ABOUT PKF ARGENTINA

We are one of the main professional organizations with both local and international presence. We know how to understand and satisfy the client's needs by delivering customized solutions in all areas of auditing, taxation, corporate finance and consultancy. We have more than 160 professionals in the country and offices in Córdoba, Rosario, Mendoza, Tucumán and Salta.

We have the best combination of expertise, commitment and professionalism. Our principles are based on respect for our people and flexibility.

PKF Argentina is a professional organization with 30 years of experience in delivering services and solutions to the clients' problems.

The constant training of our human resources is an essential element to achieve our aim which is "to help our clients improve their businesses".

The partners of PKF Argentina have a solid academic training and many years of professional experience in rendering quality services in the different business areas.

We have long experience in diverse industries and areas of the economy. Our clients, both local and international, confirm the quality of our services.
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Foreword

If you are considering doing business in Argentina, whether it is setting up a factory and distribution network or just selling goods over the internet, then this is the guide for you.

This handy booklet leads you through everything from the complexities of personal and corporate taxation to the government assistance available to new businesses.

It does not aim to be comprehensive in tackling such a varied and complex subject. Rather, it is intended as a starting point to help you on your way.

Your next step should be talking to us. We have long experience of giving businesses a helping hand. As one of the leading firms of accountants and business advisers in Argentina, with offices in major business centres, we provide a comprehensive range of services to inward investors based on a broad range of business sector expertise. We pride ourselves on offering regional knowledge combined with the resources and expertise of a national firm. Our aim is to work closely with our clients to understand their goals and so help to achieve them.

We recognize that when conducting business around the world, our clients expect the same high level of service that they enjoy from PKF in Argentina. PKF Argentina is a member firm of the PKF International Limited network of legally independent firms. Our membership means that we can, through collaboration with other member firms, offer sound advice on a range of international issues. We are therefore ideally placed to service your needs, if necessary in collaboration with other member firms of PKF International Limited, whatever they may be and wherever you are located.

Despite the movements in the world economy, the Argentina remains a attractive place to do business. With our assistance, even those not familiar with the way business is conducted and regulated in the Argentina can access its substantial markets and use the Argentina as a highly effective staging post from which to expand into Latin America and beyond.

We look forward to working with you.

Marcelo Katz
Managing Partner, PKF Argentina
# Demographic and Environmental Overview

## Geography

The territory of Argentina represents the second largest country of South America after Brazil, and is the eighth largest country in the world. It is bordered by Chile, Bolivia, Paraguay, Brazil and Uruguay. It presents a varied geography, with prairies to the East, slopes to the center region and mountain ranges to the West. The country is crossed, on the Western end, from South to North, by the Andes, which constitutes the border with Chile. The highest peak in Argentina (and in the world, outside Asia) is the Aconcagua, of 6962 meters a.m.s.l.

## Surface and population

Argentina has a surface of 3.761.274 km² and a population of 40.117.096 inhabitants located in its 23 provinces and the City of Buenos Aires (an independent district) who are distributed as follows:

<table>
<thead>
<tr>
<th>District Capital</th>
<th>CAPITAL</th>
<th>POPULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>district</td>
<td>(1)</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>40.117.096</td>
</tr>
<tr>
<td>1. City of Buenos Aires</td>
<td></td>
<td>2.890.151</td>
</tr>
<tr>
<td></td>
<td>District</td>
<td>SURFACE km²</td>
</tr>
<tr>
<td></td>
<td>(2)</td>
<td>(4)</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>3.761.274</td>
</tr>
<tr>
<td>1. City of Buenos Aires</td>
<td></td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>Density inhab / km²</td>
<td>(5)</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>10.7</td>
</tr>
</tbody>
</table>

### Provinces

<table>
<thead>
<tr>
<th>District Capital</th>
<th>CAPITAL</th>
<th>POPULATION</th>
<th>SURFACE km²</th>
<th>Density inhab / km²</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Buenos Aires</td>
<td>La Plata</td>
<td>15.625.084</td>
<td>307.571</td>
<td>50,7</td>
</tr>
<tr>
<td>3. Catamarca</td>
<td>San Fernando del Valle de Catamarca</td>
<td>367.828</td>
<td>102.602</td>
<td>3,6</td>
</tr>
<tr>
<td>4. Chaco</td>
<td>Resistencia</td>
<td>1.055.259</td>
<td>102.602</td>
<td>11,3</td>
</tr>
<tr>
<td>5. Chubut</td>
<td>Rawson</td>
<td>509.108</td>
<td>224.686</td>
<td>2,2</td>
</tr>
<tr>
<td>6. Córdoba</td>
<td>Córdoba</td>
<td>3.308.876</td>
<td>165.321</td>
<td>20</td>
</tr>
<tr>
<td>7. Corrientes</td>
<td>Corrientes</td>
<td>992.595</td>
<td>88.199</td>
<td>11,7</td>
</tr>
<tr>
<td>8. Entre Ríos</td>
<td>Paraná</td>
<td>1.235.994</td>
<td>78.781</td>
<td>15,7</td>
</tr>
<tr>
<td>9. Formosa</td>
<td>Formosa</td>
<td>530.162</td>
<td>72.066</td>
<td>7,3</td>
</tr>
<tr>
<td>10. Jujuy</td>
<td>San Salvador de Jujuy</td>
<td>673.307</td>
<td>53.219</td>
<td>12,6</td>
</tr>
<tr>
<td>11. La Pampa</td>
<td>Santa Rosa</td>
<td>318.951</td>
<td>143.440</td>
<td>2,1</td>
</tr>
<tr>
<td>12. La Rioja</td>
<td>La Rioja</td>
<td>333.642</td>
<td>89.680</td>
<td>3,5</td>
</tr>
<tr>
<td>13. Mendoza</td>
<td>Mendoza</td>
<td>1.738.929</td>
<td>148.827</td>
<td>10,6</td>
</tr>
<tr>
<td>14. Misiones</td>
<td>Posadas</td>
<td>1.101.593</td>
<td>29.801</td>
<td>36,8</td>
</tr>
<tr>
<td>15. Neuquén</td>
<td>Neuquén</td>
<td>551.266</td>
<td>94.078</td>
<td>5,8</td>
</tr>
<tr>
<td>16. Río Negro</td>
<td>Viedma</td>
<td>633.374</td>
<td>203.013</td>
<td>5,8</td>
</tr>
<tr>
<td>17. Salta</td>
<td>Salta</td>
<td>1.214.441</td>
<td>155.488</td>
<td>7,8</td>
</tr>
<tr>
<td>18. San Juan</td>
<td>San Juan</td>
<td>680.427</td>
<td>89.651</td>
<td>7,6</td>
</tr>
<tr>
<td>District Capital DISTRICT</td>
<td>CAPITAL</td>
<td>POPULATION (1)</td>
<td>SURFACE km² (2)</td>
<td>DENSITY inhab/ km²</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------</td>
<td>----------------</td>
<td>-----------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>19. San Luis</td>
<td>San Luis</td>
<td>432.310</td>
<td>76.748</td>
<td>5,6</td>
</tr>
<tr>
<td>20. Santa Cruz</td>
<td>Río Gallegos</td>
<td>273.964</td>
<td>243.943</td>
<td>1,1</td>
</tr>
<tr>
<td>21. Santa Fe</td>
<td>Santa Fe</td>
<td>3.194.537</td>
<td>133.007</td>
<td>24,1</td>
</tr>
<tr>
<td>22. Santiago del Estero</td>
<td>Santiago del Estero</td>
<td>874.006</td>
<td>136.351</td>
<td>6,6</td>
</tr>
<tr>
<td>23. Tierra del Fuego, Antártida e Islas del Atlántico Sur</td>
<td>Ushuaia</td>
<td>127.205</td>
<td>1.002.445</td>
<td>0,1 (6)</td>
</tr>
<tr>
<td>24. Tucumán</td>
<td>San Miguel de Tucumán</td>
<td>1.448.188</td>
<td>22.524</td>
<td>64,3</td>
</tr>
</tbody>
</table>

(1) Population data shown in the preliminary results of the 2010 Population, Domestic and Home Census (Office of National Statistics known as INDEC – Spanish acronym).

(2) Surface values have been calculated upon scale cartography at 1:500.000.

(3) It refers to the Capital Federal (Federal District) of the Republic of Argentina.

(4) The American continent consists of 2.791.810 km² (including Malvinas/Falkland Islands, which represent 11.410 km²); the Antarctic continent consists of 965.597 km² (including South Orkney Islands, representing 750 km²) and the southern islands consist of 3.867 km² (including South Georgia of 3650 km² and the South Sandwich Islands of 307 km²).

(5) Excluding the Argentinean Antarctica the mean density is of 14.4 inhab/ km².

(6) Only considering the Isla Grande de Tierra del Fuego (21.571 km²), the density is of 5.8 inhab/ km².

Source: Office of National Statistics and National Geography Institute known as INDEC and IGN respectively (Spanish acronyms).

Climate

The main types of climate in Argentina are four: warm, temperate, arid and cold. Argentina’s elongated territory and geographical features ensure that the country has a diverse climate.

Thus, for warm climates, the weather is subtropical without dry season which covers the provinces of Misiones and Corrientes, the northern area of Entre Rios and the eastern section of the Chaco region. Its main features are high temperatures and abundant rainfall throughout the year. The tropical weather has a dry season and comprises an area of Salta, the west of Formosa and Chaco, the eastern plains of Tucuman, almost the entire province of Santiago del Estero and the Northwestern area of Santa Fe. It resembles the climate described above, but it differs in that it has a dry season that lasts until the first half of the year. To the Northwest, the mountainous area that includes the sub–Andean hills, its valleys and gullies, is considered to have tropical highland climate.

The area of temperate climates spreads throughout Buenos Aires province, a great portion of Entre Rios, center and South of Santa Fe, the western end of Cordoba and a portion of the Northeast of La Pampa. This section has a mild *pampeano* climate, which spreads mainly on the riverside of the Parana-Plata river banks.

In the borderline with the subtropical climate there is a template climate without winter season, which features, mainly the lack of a distinct cold period.

The moderate climate, with an ocean influence, is located in the Buenos Aires Province littoral, in Mar del Plata and Necochea area, where the influence of the sea gives place to moderate temperatures. Mild climate is found in
Cordoba hills and valleys. Finally, there is a transition belt towards the west, where the area of moderate climate derives into a region of arid climate.

The arid climates are located in a high plateau called La Puna, Catamarca’s Andes, La Rioja and San Juan, the neighboring pre–andean area and Patagonia extra–Andean. Among the main varieties there is the arid mountain climate, in the high plateau and the Andes, from Catamarca down to Mendoza. To the east of the arid Andes there is the arid climate of the hills and fields, which roughly involves the area of the Pampas hills. The arid steppe climate stretches down to the south of the region of hills and plains; to the west it ends at the foot of the mountain chain and loses its aridity in the south of Mendoza; to the east it borders the transition belt and to the south, between 40° and 42° south parallels, the transformation of the thermal system derives into another type of climate: the Patagonian cold arid climate.

