligation to repatriate (!)
- Applies to registered and non-registered taxpayers
- Applies to Argentine residents and, in certain cases, to non-Argentine residents.



Amnesty regime (cont.)

- Can I include assets held through companies, trusts, etc.? **YES**
- Can I include assets registered on someone else name? **YES**
- Any restriction to funds located abroad? **YES**, funds and securities located in jurisdictions identified by GAFI/FATF as “risky” or “non-cooperative”: North Korea – Iran – Afganistan - Bosnia-Herzegovina – Irak – Guyana - Laos PDR – Siria – Uganda – Vanuatu - Yemen.
- Can I include only part of my assets? **NO**, if other assets are discovered, benefits of regime disappear (exception: if value of assets discovered are lower than the higher of: (i) US\$ 20,595, or (ii) 1% of the value of the assets included in the amnesty).



Amnesty regime (cont.)

- Valuation of assets located abroad?
 - Cash: exchange rate as of July 22, 2016 (US\$ 1= AR\$ 14,81)
 - Shares, trusts, etc, not listed: proportionate equity value, considering only the assets (except operating companies, where debts can be computed). Otherwise, listing value as of July 22, 2016.
 - Real estate: fair market value



Amnesty regime (cont.)

- Rates?
 - **0%**: cash up to US\$ 20,595
 - **5%**:
 - » if cash included is between US\$ 20,595 and US\$ 54,017
 - » real estate in Argentina or abroad
 - **10%**: assets above US\$ 54,017 (except real estate) if before 12/31/16
 - **15%**: assets above US\$ 54,017 (except real estate) if before 3/31/17



Amnesty regime (cont)

- Options for reducing rate
 - **10%**: if payment is made with Bonar 17 or Global 17 (public bonds) before 3/31/17.
 - **0%**: if funds are used to subscribe public bonds in US\$ that will be created:
 - » Up to 9/30/16: 3 years 0% interest rate and non-transferable.
 - » Up to 12/31/16: 7 years 1% annual interest rate / non-transferable for the first 4 years. **This bond allows “1 to 3” disclosure**
 - **0%**: funds devoted to investment funds holding securities related to infrastructure, real estate, productive investments, etc. Funds must stay for at least 5 years.



Amnesty regime (cont.)

- Benefits
 - No Income Tax
 - No VAT
 - No Tax on Personal Assets
 - No Tax on Debits and Credits in Bank Accounts
 - No fines
 - No criminal prosecution (tax, customs, foreign exchange regulations)
- However
 - Anti-money laundering law will apply
 - Provinces are enacting coherent regulations



Amnesty regime (cont)

- The day after: now assets and profits subject to

- Tax on Personal Assets (from up to 1.25%):

0.75% for 2016

0.50% for 2017

0.25% for 2018

- Income Tax:

9% to 35%



Amnesty regime (cont)

- Planning opportunities:
 - **Deferral:** can be obtained if foreign company is
 - (i) located in a cooperative jurisdiction, or
 - (ii) does not obtain passive income (above 50%)
 - » Be careful with partnerships
 - » Will this last?
 - **Foreign trusts:**
 - (i) revocable or irrevocable? control?
 - (ii) taxation of distributions
 - (iii) tool for estate planning
 - (iv) tax on inheritances?



Amnesty regime (cont)

- Planning opportunities:
 - Foreign funds:
 - (i) taxation of distributions
 - (ii) reduced rate (15%) at exit is possible
 - Bonds with exemptions
 - (i) Argentine bonds
 - (ii) foreign bonds and shares with exemptions under Tax Treaties



Amnesty regime (cont.)

Where are we now? Turning point



**Thank you
very much!**

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