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MAIRAL

TRANSNATIONAL TAXATION NETWORK

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**Argentina: Update on International Tax Topics
under Milei**

Some context

12 years of “Kirchners” presidents

- 2003 – 2007: Nestor Kirchner
- 2007 – 2011: Cristina Kirchner
- 2011 – 2015: Cristina Kirchner



Some context (cont)

Short interruption

- 2015-2019: Mauricio Macri
 - Quick transition from business to politics
 - Shift to the “center-right”
 - New business environment
 - “Free market” position
 - Release of FX controls
 - Close relation with the US



Some context (cont)

Back to Kirchners

- 2019 – 2023: Alberto Fernandez + Cristina Kirchner (vicepresident)



Milei as president



Milei

Proposals during campaign:

- reduce government spending
- cut taxes
- make a bonfire of government regulations
- replace the Argentine peso with the US dollar
- abolish most government agencies, including the Central Bank
- promote freedom of markets

Milei

- *“the State is a criminal organization designed to allow bribes in each administrative procedure”*
- *“I hate the State”*
- *“I am not communist, I am liberal”*
- *“Between the Mafia and the State I prefer the Mafia. The Mafia does not lie, it compits”*

Milei cutting expenses



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Milei

- Decree N° 70/2023 (December 2023): reduction of the public sector and deregulation of the economy
- Draft bill known as *“Bases and Starting Points for the Freedom of Argentine People”* (more deregulation)
- Draft law includes *“RIGI”* (Incentive Regime for Large Investments)
- Draft bill known as *“Palliative and Relevant Tax Measures”*:
 - Regime for regularization of tax, customs, and social security debts
 - Voluntary disclosure regime
 - Tax on Personal Assets

RIGI: main features

- Comprehensive system of benefits, incentives, and guarantees
- Similarities with other regimes (Mining Investment Regime; Promotion for the Use of Renewable Energy, etc.) but not limited to one specific economic sector
- Need of a Single Project Entity (SPE) and a “Large Investment” (at least USD 200,000,000 in assets)
- The Executive Branch may raise that threshold up to USD 900,000,000
- RIGI will be available for 2 years; such term may be extended 1 additional year

RIGI: tax benefits

Income Tax

- Tax rate: 25% (as opposed to 35%)

- Accelerated depreciation rules:
 - Movable property: useful life of 2 years
 - Mines, mineral quarries, forests, and similar assets: term of 60% of the estimated useful life

- NOLs carryforward: no time limit and ability to transfer them to 3rd parties after 5 years; also, NOLs to be adjusted by inflation

- Dividends: 3,5% withholding rate after 7 years of inclusion in RIGI

RIGI: tax benefits

VAT

- Recovery of VAT credits derived from investments; otherwise, after 3 months, they will be transferrable

Exports and imports

- Reduction of import duties
- Release of FX restrictions for funds derived from exports

Stability for 30 years

- Tax, customs, FX

Regularization regime

- Covers tax, customs and social security obligations
- Applies to obligations due on March 31, 2024
- Includes those being discussed before courts
- Provides for substantial reduction of interest and fines, including criminal charges
- Allows payment in installments

Voluntary Disclosure Regime

- For Argentine residents and certain non-Argentine residents
- Available until April 30, 2025; but could be extended to July 31, 2025
- Rates: 5%, 10% and 15% (the earlier, the cheaper); it is 0% for assets under USD 100,000
- Applies to all kind of assets as of December 31, 2023, located in Argentina or abroad (currency, real estate, benefits under trusts, crypto-assets, etc)
- Release of payment of applicable taxes and all kind of consequences (including criminal)

Tax on Personal Assets

- Reduction of rates: from current maximum rate of 1,75% to
 - 2023: 1.50%,
 - 2024: 1,25%,
 - 2025: 1%,
 - 2026: 0.75%,
 - 2027: 0.25%.

- No more aggravated rates for assets located out of Argentina (currently up to 2,25%)

- Special option for payment of 2023-2027 years: a lump sum applying a 0,45% rate to assets as of December 31, 2023 + stability up to 2038

THE “FREEDOM GUY”





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