Among the cold climates is the humid strip of the Patagonian Andes, characterized by a progression of rains that occur N to S – from 34° S– in this cordilleran sector. The arid–windy climate in Patagonia is characterized by its low temperatures, with scanty rainfall and, in winter, strong snow storms. The humid–austral climate includes a strip of Santa Cruz province, at the south of the previous zone, and the province of Tierra del Fuego, except for the snowy climate of the high mountains; has heavier rainfalls and there is no summer period.

The snowy climate is glacial and spreads over the southern mountains, the continental ice area of Santa Cruz and in some glaciers found in the high Patagonian mountains.

As regards to the southern islands climate, Isla de los Estados has an oceanic cold climate, with misty and cold weather almost during the entire year and blizzards are frequent. Snow storms are very often.
The oceanic climate is more distinct in Malvinas/Falkland Islands. There are no temperature excesses; summer is barely template and winter is not very definite. Orcadas/South Orkney Islands have a snowy weather. Almost the entire surface of the islands is covered by glaciers and the ice sea only allows access for a few weeks in January.

Advantages of investing in Argentina

As regards to purchasing power, Argentina has the highest income per capita in Latin America and its economy is highly diverse, with a wide range of qualified workers. The illiteracy rate is the lowest in Latin America and it can be compared to that of developed countries. In addition, Argentina also has a wide range of natural resources.

- Argentina has around 250,000 km² of fertile land
- This abundance of fertile lands and a competitive industry enable Argentina to be:
  - The 1st producer and exporter of sunflower oil worldwide
  - The 1st exporter and 3rd producer of soy oil worldwide
  - The 1st exporter and 2nd producer of honey worldwide
- The 1\textsuperscript{st} world exporter of horse meat
- The 2\textsuperscript{nd} world exporter of corn
- The 3\textsuperscript{rd} world producer of soy beans
- The 3\textsuperscript{rd} world producer and 2\textsuperscript{nd} exporter of lemons
- The 3\textsuperscript{rd} world producer of beef
- The 6\textsuperscript{th} world producer of wine

It has major energy reserves, namely:

<table>
<thead>
<tr>
<th>Basin</th>
<th>Oil (Mm 3) Ratified</th>
<th>Gas (Mill. of m3) Estimated</th>
<th>Ratified</th>
<th>Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noroeste</td>
<td>25.326</td>
<td>7.880</td>
<td>129.481</td>
<td>44.524</td>
</tr>
<tr>
<td>Cuyana</td>
<td>31.097</td>
<td>6.713</td>
<td>545</td>
<td>183</td>
</tr>
<tr>
<td>Neuquina</td>
<td>179.546</td>
<td>67.145</td>
<td>344.567</td>
<td>97.180</td>
</tr>
<tr>
<td>G. San Jorge</td>
<td>188.040</td>
<td>75.519</td>
<td>40.289</td>
<td>25.833</td>
</tr>
<tr>
<td>Austral</td>
<td>24.416</td>
<td>22.430</td>
<td>148.641</td>
<td>138.398</td>
</tr>
<tr>
<td>TOTAL AT COUNTRY LEVEL</td>
<td><strong>448.425</strong></td>
<td><strong>179.687</strong></td>
<td><strong>663.523</strong></td>
<td><strong>306.118</strong></td>
</tr>
</tbody>
</table>

The local industry is modern and competitive.

- Argentina has a wide and diversified industrial structure.
- There are highly competitive industry sectors where world class companies operate, such as Shell, Exxon, Ford, Coke, Fiat, Renault, Siemens, Nestle, Firestone, Basf, Pirelli and Abbot, among others, which have had local presence for over 50 years in the country.
- The local industry manufactures, yearly:
  - 6 million tons of oil-seed oils
  - 12.3 million hectoliters of wine
  - 2 million tons of sugar
  - 300 thousand tons of tanned leather
  - 1.2 million tons of paper
  - 170 thousand tons of PVC and 545 thousand tons of polyethylene
  - 48 thousand tons of synthetic threads
  - 275 thousand tons of aluminum
  - 5 million tons of steel and 732 thousand tons of seamless pipes
  - 5 thousand harvesters
  - 260 thousand automobiles
Argentina relies on developed infrastructure:

- 38,744 km of National road network
- 500,000 km in aggregate with the provincial and municipal network
- 35,753 km of train network
- 38 sea ports and 25 river ports
- 52 airports; 21 of which are international airports
- More than 25 airlines fly from Argentina to 40 international destinations in the five continents
- Installed power generation capacity reaches 21,300 MW, with an annual production of 75,554 GWh (2084 KWh/inhabitant).

Mobile phones 168,8 136,6 142,4 70,5

PC’s 91,1 62,9 68,7 59,3

**TELECOMMUNICATIONS**

Source: *World Bank*

Argentine social conditions are positioned above the general average.

As a member of the MERCOSUR, Argentina is granted with preferential access to a market of 272 million consumers.

**Political system**

Argentina has adopted the representative, federal republic form of government (as stated in Section 1 of the Argentine Constitution) whereby representatives are directly chosen by the people.

**Representation**

Pursuant to the National Constitution, Argentina is a representative (or indirect) democracy whereby representatives only exercise the power vested by the people for the duration of their term of office.

In accordance with Section 22, “The people does not deliberate nor does it govern but throughout its representatives and authorities as set forth hereby”. Any armed forces or group of people claiming the people’s rights and demanding any action on its behalf shall constitute the crime of sedition”

On the other hand, other quasi-direct mechanisms are allowed, which have been incorporated in the Constitution under the Chapter entitled New Rights and Guarantees, such as:
Initiative (Section 39 and Act 24747): all citizens are entitled to initiative to put forward bills of law in the House of Representatives, provided that this bill has been approved with consent of the population, which is shown in the amount of signatures required as set forth in the Constitution.

Popular consultations (Section 40): The Congress, upon request of the House of Representatives, may submit to popular consultation a bill of law. There are two methods: a binding consultation (whereby the people’s vote is mandatory, the summoning law cannot be subject to veto and the affirmative vote of the bill by the people shall cause its enactment, and its further legal publication by the Executive power shall be subsequent). Pursuant to the second method, the non-binding consultation, the vote by the people is not mandatory and it can also be summoned by the country’s president, and the popular decision does not oblige the Congress to enact the bill.

Republic

The term Republic derives from the Latin term Republica, which means “the public affair”. A republic is the form of government whereby the officers of state are elected and have a temporary seat.

The republican form of government is based in the division, control and balance of all powers and it has the ultimate purpose to guarantee individual liberties. The principles that support this form are materialized in a written constitution, the separation of powers, eligibility of officers of state, periodicity of terms of office, responsibility by the officers, publicity in matters of state and existence of political parties.

A written constitution sets forth the responsibilities and duties of the officers of state, the method of election, and the publicity of matters of state, which also helps citizens to control the powers vested upon said officers.

Federalism

This concept is based in the division of powers between the federal government and local governments. Argentinean provinces preserve “all the power which has not been apportioned to the Federal government” (Argentine Constitution, Section 121).

The federal form of government enables mutual control and cooperation between the provinces and the federal government, which in turn avoids the concentration of power by means of its de-centralization.

Two types of governments coexist within this system: the national, or federal government, which is sovereign and has jurisdiction in the entire territory of Argentina, and the local governments, which are independent as regards to creating their institutions and constitutions, which jurisdictions only cover their relevant territories.
Foreign exchange system

Since January 2002, the inflow and outflow of currencies to and from the country is regulated by means of several legal and statutory provisions on exchange affairs. The competent authority is the Central Bank of Argentina (Banco Central de la República Argentina) which, through its communications, sets out the demands and requirements to be complied with in the following situations:

- Foreign financing
- Setting up of reserves for the inflow of currency of non-residents, save for certain investments
- Currency transfers to and from the country
- Repatriation of foreign investments by residents
- Investments by non-residents
- The obligation to settle exchange currencies depending upon the type of transaction

Non-compliance with exchange regulations as set forth by the competent authority creates administrative and criminal liabilities to the legal persons and officers involved.

The Argentine capital market in 2013

The Argentine stock market in the context of international stock exchange indices

The best economic indicators from both the countries of the Eurozone that were hit by the crisis (especially Greece and Spain) and the United States boosted most of the stock exchanges of developed countries which ended 2013 with positive outcomes.

However, in the last part of the year the market turned volatile due to the increasing uncertainty of investors over the effects of the progressive reduction in monetary stimulus by the Fed. Such process is technically known as “tapering”.

Considering 25 stock exchange indices, used daily by the IAMC to gather information, 18 of them (all in USD) have shown increases in comparison to the end of 2012, while the remaining 7 have experienced decreases.

The stock exchange which experienced the highest increase was the Venezuela Stock Market (296.2%), followed by the Argentine stock exchange indices, namely: M.AR (+61.1%) and Merval (+42.4%).

On the other hand, the Turkey Stock Market decreased 26.9%, followed by Bovespa (Brazil) which registered a decrease of 26.6%.
It should be mentioned that, in the last 4 months of the year, the Argentine stock exchange indices experienced a prominent recovery, which, at the end of 2013, allowed for a positioning in the ranking of the 3 markets with the largest annual raises. Such situation has not taken place since 2010. Within these 4 months, the Merval index registered a 35.6% increase (in USD) and the M.AR index, a 51.5%.

**Performance of domestic shares**

Considering the 10 shares which best performed during the year (in ARS) only 2 belonged to the Merval index. Solvay Indupa (INDU) was at the top of the ranking recording an increase of 356%, followed by Edenor (EDN) and Consultatio (CTIO) registering increases of 234.9% and 202.3%, respectively.

<table>
<thead>
<tr>
<th>Especie</th>
<th>Var. Anual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>En $</td>
</tr>
<tr>
<td>1. Indupa (INDU)</td>
<td>356,0%</td>
</tr>
<tr>
<td>2. Edenor (EDN)</td>
<td>234,9%</td>
</tr>
<tr>
<td>3. Consultatio (CTIO)</td>
<td>202,3%</td>
</tr>
<tr>
<td>4. YPF (YPFD)</td>
<td>198,7%</td>
</tr>
<tr>
<td>5. Grupo Clarin (GCLA)</td>
<td>170,6%</td>
</tr>
<tr>
<td>6. Banco Galicia (GALI)</td>
<td>156,1%</td>
</tr>
<tr>
<td>7. Caputo (CAPU)</td>
<td>151,1%</td>
</tr>
<tr>
<td>8. Quickfood (PATY)</td>
<td>130,7%</td>
</tr>
<tr>
<td>9. Carboclor (CARC)</td>
<td>126,9%</td>
</tr>
<tr>
<td>10. IRSA (IRSA)</td>
<td>127,8%</td>
</tr>
</tbody>
</table>

However, it should be noted that from the above-mentioned list, the remaining 8 shares which do not belong to the Merval index represented less than 5% of the total volume of shares of 2013 (Galicia, Tenaris and YPF represented, altogether, 48% of the total). For this reason, it is convenient to consider price fluctuations of the most traded shares during the year. Thus, from the 10 most traded shares (all of which belong to the Merval index) 9 experienced increases and only 1 dropped, as shown in the chart below:
Ranking of 2013 price fluctuations
Most traded shares

<table>
<thead>
<tr>
<th>Especie</th>
<th>Var. Anual</th>
<th>En $</th>
<th>En U$$</th>
<th>Presencia Bursátil</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Grupo Financiero Galicia (GGAL)</td>
<td>108,1%</td>
<td>56,8%</td>
<td>17,59%</td>
<td></td>
</tr>
<tr>
<td>2. Tenaris (TS)</td>
<td>40,1%</td>
<td>5,5%</td>
<td>16,03%</td>
<td></td>
</tr>
<tr>
<td>3. YPF (YPFD)</td>
<td>198,7%</td>
<td>125,0%</td>
<td>14,57%</td>
<td></td>
</tr>
<tr>
<td>4. Telecom Argentina (TECO2)</td>
<td>106,9%</td>
<td>55,9%</td>
<td>8,45%</td>
<td></td>
</tr>
<tr>
<td>5. Petróleo Brasileiro - Ordinarias (APBR)</td>
<td>-5,0%</td>
<td>-28,4%</td>
<td>6,69%</td>
<td></td>
</tr>
<tr>
<td>6. Siderar (ERAR)</td>
<td>110,4%</td>
<td>58,5%</td>
<td>5,33%</td>
<td></td>
</tr>
<tr>
<td>7. Pampa Energía (PAMP)</td>
<td>94,8%</td>
<td>46,8%</td>
<td>4,72%</td>
<td></td>
</tr>
<tr>
<td>8. Banco Macro (BMA)</td>
<td>71,9%</td>
<td>29,5%</td>
<td>4,15%</td>
<td></td>
</tr>
<tr>
<td>9. Edenor (EDN)</td>
<td>234,9%</td>
<td>152,3%</td>
<td>3,18%</td>
<td></td>
</tr>
<tr>
<td>10. Petrobrás Energía (PESA)</td>
<td>53,8%</td>
<td>15,9%</td>
<td>3,12%</td>
<td></td>
</tr>
</tbody>
</table>

Market capitalization

At December 30, 2013, the total market capitalization was $3.4 trillion (USD 514,527 million), which entailed an increase of 45% in relation to the end of 2012 (9% measured in USD).

The capitalization of domestic companies totaled $346,197 million (USD 53,068 million) representing an increase of 105.3% in relation to the end of 2012 (56.4% measured in USD). It must be highlighted that the market price (measured in ARS) of Argentine stock reached the highest value in the year. As regards USD measurement, it decreased a 20% in comparison to the highest value reached in January 2011 (USD 66,246 million).

As regards GDP of 3Q 2013 (the last one available), the market capitalization of domestic companies as at December 30, 2013 represented 12.8% in comparison with the 7.2% registered as at December 28, 2012.
The market capitalization of foreign companies totaled 3 trillion (USD 461,459 million). Such total represented a 40.3% increase, measured in ARS, in comparison with the end of 2012. The 6 foreign companies experienced a market capitalization increase of $863,992 million. Banco Santander stood out with 44% of the total increase.

**Cash dividends**

During 2013, listing companies distributed a total of $35,594 million (USD 6,269 million), which represented an 8% less than last year. $4,022 million of the above-mentioned total belong to domestic companies, while the remaining $31,571 million were paid by foreign companies.

In 2012, cash dividends were reduced due to the reduction in payments by domestic companies, whereas in 2013 the reduction was entirely caused by foreign companies, which distributed 12% less cash dividends than in 2012. On the other hand, domestic companies paid 37% more than in 2012.

<table>
<thead>
<tr>
<th>Período</th>
<th>2013</th>
<th>2012</th>
<th>Var. % Anual en $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mill. $</td>
<td>Mill. U$</td>
<td></td>
</tr>
<tr>
<td>1° Semestre</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domésticas</td>
<td>11.193</td>
<td>2.125</td>
<td>-69,5%</td>
</tr>
<tr>
<td>Extranjeras</td>
<td>1.056</td>
<td>206</td>
<td>-37,0%</td>
</tr>
<tr>
<td>2° Semestre</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domésticas</td>
<td>24.401</td>
<td>4.143</td>
<td>1125,9%</td>
</tr>
<tr>
<td>Extranjeras</td>
<td>10.136</td>
<td>1.920</td>
<td>-71,1%</td>
</tr>
<tr>
<td>Total</td>
<td>35.594</td>
<td>6.269</td>
<td>-8,1%</td>
</tr>
<tr>
<td>Domésticas</td>
<td>4.022</td>
<td>690</td>
<td>37,4%</td>
</tr>
<tr>
<td>Extranjeras</td>
<td>31.571</td>
<td>5.579</td>
<td>-11,8%</td>
</tr>
</tbody>
</table>

As to the number of firms, in 2013, 36 domestic companies paid cash dividends, while in 2012 they were 43. Regarding foreign companies, 4 out of the 6 listing companies paid cash dividends. The 2 remaining firms were Andes Energía and Banco Santander. However, Banco Santander carried on issuing shares with cash-dividend option for the amount subscribed which might be similar to cash dividends.

**Public bonds**

The fixed-rate market, measured through the bond index IAMC, ended 2013 with a positive outcome, both in pesos and in dollars, in comparison with the previous year. In pesos, the index registered an increase of 41.6%; however, considering the exchange rate depreciation the increase was 6.7%.
The IAMC index progress is the result of the increases in the sub-indices, particularly, the ones measured in dollars which, due to the restrictions imposed upon the purchase of foreign currency, triggered an increasing demand of instruments measured and payable in foreign currency.

The sub-index of long-term bonds experienced the highest increase (measured in dollars): 56.7% as from the end of 2012. It should be noted that the above-mentioned sub-index is the most important of the 4 sub-indices (39% of the total). There follows the sub-index of short-term bonds in USD which increased 52.6% and participated only a 12.6% in the General Index. The remaining sub-indices, namely, long-term bonds in pesos and short-term bonds in pesos, measured in pesos, increased 16% and 41.8%, respectively.

**Fixed-rate market progress – Bonds Index IAMC**
(Non-defaulted local bonds)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonos cortos en dólares</td>
<td>2.613,43</td>
<td>16,02%</td>
<td>30,49%</td>
</tr>
<tr>
<td>Bonos largo en pesos</td>
<td>3.103,86</td>
<td>41,79%</td>
<td>17,96%</td>
</tr>
<tr>
<td>Bonos largos en dólares</td>
<td>2.522,82</td>
<td>56,66%</td>
<td>38,99%</td>
</tr>
<tr>
<td>Índice de Bonos IAMC</td>
<td>2.576,69</td>
<td>41,59%</td>
<td>100,00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonos cortos en dólares</td>
<td>1.197,83</td>
<td>-12,53%</td>
<td>30,49%</td>
</tr>
<tr>
<td>Bonos largo en pesos</td>
<td>1.021,27</td>
<td>6,90%</td>
<td>17,96%</td>
</tr>
<tr>
<td>Bonos largos en dólares</td>
<td>387,45</td>
<td>18,11%</td>
<td>38,99%</td>
</tr>
<tr>
<td>Índice de Bonos IAMC</td>
<td>395,43</td>
<td>6,75%</td>
<td>100,00%</td>
</tr>
</tbody>
</table>

Considering the top 10 non-defaulted public bonds experiencing the highest increases, it should be highlighted that investors prefer bonds measured and payable in foreign currency. 9 out of the 10 are measured in dollars, while the remaining 1, in euros.

Besides, it should be mentioned that most such bonds correspond to debt restructuring of the National Government and the Government of the province of Buenos Aires.
The top 10 non-defaulted public bonds in 2013

<table>
<thead>
<tr>
<th>Especie</th>
<th>Var. Anual</th>
<th>En $</th>
<th>En U$S</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bono Par Largo Plazo en Euros Bs. As Vto 2035 (BPLE)</td>
<td>103,8%</td>
<td>53,5%</td>
<td></td>
</tr>
<tr>
<td>2. Par en USS Vto. 2038 Ley New York - Canje 2010 (PAY0)</td>
<td>100,2%</td>
<td>50,8%</td>
<td></td>
</tr>
<tr>
<td>3. Bono Cuasipar en $ Vto. 2045 (CUAP)</td>
<td>87,1%</td>
<td>41,0%</td>
<td></td>
</tr>
<tr>
<td>4. Unid. Vinc. al PIB en Euros Ley Inglesa - Cje. 2005 (TVPE)</td>
<td>83,5%</td>
<td>38,2%</td>
<td></td>
</tr>
<tr>
<td>5. Bono Par Mediano Plazo en U$ S Bs. As Vto 2020 (BPMO)</td>
<td>82,8%</td>
<td>37,7%</td>
<td></td>
</tr>
<tr>
<td>6. Bono Pcia. Bs. As en U$S al 9,375% Vto 2018 (BP18)</td>
<td>78,7%</td>
<td>34,5%</td>
<td></td>
</tr>
<tr>
<td>7. Par en U$S Vto. 2038 Ley Argentina - Canje 2010 (PAA0)</td>
<td>78,3%</td>
<td>34,4%</td>
<td></td>
</tr>
<tr>
<td>8. Bono Par Largo Plazo en U$S Bs. As Vto 2035 (BPLD)</td>
<td>74,8%</td>
<td>31,7%</td>
<td></td>
</tr>
<tr>
<td>9. Bono dollar-linked Vto. 2022 Prov. Formosa (FORM8)</td>
<td>74,2%</td>
<td>31,3%</td>
<td></td>
</tr>
<tr>
<td>10. Discount en u$S Vto. 2033 Ley Arg. - Canje 2005 (DICA)</td>
<td>73,2%</td>
<td>30,5%</td>
<td></td>
</tr>
</tbody>
</table>

As already shown with stocks, there follows a ranking of the most traded public bonds during 2013 which together represented approximately 82% of the total traded in the market.

They are all bonds issued by the national government: 7 of them measured in dollars and 3, in pesos.

Price fluctuations during 2013

**Most traded public bonds**

<table>
<thead>
<tr>
<th>Especie</th>
<th>Var. Anual</th>
<th>Presencia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>En $</td>
<td>En U$S</td>
</tr>
<tr>
<td></td>
<td>52,5%</td>
<td>14,9%</td>
</tr>
<tr>
<td>2. BONAR Xen u$S 7% - Vto. 2017 (AA17)</td>
<td>44,5%</td>
<td>8,9%</td>
</tr>
<tr>
<td>3. BONAR VII en u$S 7% - Vto. 2013 (AS13)</td>
<td>37,5%</td>
<td>3,6%</td>
</tr>
<tr>
<td>4. GLOBAL en u$S 6,75% Vto. 2017 Ley New York (GJ17)</td>
<td>45,0%</td>
<td>9,2%</td>
</tr>
<tr>
<td>5. Unid. Vinc. al PIB en Pesos Ley Argentina (TVPP)</td>
<td>61,8%</td>
<td>21,9%</td>
</tr>
<tr>
<td>6. DISCOUNT en u$S Step Up Vto. 2033 Ley N.Y. (DICY)</td>
<td>48,5%</td>
<td>11,9%</td>
</tr>
<tr>
<td>7. BONAR en $ BADLAR+275 pbs. - Vto. 2014 (AE14)</td>
<td>15,8%</td>
<td>-12,8%</td>
</tr>
<tr>
<td>8. Unid. Vinculada al PIB en u$S Ley N.Y. - Cje. 2005 (TVPY)</td>
<td>61,2%</td>
<td>21,4%</td>
</tr>
<tr>
<td>9. Bono de Consolidacion en $ 6ta. Soria 2% (PR13)</td>
<td>28,4%</td>
<td>-3,3%</td>
</tr>
<tr>
<td>10. Par en USS Vto. 2038 Ley New York (PARY)</td>
<td>55,9%</td>
<td>17,4%</td>
</tr>
</tbody>
</table>

**Trading volume**

The real volume for 2013 totaled $367,830 million, which represented an increase of 51.8% in comparison with 2012 (242,324 million).
Such increased is mainly originated in the 58% increase in the volume of public bonds (+$96,513 million). The remaining items experienced slight increases: stocks (+7.2%), repurchase agreements with haircut (+6.7%) and Argentine Depositary Receipts (+5.9%).

It is worth mentioning the satisfactory progress of post-dated checks, which even though they represent a small part of the total (0.8%), they have experienced a 53.9% increase, the total amount traded during the year being almost $3,030 million.

If we consider a volume breakdown, public bonds increased from 68.6% in 2012 to 71.5% in 2013. As a result, repurchase agreements with haircut experienced a reduction of 0.5% in 2013.
The real volume of public bonds traded in pesos during 2013 ascended to $262,855 million. It was the highest number in the last 10 years (the last historic figure was $172,319 in 2008).

The average daily volume traded of public bonds reached $1,091 million, which entailed a 58% increase in comparison with 2012 and the highest number since the breakdown of the convertibility system in Argentina.

35.6% of the total amount traded during the year corresponds to the concurrent market, whereas the remaining 64.4% corresponds to the continuous trading system.

As regards the volume of shares, the daily average was $79 million. In 2012 it was $41 million. Thus, there was a 90% increase and the highest amount since 2008.

**Corporate finance**

The total finance obtained by companies through the local capital market during 2013 totaled USD 10,485 million, which represented a record and a 34% more than 2012 (USD 7,798 million). From such total, USD 9,957 million (95%) were indeed financed, whereas the remaining USD 528 million correspond to debt restructuring.

<table>
<thead>
<tr>
<th>Tipos de Empresa y de Instrumentos</th>
<th>Financiamiento Total. Mill U$</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td>Total Empresas Grandes</td>
<td>9,871</td>
<td>7,274</td>
</tr>
<tr>
<td>Obligaciones Negociables</td>
<td>5,121</td>
<td>3,870</td>
</tr>
<tr>
<td>Fideicomisos Financieros</td>
<td>4,659</td>
<td>3,383</td>
</tr>
<tr>
<td>Suscripción de Acciones</td>
<td>91</td>
<td>21</td>
</tr>
<tr>
<td>Total PyME</td>
<td>614</td>
<td>524</td>
</tr>
<tr>
<td>Obligaciones Negociables</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Cheques de Pago Diferido</td>
<td>525</td>
<td>427</td>
</tr>
<tr>
<td>Fideicomisos Financieros</td>
<td>60</td>
<td>63</td>
</tr>
<tr>
<td>Suscripción de Acciones</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL General</strong></td>
<td><strong>10,485</strong></td>
<td><strong>7,798</strong></td>
</tr>
</tbody>
</table>

Large companies received 94% of the finance of 2013, that is to say, USD 9,871 million, which represented an annual increase of 35.7% and the highest ever recorded. As regards the finance of small and medium sized enterprises (SME), they recorded USD 614 million obtaining the highest figure and exceeding the record experienced in 2012 of USD 524 million. This way, SME finance represented 6% of the total for 2013 and increased 17.3 in comparison with the previous year.
The increase in finance provided to large enterprises arises from: the 32% increase of negotiable instruments and the 38% increase of financial trusts. During 2013, the amount of short-term debt securities issued by private entities decreased 52%, while there was only one shares subscription for an amount of USD 91 million of Endesa Costanera. USD 78 million of said amount could be paid up through debt capitalization.

It should be noted that the increase of financial trusts is explained by the financial trust Procrear 1 (in October 2013) for amount of USD 1,437 million. Should such trust not be considered, the total amount for 2013 will be USD 3,281 million, that is to say, 4.8% less than 2012.

62% of financial trusts are related to consumption (54% for personal loans and 8% for credit cards). 31% of the total corresponds to real estate financial trusts and 98% of it corresponds to Procrear 1. The remaining financial trusts were: lease agreements with the option to purchase (2.7%), agricultural (1.6% - most of them SME), commercial loans (0.8%), public works (0.4%) pledges (0.4%). Financial trusts were the vehicle used to finance exports (USD 40 million). This situation was not common since 2009.

As to SME, post-dated checks reached USD 525 million, representing 85.4% of the total. They were followed by financial trusts recording 9.7% (USD 60 million). As regards negotiable instruments, they reached USD 30 million, representing a 5% of the total. SME did not issue short-term debt securities during 2013.

It should be highlighted that from 2003 to December, 2013, 12,130 SME obtained finance through the local capital market.

In relation to SME finance, it is worth mentioning that in December, 2013 the Buenos Aires Stock Exchange and the Buenos Aires exchange market regulated the use of a new instrument, the so-called exchange promissory note, which will allow SME to obtain 5-year finance. Such instrument is expected to be used in 2014.

**IMPORTANT FACTS – DECEMBER 2014**

- In December, 2014 the MERVAL index recorded the *third consecutive monthly* decline of the year, moving backwards a 12.5% for the measurement in pesos and a 12.8 for the measurement in dollars. Said decline arose mainly from the drop of the price of petroleum: 17.8% drop in December, which represented a 45% decline for the amount accumulated during 2014. In spite of such drawbacks, the MERVAL index registered a 59% increase in pesos since the end of 2013 (the figure changes to 21.3% if the measurement is made in dollars due to the 31.2% depreciation of the Argentine peso during 2014). Besides, the M.AR index also recorded the *third consecutive monthly* decline, registering a 12.4% decline in December and a 12.7 decline in terms of dollars. For the accumulated amount as from the end of 2013, the M.AR index recorded an increase of 83.1% in pesos, whereas in dollars the increase was of 39.6%.
- The bond index IAMC, measured in pesos, recorded a 0.7% drop during December, whereas the measurement in dollars recorded a 1% drop. As regards the sub-indices measured in dollars, they have experienced drops for the third consecutive month: the short-term bonds sub-index declined 0.2% and the long-term bonds sub-index declined 2.4%. As regards the sub-indices measured in pesos, they have experienced increases for the fourth
consecutive month: the short-term bonds sub-index increased 1.6% and the long-term bonds sub-index increased 1.7%. During 2014, the bond index IAMC accumulated an increase of 50.5% (measurement in pesos) and an increase of 15% (measurement in dollars).

- The total amount traded during December was $43,165 million, which entailed an increase of 2% in comparison with November and 12% in comparison with December 2013. Considering the accumulated amount for 2014, the volume reached $621,831 million, representing an increase of 69% in comparison with the same period of the previous year.

- As regards shares, during December, the average daily volume traded was $173.7 million, which represented a monthly increase of 6.5%. The inter-annual comparison registered a 68% increase. During 2014, the average daily volume was more than double the value recorded in 2013.

- As regards public bonds, during December, the average daily volume traded was $1,716 million. Such figure represented an increase of 2.7% in comparison with the previous month. As regards December 2013, the average daily volume increased 15.3%.

- From the top 25 most traded shares, 18 dropped and 8 dropped more than the Merval index (-12.5%). The ones which experienced the worst decreases were: Edenor (-27.1%), Petrobras Argentina (-23.4%) and Petróleo Brasileiro (-23.4%). Only 6 increased during December. The highest increase was Banco Hipotecario (+14.5%) followed by Petrolera Pampa (+9.7%). Molinos ended December with no changes as from November.

- As regards public bonds, during December, the average daily volume traded was $1,716 million. Such figure represented an increase of 2.7% in comparison with the previous month. As regards December 2013, the average daily volume increased 15.3%.

- The worst drops were: U.V.P2 in USD under New York Act (-13.2%) and U.V.P in USD under Argentina Act (-10.5%). As regards increases, the highest corresponded to the “dollar-link” bond of the City of Buenos Aires 2020 (BDC20) with an increase of 2.8%.

- As at December 30, 2014 exchange capitalization of domestic companies ascended to $509.072 million, which resulted in a monthly reduction of 11%. The inter-annual comparison has shown a 47% increase. Measured in dollars, the capitalization of domestic companies ascended to USD 59.436 million (11.3% less than in November, but 12% more than in December 2013).

**DETAIL OF TRADED VOLUME**
AVERAGE DAILY VOLUME: SHARES AND PUBLIC BONDS

<table>
<thead>
<tr>
<th>Mes</th>
<th>MC</th>
<th>RC</th>
<th>Total</th>
<th>m/m</th>
<th>a/a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dic-14</td>
<td>005,9</td>
<td>1000,1</td>
<td>1710</td>
<td>2,7%</td>
<td>15,3%</td>
</tr>
</tbody>
</table>

TOP 25 MOST TRADED SHARES

| TOP 25 MOST TRADED PUBLIC BONDS | BONOS 2,8 | PRF12 2,5% | ASIN 2,6% | DFCP 2,2% | PRH1 2,1% | MART 1,7% | PRH2 0,9% | AGO 0,7% | BOC19 0,8% | BPM98 0,2% | PML03 0,3% |
Anti-money laundering and counter-terrorism financing

From early 2011, Argentina has been adapting its legal provisions to meet FATF and GAFISUD requirements. For that purpose, it has rules to prevent and detect suspicious transactions or events which could be linked to money laundering and terrorism financing, in line with international standards.

The Financial Information Unit (Unidad de Información Financiera) is the administrative body aimed at analyzing, treating and transferring to the criminal justice system the sensitive financial information it administers. Its database is updated with the transaction reports issued by the several natural and legal persons legally appointed as obliged parties, whose collaboration in the criminal policies for prevention and punishment implemented in Argentina is deemed as mandatory.

Financial activities in general (financial and exchange system, capital market, insurance system, credit card operations and fund transfers) are supervised and controlled throughout their agents (banks, financial entities and exchange agencies, stockbroker companies, insurance companies, fund transfer companies and others) by means of regular controls and inspections.

Non-financial activities developed by professionals specialized in Economics as well as civil law notaries public and all business activities which, on a regular basis, do business related to gambling, the purchase and sell of precious metals and fine arts, among others, have been regulated for the past years to adapt their control activities to meet international standards.

This legal system requires the above-mentioned parties to implement the “Know you Client” policy, appoint a Compliance Officer, elaborate a manual on policies and procedures, provide trainings, conduct compliance audits, report systematically information about its clients and their operations, report suspicious money-laundering and terrorism financing transactions and other administrative requirements.

Consequently, any inflow or outflow to or from the country and the quality of their final beneficiaries as regards the legal nature of the origin of the assets and purpose shall be cross-checked with current legal provisions regarding anti-money laundering and counter-terrorism financing.
Business structure

Types of companies

The most common types of companies operating in Argentina are corporations, limited liability companies and, to a lesser extent, branches of foreign companies.

- **Corporations**

Shareholders: A minimum of 2 shareholders, who must be natural persons residing either in Argentina or abroad or domestic or foreign companies, is required to set up a corporation. The Registry for Legal Persons for the City of Buenos Aires (Inspección General de Justicia or IGJ, by its acronym in Spanish) will not register a corporation whose number of shareholders is merely formal or nominal, for example, if one of the shareholders owns 99.99% of the stock. The control exercised by the IGJ comprises the verification of the plurality of shareholders in a substantial way. For this purpose, the contribution of each initial shareholder shall be assessed in order to determine the materiality of the contribution in such a way that, together with the rest of the contributions, they form a real multilateral basis. Should this happen, the IGJ shall proceed with registration. Informally, it is suggested that minority shareholders hold, at least, 5-10% of the stock. Shareholders’ liability is limited to their contribution to the company’s capital stock.

Capital: The minimum capital stock required is ARS 12,000, which shall be divided into non-endorseable registered shares, though several types of shares might be issued. There are no restrictions on the transfer of shares, except when the bylaws lay down specific procedures in that regard.

Management: Corporations are managed by a Board of Directors appointed by the shareholders at a meeting. Most of the members of the Board must have permanent residence in Argentina.

Legal representation: Generally, the President of the Board is the legal representative of the corporation.

Shareholders’ meeting: The shareholders’ meeting must be held at least once a year to evaluate the financial statements.

Control: Due to the type of activities developed by the corporation or when the capital stock exceeds ARS 10,000,000 some corporations are subject to permanent controls by public organizations and by an internal controlling committee known as Sindicatura or Comisión Fiscalizadora.
- **Limited Liability Company (LLC)**

  **Members:** There must be a minimum of 2 and a maximum of 50 members, who might be either natural persons residing in Argentina or abroad or domestic or foreign companies, to set up a limited liability company. Members’ liability is limited to their capital contribution.

  **Capital:** The minimum capital required is ARS 10,000, which is divided into membership interests. Members have pre-emptive rights to purchase such interests.

  **Management:** LLCs are administered by one or more managers, members or not, who are appointed by the members. Most of the managers must have permanent residence in Argentina.

  **Legal representation:** The managers are the legal representatives of the Company.

  **Members’ meeting:** It must be held at least once a year to evaluate the financial statements.

  **Control:** Due to the type of activities developed by the company or when the capital exceeds ARS 10,000,000, some LLCs are subject to permanent controls by public organizations and by an internal controlling committee known as Sindicatura or Comisión Fiscalizadora.

- **Foreign Company Branch**

  Pursuant to local legislation, foreign companies are governed by the law of the place where they were created as regards its existence and formation.

  However, should a foreign company develop its activities in Argentina; it must set up a branch, affiliate or any other type of permanent representation.

  A foreign company must fulfill the following requirements in order to lawfully conduct business in Argentinian territory, namely: furnish proof as regards the existence of the Head Office abroad, appoint representatives and register both the bylaws and the appointment with the Registry of Commerce.

  The branches must keep accounting records separate from the Head Office’s and submit their financial statements to the companies controlling body.

  Foreign companies requesting registration as a branch must inform any prohibition or restriction to develop its activities in its place of formation, identify its owners and prove that they operate effectively abroad by fulfilling at least one of the following conditions:
- Proving the existence of one or more branches or any permanent representation outside Argentina
- Holding either non-current fixed assets or rights to use and enjoy non-current fixed assets which belong to a third party
- Having interests in any company not subject to public offering
- Making usual transactions related to stock exchange investments or stock exchange markets outlined in the purpose of the bylaws.

In this regard, it should be mentioned that pursuant to Section 123 of Companies Act No. 19550 before a foreign company sets up a domestic company or purchases shares thereof, it must register its bylaws with local authorities, appoint a representative and declare a place of business. Said representation is not comparable to a branch. Likewise, the requirements listed above shall also be complied with.

The Registry for Legal Persons for the City of Buenos Aires (IGJ) will not register off-shore companies created in tax havens. Off-shore companies mean companies set up abroad, which pursuant to the laws of the place of formation, incorporation or registration have prohibitions or restrictions on the development of its activities, in whole or in part.

- **Partnerships**

Partnerships are known as “Sociedades Colectivas”. The main characteristic is that partners have unlimited joint and several liability for the partnership’s debts when the partnership cannot meet its obligations. Moreover, there is not minimum capital required to set up a partnership and it is mandatory the unanimous consent of the partners to wind it up.

**Joint Ventures**

Companies Act No. 19550 provides for Joint Ventures, a business structure which is extensively used in commerce. However, it should be noted that it is not a type of company. Joint ventures are agreements among companies set up and domiciled in Argentina whose purpose is to develop an activity or render a service inside or outside the territory of Argentina.

**Trusts**

This financial instrument was originally based upon the confidence (the Latin word fiducia means “faith, trust”) entrusted by the owner of an asset to another person (acquirer) so that the latter would administer it.

In our country, trusts are regulated and operate in accordance to Act 24441, which comprises two types of trust:
l) Ordinary trusts: It is an arrangement whereby a person, called the “trustor” transfers to another person, called “trustee”, one or more property (which then comprise the trust property) by way of confidence, so that, at the maturity of a term, or at performance of a condition, the latter renders the purpose or result expected by the former, either to his/her benefit or in benefit of a third party, called “beneficiary”.

This is a complex business which results from the combination of two other businesses: on the one hand a real agreement (transfer of a property or the credit in a fiduciary capacity) and on the other hand a negative binding agreement (obligation by the trustee to perform a limited use of the acquired asset, to then be restored to the transferor or to a beneficiary as appointed by the former).

The trust may be set up, on legal terms, by means of a bilateral agreement or living will.

The immediate purpose is the delivery of a property to be administered in an ownership capacity; while the mediate purpose may be any type of assets or interests.

As per the relevant legislation, the trust may be set up on goods or interests of any kind, current or future, including all kinds of assets. Thus, the subject matter of the trustee property may represent any type of assets or interests: personal property, real estate, receivables, trademarks and other intangible assets, shares or interests in partnerships, business establishments, etc. It may even be based in non-existent (future) assets at the time of setting up the trust.

There are different types of trusts:

- Trust transferring ownership: in this case, the purpose of the trust is the definite transfer of the property held in trust, on behalf of the trustee.

- Guarantee Trust: the trustor transfers a (personal or real) property in escrow, whereby an obligation in favor of a third party is held. The purpose of the trustee is only limited to the formal possession of the trusted assets so that, in the event of non-compliance by the trustor with the obligation undertaken, the latter settles the assets and cancels the debt.

- Management or Investment Trust: any agreement whereby the trustor transfers the property to the trustee so that the latter may administer it on a professional basis and, as set forth therein, obtains any proceeds from that management as beneficiary.

- Testamentary trust: this trust can only be set up on specific property.

- Insurance Trust: The insurer enters into a trust agreement whereby the trustee, whether a bank or another financial entity to be relied upon, shall receive the amount of the compensation and shall administer it on behalf of the beneficiaries.

- Land trust: the trustee receives from the trustor a real estate property in order to administer it or develop a construction project and selling any of the buildings made.
- Administrative trust under judicial control: This type of trust is set up for civil partnerships of legal existence, such as those engaged in sports activities, in the event of bankruptcy or creditor’s meetings. In said case, the trust shall be managed by a trust board in order to administer those entities.

II) Financial trust

“A financial trust exists when one or more people (trustor) transfer the trust property composed of specific assets to another person (trustee). The latter shall manage said property on behalf of the owners of the certificates of participation in the property of the assets transferred or on behalf of the holders of debt securities guaranteed with the assets transferred (beneficiaries) and transfer it to the trustee, beneficiaries or third-parties (remainderman) to comply with the terms or conditions set forth in the agreement”.

As it can be noted, pursuant to Act 24441, the financial trust can be treated as a category within trusts, and the general rules stated in said act apply. Therefore, this type of trust is subject to all rules applicable to trusts in general, with the amendments incorporated for that purpose.

Basic operations are listed as follows:

- Trustor assigns the assets to the trustee by means of a financial trust agreement
- Trustor, by means of securitization, issues certificates of participation or debt securities guaranteed by the same assets transferred in the trust. The securities must be placed by the trustor in private or public markets, under the terms stated by the Act.
- Any investor purchasing these securities shall become beneficiaries of the trust.
- The results of said placing shall return to the trustor
- Certificates of participation and debt securities may be to the holder (in which case they are transferred by sheer tradition) nominal endorsable (transferable by endorsement, in which case the record of the transfer shall be required for the purpose of exercising the rights of the endorser), or non-endorsable nominal (the record of the transfer is intended for third parties and the company). It is understood that these may be in writing, and in this case they shall resemble non-endorodable nominal securities.
- As per the Act, the issuance in series (identical securities in one issuance) and the separation into kinds (when securities have identical rights within a same kind, separate from other groups of securities), is permitted. This enables extending the range of possibilities in the securitization processes.
Accounting and Auditing

Mandatory accounting requirements

The Commercial Code and Law No. 19550 on Company Law together with its subsequent amendments require businessmen and companies to keep accounting books in compliance with legal requirements.

For the abovementioned purpose it is mandatory to register the books with the Registry of Commerce. Besides, the pages of such books must be numbered and bound together. The use of both the Journal and the Inventory and Balance Sheet book is compulsory. Complementary books might be kept.

Corporations must also register other books with the Registry of Commerce, namely: Board Meeting Minutes, Shareholders’ Meeting Minutes, Stock Ledger and Register of Attendance at Shareholders’ Meetings.

The above-mentioned books; save for the Inventory and Balance Sheet book, might be kept in removable sheets or in digital format provided that the company operates processing computer systems and obtains a previous authorization from the controlling body.

Businessmen must submit their financial statements within a 3-month period following the closing date. Such financial statements must include the information required in Section 63-65 of Law No. 19550 on Company Law.

Besides, the controlling bodies require the companies to have their financial statements audited by an independent public accountant.

Financial Statements

Pursuant to the Commercial Code, all argentine businessmen must prepare their financial statements on an annual basis. Said financial statements include:

- Balance sheet
- Income statement
- Shareholder’s equity
- Statement of sources and application of funds (for companies under Section 299 of Law No. 19550 on Company Law when the controlling body so requires)

Financial statements are controlled by the AFIP and serve as the basis for the payment of tax obligations. Moreover, they must be submitted with diverse controlling bodies, depending on the type of company and the activity each company performs.
<table>
<thead>
<tr>
<th>Type of Company</th>
<th>Controlling Body</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporations, foreign branches, civil associations and foundations.</td>
<td>Registry of Companies (Inspección General de Justicia).</td>
<td>Within a 120-day period</td>
</tr>
<tr>
<td>Financial entities included in Law No. 25.436</td>
<td>Central Bank (Banco Central)</td>
<td>50 days</td>
</tr>
<tr>
<td>Companies listed on stock exchange markets</td>
<td>Argentine Securities Commission (CNV)</td>
<td>70 days</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>Insurance Controlling Office (Superintendencia de Seguros)</td>
<td>60 days</td>
</tr>
<tr>
<td>Work Insurance Companies</td>
<td>Work Insurance Controlling Office (Superintendencia de ART)</td>
<td>60 days</td>
</tr>
<tr>
<td>Employee cooperatives</td>
<td>Mutuals and Cooperatives Office (INAES)</td>
<td>For cooperatives, not less than 15 business days are required (prior to the meeting where they will be considered); for mutuals, 10 business days are required.</td>
</tr>
</tbody>
</table>

**Accounting Standards**

In Argentina, professional accounting standards are issued by the Argentine Federation of Economic Sciences Professional Boards (hereinafter referred to as the FACPCE) and are adopted by the different Professional Boards of Economic Sciences in each jurisdiction. By Technical Resolution No. 26 (amended by Technical Resolution No. 29), the FACPCE adopted the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB). Pursuant to said Resolution, the use of IFRS is compulsory for companies included in the public offering regime when preparing their financial statements. By companies included in the public offering regime we mean entities whose debt instruments or equity securities are traded on the domestic exchange market or authorized to do so. It should be noted that Technical Resolution No. 26 exempted certain entities from the obligation to use IFRS which are either under the control of the Argentine Securities Commission (CNV) or were left outside the scope of such Resolution (item 4, second part of Technical Resolution No. 26).

Entities which fall outside the scope of the above-mentioned Resolution or which are exempted from it and are not obliged to use IFRS might choose to apply any of the following:

a) IFRS
b) IFRS for small companies (save for entities which are expressly excluded from this regime)
c) Professional accounting standards issued by the FACPCE

As regards the differences between IFRS and professional accounting standards issued by the FACPCE (hereinafter referred to as local PCGA), which are adopted by most entities not obliged to the use of IFRS, we can highlight the following:

- Presentation of consolidated financial statements: Pursuant to IFRS, the consolidated financial statements are basic financial information, while pursuant to local PCGA, they are supplementary information.

- Notes and supplementary information: IFRS require more detailed and complete information than local PCGA.

- Other comprehensive income: Pursuant to IFRS, the items included in this category might bear similarities to the item known as “deferred income” recognized by local PCGA. The latter considers “other comprehensive income” as a component different from equity, whereas under IFRS it is part of the comprehensive income.

- Inventories: Local PCGA require inventories to be measured at their current value (for example, cost of replacement). On the other hand, IFRS generally require inventories to be measured at the purchase value, save for some situations when it is better to use reasonable values, for example, agricultural assets.

- Intangibles assets: Pursuant to IFRS, after the initial recognition, intangible assets might be measured using either the cost model or the revaluation model; the latter is not usually used. On the other hand, local PCGA do not admit the revaluation model. However, they do admit the capitalization and amortization of organization and pre-operative costs within a maximum 5-year period. Moreover, according to local PCGA certain advertising items can be capitalized and recorded as expenses upon use or distribution. On the contrary, under IFRS they are recorded as expenses when incurred.

- Contingent liabilities and provisions: In order to determine whether to recognize or not a contingent liability, IFRS impose the probability rule, that is to say, the probability exceeds 50%, whereas under local PCGA the recognition takes places only when said contingent liabilities are highly probable, that is to say, the probabilities significantly exceed 50%.

From the legal point of view, the different controlling bodies issued accounting and legal standards for the preparation of financial statements submitted by the companies. Some of the above-mentioned controlling bodies are:

- Central Bank of Argentina – for banks and financial entities.
- Argentine Securities Commission – for companies included in the public offering regime
- Insurance Controlling Office – for insurance companies
- INAES – for mutuals and cooperatives
- Registry of Companies – for commercial companies
- Work Insurance Controlling Office – for work insurance companies
Auditing Standards

Technical Resolution No. 37 (hereinafter referred to as “RT 37”) issued by the FACPCE includes standards governing basic rules as to the performance of audits, the revision of interim financial statements, assurances, certifications and related services. For the adoption of said Resolution the following standards were considered: the International Standards on Auditing (ISA), the International Standards on Review Engagements (ISRE) and the International Standards on Related Services (ISRS) issued by The International Auditing and Assurance Standards Board of the IFAC.
A. Taxes payable

Federal taxes and levies

Company tax

Companies domiciled in Argentina are subject to income tax on all their income, whether sourced in Argentina or in a foreign country. Non-resident companies are subject to tax on Argentine source income. Income from the export of goods situated in Argentina is deemed to be fully taxable and, for other specific international activities (e.g. news agencies, insurance, commercial use of films produced abroad, international transport etc.), the tax law establishes a certain percentage as presumed income.

The tax rate for companies (Sociedades Anónimas, Sociedades de Responsabilidad Limitada, Sociedades en Comandita) and branches of foreign companies domiciled in Argentina is 35%. For other types of companies, the tax is charged to each partner according to a progressive tax rate scale ranging from 9% to 35% depending on the amount of the taxable income.

Foreign recipients not qualifying as a permanent establishment in Argentina are subject to withholding tax at source. The rate is 35% on the applicable presumptive net income percent, depending on the type of payment made (i.e. interest, fees, royalties, rentals, etc).

For companies organised or incorporated in Argentina, any income tax (or similar tax) paid abroad on a foreign source income is creditable against Argentine income tax, up to a limit.

Company income is taxed on an accrued basis during the company’s business year. The tax is assessed annually within five months after fiscal year end. Advanced payments must be paid monthly on the basis of the tax amount paid the previous year. Moreover, the AFIP (Tax Authority) has enforced several withholding tax regulations that involve almost all kind of activities. The income tax withheld during the fiscal year is creditable against the income tax assessed, as well as the advanced payments. The balance must be paid at due date. Small and Medium size companies can file an instalment plan (up to six instalments) accruing interest at a monthly 2% rate.
Capital gains tax

There is no separate tax levied on capital gains for companies organised in the country or for branches as they fall under the scope of income tax. For foreign companies, capital gains are also included under withholding at source income tax regime at the time payment is made.

For foreign resident companies and individuals, capital gains derived from the sale of shares, stocks, bonds and other securities (whether listed or unlisted on the Stock Exchange) are levied on income tax at a rate of 15%.

Foreign resident taxpayers can elect to be taxed on the gross sales price. In this case, 90% on the gross sales price will be deemed to be the amount of capital gains that will be levied at a rate of 15%. Therefore, the effective tax rate on the gross sales price will be 13.50%.

Value added tax (VAT)

This tax is applied to all stages of the production and sales processes (output tax) and the tax amount of the immediately preceding stage is deductible (input tax). The tax is imposed on the following transactions:

- Sale of personal property located in Argentina;
- Leases and services, including financial and insurance services;
- Real estate leases;
- Work performed on third-party real property;
- Work performed on owned real property, in the case of constructors;
- Production of personal property commissioned by a third party;
- Procurement of natural goods commissioned by a third party;
- Permanent import of personal property;
- Services provided from abroad and used in Argentina (including interest). In this case, input tax must be paid by the local company and it automatically becomes 'input tax' for VAT purposes in the following month.

VAT is assessed on a monthly basis. The inception of the taxable event is to issue the invoice, deliver the goods and render the service or the receipt, whichever is the earliest. The standard tax rate, currently 21%, is charged on the net price of the transaction. There are some leases and services levied at 27% (electricity, telecommunications, etc). Some goods and services are levied at 10.50% (bovine meat, fresh vegetables, lodgings, interests on loans received from Argentine financial institutions, certain property plant and equipment, newspapers and magazines, transportation for individuals, etc).

Exports are levied at a zero rate (destination country method). Exporters can apply input tax (incurred in making exports) against output tax arising from other taxable transactions. In case of a net input tax internal charge), exporters are entitled to a refund (under a special procedure established by the tax authority). Foreign tourists are also entitled to a VAT refund (cash or in credit card account) included in personal property purchases and lodging services in some tourist areas.
There are several withholding and 'collection at source' regimes in force. The VAT withheld or collected at source is creditable against the internal charge. In case of a reminding tax credit, it can be offset against any other federal tax liability.

Fringe benefits

No tax is levied specifically on fringe benefits, since they are levied with income tax and social security contributions.

Minimum presumptive income tax (MPIT)

This tax is levied on all assets located in Argentina or in foreign countries owned by companies domiciled in Argentina or branches of foreign companies located in Argentina.

Pursuant to local legislation, the assets are valued considering, generally, the current market value. Some assets are not levied, e.g. shares of other companies domiciled in Argentina, dividends earned, investment in construction (for two years), and new personal property purchases (for two years). Companies holding assets at less than $200,000 are not levied. Rural real estate property is levied allowing a special deduction of up to $200,000. The tax rate is 1%. Financial institutions and insurance companies, subject to the control of state entities, are subject to MPIT on 20% of their assets value.

Although this is an 'assets tax', the spirit of the law is to set a company's minimum income tax liability (for example, in the case of tax losses). Income tax assessed by the company may be creditable against MPIT for the same fiscal year.

If, in the same fiscal year, the income tax assessed is higher than the MPIT assessed, the net will not generate a tax credit. On the other hand, if in the same fiscal year the MPIT assessed is higher than the income tax assessed, the net of the MPIT may be carried forward and offset against income tax in the following ten fiscal years. Despite this tax credit, the company must pay effectively at least the amount of MPIT assessed every fiscal year. Therefore, every year the company must assess both taxes, yet pay either income tax or MPIT, whichever is highest.

Personal assets tax paid on behalf of shareholders

Companies residing in Argentina are levied on Personal Assets Tax on behalf of its shareholders (see section "H. Personal Assets Tax (Wealth Tax)" below).

Single simplified tax

Single simplified tax is a volunteer tax applicable to individuals and small partnership that perform little activity and where income does not exceed a threshold set by the Act. The taxpayer can choose whether to pay income tax and VAT or substitute both by paying a monthly single simplified tax. The tax is determined considering a scale of income.
Local taxes

The different provinces and jurisdictions within the territory of Argentina apply local taxes. There follows a brief description of them:

**Turnover Tax:** This is a provincial tax levied on the various stages of production and selling processes but no input tax is deductible from the tax amount of the immediately preceding stage (waterfall effect).

In general, it applies to gross revenues accrued during each fiscal period (month). The tax rate is approximately 3% to 5% for commercial activities, 1.5% to 4% for industrial activities, and 1% - 3% for primary activities, according to the taxpayer turnover and other regulations enforced by each provincial Tax Act.

Pursuant to an agreement signed between the national Administration and the provincial Administrations, several exemptions to some productive activities have been established and the tax scheme will be reshaped gradually until this tax becomes ineffective and replaced by a 'neutral' tax. In general, small industrial activities are not levied in the jurisdiction where the factory is located.

**Stamp Duty:** This duty is levied in each of the country's jurisdictions on legal acts and documents entailing a flow of wealth between the parties involved in the legal relationship. Thus, stamp duty is applicable inter alia to acts whereby transactions for valuable consideration on real estate, personal property, services rendered and civil, commercial or financial obligations are documented. Rates vary according to the jurisdiction and the type of instrument involved, the most common rate being 1% of the contract value. Pursuant to the aforesaid fiscal agreement, stamp duty should be removed in the future but currently it is still in effect.

**Land and car taxes:** These taxes, typically 'ad valorem', are levied on land and automobiles located or registered in any of the country's 24 provinces. The fiscal assessment value of the assets and the applicable tax rate varies according to each jurisdiction.

**Rates:** These are municipal levies applied on a range of taxable bases in the various jurisdictions in exchange for the services provided by each township. The taxable event is the performance of an activity for the benefit of the town. The tax rate, set by municipal legislation, is applicable on the turnover and depends on the activity performed.

**Other taxes**

**Excise Tax:** This is a federal tax on specific goods and services, levied on a variety of items such as cigarettes, tobacco, alcoholic beverages (whisky, beer, liquor, etc.), soft drinks, automobiles, ships and aircraft, mobile phone services, insurance premiums, luxury items (jewellery, stones, pearls, furs, etc.), some electronic products (microwave oven, television set, radio, several home appliances, etc.). Excise tax is levied on the sale price. The tax rate varies depending on the item. This tax is generally levied at the production or importing stage (first stage). Furthermore, a fuel and gas tax is levied on the sale of some of these products.
Social Security Contributions: These are federal taxes levied on both employers and employees. The taxable base is the salary. The employer files the tax return with the official authority under self-assessment and pays the tax withheld from the employee together with his/her liability.

Employee contributions on salaries are 17% of salary and employers' contributions are set at 23% for small and medium-sized companies and 27% (for large companies).

Employers’ social security contributions can be partially considered as input tax for VAT purposes in some provinces. The amount that can be offset depends on the employer's location, ranging from nil in Buenos Aires up to 10.75%.

Tax on checking account debits and credits: This tax is levied on financial transactions. The taxable event is not only each debit and credit in a checking account but also a large variety of financial transactions (money remittances, money orders, cheque deposit on saving accounts, etc.). There are several exceptions (i.e. saving accounts, stock exchange agents, non-profitable associations, etc.), as well as reduced rates for certain transactions such as time deposits.

To prevent tax avoidance, any amounts over $1,000 must be paid by cheque as a binding procedure.

The tax rate applicable is 0.60% on each debit and 0.60% on each credit on checking account. Thus the whole transaction is levied at a 1.2% rate. For specific activities performed by some taxpayers (who might use checking accounts to make payments on behalf of third party) a 0.075% rate is applicable.

17% of the tax amount paid each month is creditable against income tax or minimum presumptive income tax. The remaining 83% of the tax is a non-recoverable expense. The idea is that Financial Institutions act as withholding agents in order to ensure the revenue of the most important taxes.

B. DETERMINATION OF TAXABLE INCOME

Deductions for income tax assessment purposes include expenses incurred necessarily to obtain, maintain and preserve such income. Income Tax Act lists specific regulations for dealing with the cost of products, fixed assets, real estate or securities sold, as well as deductible bad debts, and property plant and equipment depreciation.

Investment allowance

At present, there is no income tax incentive scheme in force allowing additional deductions, in whole or in part, for investment on facilities and equipment.
Depreciation of fixed assets

For real estate, the law establishes a depreciation rate of 2% annually on the portion attributable to the building. In accordance with fiscal legislation, fixed assets may be depreciated over their estimated useful life on a straight-line basis. Assets subject to depletion (mines, quarries etc.), may be depreciated, not on the straight-line method, but proportionally to the units extracted in each period.

Stock/inventory

In the case of resale goods and raw materials, inventories should be valued for tax purposes at the end of each business year at their acquisition cost (last purchase value).

For self-manufactured items, the inventory value is determined on the basis of the sales price at the end of the fiscal year after deducting any direct expenses associated with the sale and the net profit margin. In special cases, where cost accounting systems are maintained, own-production goods can be valued at their production cost.

Capital gains and losses

Capital losses are deductible, subject to the limitations noted in the paragraph 'Losses', appearing below.

Dividends

Dividends and profit distributions are subject to tax at a rate of 10%. This tax is in addition to the existing "equalization tax".

In general, dividends between two Argentine resident companies are tax-exempted in the hands of the recipient (an Argentine resident company).

Equalization tax applies to dividends paid to residents and non-residents when commercial profits (i.e. the profits before tax as reported in the company's financial statements) exceed taxable profits.

If the dividend passed does not exceed the taxable profit, dividend tax is not levied, whoever their recipients are, provided that the dividend is distributed on nominative (registered) shares. If the dividends exceed taxable profit, a withholding tax at 35% is payable on the difference (equalization tax).

No tax credit is derived from the tax withheld because dividends are not levied as income for the recipient (the whole tax was withheld).
Interest deduction

Interest is generally deductible provided that it is incurred on loans taken out for business purposes. Otherwise the deduction is denied. Notwithstanding this, there is a threshold set on deductible interest. Under thin capitalisation rules, interest is disallowed where all the following conditions take place all together:

- The company's financial debt/equity ratio exceeds 2:1
- The loan is granted by a foreign resident who controls the Argentine company (directly or indirectly)
- The withholding tax rate applicable on the interest paid abroad is reduced to 15.05% (that is 35% tax rate on 43% presumptive net income). See paragraph F.

Where the conditions do not apply simultaneously, no limitation is applied and interest is fully deductible. This is logical because when the withholding tax rate applicable is 35% (35% tax rate on 100% presumptive net income), the full tax was already withheld and the deduction is therefore allowed. (See paragraph F for more details about withholding tax on interest.) If the limit is applicable, interest is not deductible on the percentage of two times net worth over total liabilities. The remaining percentage of interest is deductible.

Losses

Income tax losses made in a given fiscal year may be carried forward for five years but taxpayers may only offset losses against the same kind of income. Thus, stocks and foreign-sourced losses may only be offset against income of the same kind.

Foreign capital inflows

No special regulations exist to control incoming funds disclosed as capital contributions, as the current policy is designed to encourage inflows of foreign capital. However, foreign companies must pay personal assets tax (see below) since local legislation deems that the stock belongs to a resident individual. Other kind of incoming funds may be subject to a time deposit (see paragraph G).

On the other hand, there are specific regulations in force issued by the Central Bank which control outgoing funds.

Incentives

Promotional tax schemes are available for new investments in agricultural transactions and tourism in certain areas of Argentina. Approval of new industrial investment projects has been suspended.
Corporate reorganisations (split-offs and mergers/consolidations) are considered 'tax free' provided that certain legal requirements and proceedings are met, which are related to, in particular, the maintenance of the shareholders' interest and continuance of the business activity carried out (two years after and before the reorganisation process). In such cases, any outstanding tax loss may be carried forward and other existing allowances and liabilities may be passed on to the successor companies.

**Shares and bonds**

For corporations domiciled in Argentina, the income produced by shareholding is levied when share alienation takes place (not just because of holding them). On the other hand, bonds must be valued at their current value.

Therefore, the income produced by bond holding is levied whether they are sold or not. For foreign residents domiciled abroad, the disposal of shares (issued by an Argentine Company) is levied on Income Tax (see paragraph A “Capital Gains Tax”).

**Foreign tax relief**

Any overseas income taxes paid on foreign-sourced income may be creditable against Argentine income tax up to the limit of the increase in the tax liability resulting from aggregating the foreign-sourced income.

**Corporate groups**

Companies belonging to the same group or holding, but having separate legal status, should pay their taxes separately and the transfer of losses from loss-making to profit-making members of the same group of companies is not permitted.

Nevertheless, payment is waived in the case of taxes arising from corporate reorganisations (de-mergers and mergers/consolidations) which comply with established legal requirement’s (particularly, maintenance of the shareholders’ interest and continuance of the business activity carried out) for two years after and before the reorganisation process.

**Transfer pricing and related party transactions**

Under Argentine Law, transactions between Argentine companies and related parties domiciled abroad are deemed to take place at arm’s length rates for tax purposes. When the pricing used agrees with normal market practices as between non-related - entities, no adjustment is required for tax purposes.
For income tax assessment purposes, Argentine law provides for the traditional methods generally used for transfer pricing (comparable uncontrolled price, resale price, cost plus, profit split, transaction net margin) to demonstrate that an arm's length price has been used in transactions performed with related parties residing abroad, or any parties residing in tax havens.

The related parties test is broad and includes not only transactions between a local subsidiary and its parent company but also other relationships, (e.g. local company and foreign subsidiary, local permanent establishment and foreign head office, local company and foreign permanent establishment, local company and related or not related party residing in a tax haven, among others).

C. WITHHOLDING INCOME TAX FOR FOREIGN TRANSACTIONS

When Argentine-source income is paid to foreign recipients who do not have a permanent establishment - branch, office, etc. - in Argentina, such income is subject to withholding tax of 35%.

For each activity, the law establishes a percentage of presumptive net income on which 35% withholding tax is applicable, thereby reducing the effective tax rate. The following chart shows the presumptive net income percentages:

<table>
<thead>
<tr>
<th>Income</th>
<th>Presumptive net income % A</th>
<th>Effective withholding tax rate % 35% x A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans granted by overseas banks only on condition that the lender bank: a) is domiciled in a jurisdiction not considered a “tax haven”, and b) has supervision on financial activity provided by the Central Bank (Federal Reserve). Offshore banks domiciled in any territory are not included in this category</td>
<td>43%</td>
<td>15.05%</td>
</tr>
<tr>
<td>Interest on debt arising from the importation of property plant and equipment subject to depreciation (except cars) provided that the exporter is the creditor</td>
<td>43%</td>
<td>15.05%</td>
</tr>
<tr>
<td>Interest on time deposits made by foreign residents (either companies or individuals) in financial institutions located in Argentina, provided the interest is not chargeable to income tax in the country of residence</td>
<td>43%</td>
<td>15.05%</td>
</tr>
<tr>
<td>Other interest. This category includes: a) interest on loans granted abroad by corporations or individuals; b) interest on loans granted by offshore banks domiciled in any territory considered a “tax haven” or banks whose Central Bank (Federal Reserve) does not exercise supervision on the bank’s financial activities</td>
<td>100%</td>
<td>35.00%</td>
</tr>
</tbody>
</table>
### Income

<table>
<thead>
<tr>
<th>Income</th>
<th>Presumptive net income % A</th>
<th>Effective withholding tax rate % 35% x A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalties arising from technical assistance or consulting not available in Argentina under specific regulations (the contract must be duly registered with the official authority)</td>
<td>60% - 80%</td>
<td>21% - 28%</td>
</tr>
<tr>
<td>Copyright (must be registered with the National Copyright Bureau – “INTI”, for its acronym in Spanish)</td>
<td>35%</td>
<td>12.25%</td>
</tr>
<tr>
<td>Other royalties</td>
<td>90%</td>
<td>31.50%</td>
</tr>
<tr>
<td>Salaries of technicians, professionals, sportsmen, and artists for temporary work in Argentina (individuals only - not applicable when the provider is a corporation)</td>
<td>70%</td>
<td>24.50%</td>
</tr>
<tr>
<td>Personal property leases</td>
<td>40%</td>
<td>14.00%</td>
</tr>
<tr>
<td>Real estate property leases</td>
<td>60%</td>
<td>21.00%</td>
</tr>
<tr>
<td>Disposal of assets situated in Argentina</td>
<td>50%</td>
<td>17.50%</td>
</tr>
<tr>
<td>Dividends and profit distributions</td>
<td>Not applicable</td>
<td>10% (rate applicable directly on dividend)</td>
</tr>
<tr>
<td>Sale of shares, stocks, bonds and other securities, applicable on the gross sales price. (In this case, the taxpayer can elect to be taxed on the capital gain at a 15% rate on the gain)</td>
<td>90% x 15% tax rate</td>
<td>13.50%</td>
</tr>
<tr>
<td>Other incomes</td>
<td>90%</td>
<td>31.50%</td>
</tr>
</tbody>
</table>

### Exchange control

Exchange controls are currently in effect. Foreign currency can be transferred into Argentina provided that the sender files a disclosure with the official authority. In some cases, the transfer is subject to a one-year time deposit (with no interest accrued) for the 30% of the amount transferred (especially financial loans).

Capital contributions are not subject to the time deposit. To transfer funds abroad, the reason must be proved by filing forms with the Central Bank (i.e. dividends, loans, etc.).

### Personal tax

Two taxes are currently levied on individuals:

- Income tax; and,
- Personal assets tax (wealth tax).
**Income tax**

The tax is levied on income earned in Argentina and abroad by individuals residing in Argentina.

It is payable on an annual basis with five advanced payments (every two months). Any expenses incurred in generating such income may be deducted from gross income. The law establishes fixed deductions: non-taxable minimum, special tax free amount, dependant allowance, etc.

Capital gains not related to income-generating activity are not subject to tax. In the case of the disposal of real property not assigned to such activity, a 1.5% real estate sales tax is charged on the selling value of the property, regardless of whether a loss or a profit is made.

Pursuant to Income Tax Act, some exemptions are provided for the financial and capital markets, whereby interest on time deposits, government securities, and income from stocks and bonds that are listed on the Stock Exchange are not subject to tax.

Similarly, the sale of stocks (issued by an Argentine company) is not levied on income tax provided that the activity of buying and selling stocks is not performed on a regular (trading) basis.

Employees are subject to withholding tax at source, for which the employer is responsible (withholding agent).

Resident individuals are liable to the tax on the basis of a progressive tax rate scale ranging from 9% to 35% of annual taxable net income.

**Personal assets tax (wealth tax)**

This tax is levied on:

- All assets located in Argentina or in foreign countries that belong to individuals residing in Argentina
- All assets located in Argentina that belong to individuals residing in foreign countries
- Shares issued by Argentine companies. In this case, the company pays the tax on behalf of its shareholders
- Trusts (excluding financial trusts). In this case, the trustee pays the tax on behalf of the beneficiaries.

**Individuals residing in Argentina**

This tax is levied on all assets located both in Argentina and abroad. Similar taxes imposed overseas regarding assets located in foreign countries are creditable against personal assets tax.

The only deduction allowed is the amount of liabilities arising from the purchase or construction of the taxpayer’s home.
Investments in shares issued by an Argentine company must not be included in the taxable base because the company pays this tax on behalf of the shareholders (a situation that does not mean shares are exempted).

The tax is assessed on the value of the property that exceeds the tax free amount of $305,000. If the taxable base is higher than $305,000, the tax is assessed on the total and it is calculated on a progressive tax-rate-scale basis. The applicable rate ranges from 0.5% to 1.25% on the taxable base.

**Individuals and companies residing in a foreign country**

The tax is also charged on assets located in Argentina and owned by individuals residing abroad at a 1.25% rate. Neither deductions nor taxable minimum are allowed.

Certain assets (i.e. securities, non-exploited real estate property, etc.) located in Argentina and owned by foreign companies are deemed to belong to individuals and are levied with personal assets tax at a 2.50% rate.

Shareholders of an Argentine company who reside in foreign countries are liable for personal assets tax. The tax liability is not assessed directly but is paid by the company on behalf of its shareholders (see the next paragraph).

**Shares issued by Argentine companies**

Shares whose holders are foreign resident companies are deemed to belong to foreign resident individuals and the tax is levied on those shares.

The taxable base is the Argentine company's equity value assessed in the company's last financial statements. The tax rate is 0.5%.

In all such cases, the tax is assessed and paid by the Argentine company on behalf of the shareholders. The tax paid is not deductible for income tax purposes because the company is allowed to claim the tax paid to the shareholders.

A foreign company's branch (with permanent establishment in Argentina) will be levied on personal assets tax in respect of the capital assigned to the branch.

In the case of trusts (excluding financial trusts), the trustee pays the tax on behalf of the beneficiaries. The taxable base is the amount of assets.
### D. TREATY AND NON-TREATY WITHHOLDING TAX RATES – TO AVOID INTERNATIONAL DOUBLE TAXATION

<table>
<thead>
<tr>
<th></th>
<th>Dividends (%)</th>
<th>Interest (%)</th>
<th>Royalties (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Treaty Countries</td>
<td>10</td>
<td>15.05 – 35.00</td>
<td>21.00 - 31.50</td>
</tr>
<tr>
<td><strong>Treaty Countries:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>10/15 1</td>
<td>12</td>
<td>10/15 7</td>
</tr>
<tr>
<td>Austria</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>10/15 1</td>
<td>12</td>
<td>3/5/10/15 7</td>
</tr>
<tr>
<td>Bolivia</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Brazil</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Canada</td>
<td>10/15 1</td>
<td>12.50</td>
<td>3/5/10/15 7</td>
</tr>
<tr>
<td>Chile</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>10/15 1</td>
<td>12</td>
<td>3/5/10/15 7</td>
</tr>
<tr>
<td>Finland</td>
<td>10/15 1</td>
<td>15 3</td>
<td>5/10 6</td>
</tr>
<tr>
<td>France</td>
<td>15 1</td>
<td>20 3</td>
<td>18 5</td>
</tr>
<tr>
<td>Germany</td>
<td>15 1</td>
<td>15 2</td>
<td>15/15 3</td>
</tr>
<tr>
<td>Italy</td>
<td>15 1</td>
<td>20 3</td>
<td>10/18 5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>10/15 1</td>
<td>12</td>
<td>3/5/10/15 7</td>
</tr>
<tr>
<td>Norway</td>
<td>10/15 1</td>
<td>12.50</td>
<td>3/5/10/15 7</td>
</tr>
<tr>
<td>Russia</td>
<td>10/15 1</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Spain</td>
<td>10/15 1</td>
<td>12</td>
<td>3/5/10/15 7</td>
</tr>
<tr>
<td>Sweden</td>
<td>10/15 1</td>
<td>12.50</td>
<td>3/5/10/15 7</td>
</tr>
<tr>
<td>Switzerland</td>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10/15 1</td>
<td>12</td>
<td>3/5/10/15 7</td>
</tr>
<tr>
<td>Uruguay</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>
NOTES:

1. This is the percentage ceiling set under the agreement. However, it is only applicable when the conditions set under (B) are met (Dividends).
2. The rate applies to interest loans associated with the sale of equipment, bank loans and public works financing.
3. This is the ceiling set by the treaty. However, when the effective rate for non-treaty countries is lower, this latter rate is applicable.
4. The agreement sets no ceiling; however, it establishes the jurisdiction where the tax should be levied. Therefore, applicable rates are those for non-treaty countries.
5. The 10% rate applies to copyright royalties.
6. Varies according to contract purpose and terms.
7. A 3% rate applies to the use of news, a 5% rate applies to copyright, a 10% rate applies to trademarks, patents and technical assistance, and a 15% rate applies in other cases.
8. A 5% rate is appropriate only where the payment relates to copyright.
9. See withholding taxes description at (F) above.
10. The Treaty with Austria was rendered ineffective as of 01 January, 2009.
11. The Treaty with Chile was rendered ineffective as of 01 July 2012.
12. The Treaty with Switzerland was rendered ineffective as of 01 January 2013. The new treaty is not effective yet.
Intellectual and industrial property

Article 17 of the National Constitution provides for the protection of intellectual property rights. Moreover, Argentina is a contracting party to the Paris Convention and has also signed the TRIPS and GATT agreements.

Copyright

Intellectual Property Act No. 11723 deals with issues related to copyright. Such Act protects scientific, literary, artistic and educational works, including softwares and computer programs. Copyright lasts for the author’s life plus an additional 70 years after the author’s death.

Trademarks

Trademarks Act No. 22362 sets forth that proprietary and exclusive rights on trademarks are only granted upon registration.

Trademark registrations remain in force for 10 years and may be renewed indefinitely for a 10-year period only if during the last 5 years prior to the expiration of each term the trademark was in use identifying a product, service or activity.

Any of the following may be registered as a trademark: words with or without conceptual meaning, drawings, symbols, monograms, engravings, prints, stamps, images, combinations of colors put in specific places of the products or their containers or packaging, wrappings, packaging, combinations of letters and numbers, letters and numbers specially designed, advertising slogans, distinctive reliefs and any other distinctive sign.

Patents

Patent Act No. 24481 is the basis for patent law. Argentina has never adhered to the Patent Cooperation Treaty.

The requirements for patentability are: inventions of products or procedures provided they are novel, involve an inventive activity and are subject to industrial application. An invention means any human creation which allows for the transformation of matter or energy for the use of mankind.
Novelty means that the invention must differ from the prior art, which is technical knowledge that has been made public through an oral or written description, through exploitation or by any other means of communication or reporting, in any country, prior to the patent application date, or the date upon which priority was granted.

Pursuant to Patent Act No. 24481, inventive activity exists when either the creative process or its results are not obvious to a person having ordinary skill in the art at the time the invention was made. Moreover, the invention must be useful, that is to say, the invention must result in an industrial product or result. For this purpose, the term industry includes agriculture, forestry, cattle industry, fishing, mining, manufacturing industries and services.

Disclosure of an invention will not affect novelty if within 1 year prior to the patent application date or the date upon which priority was granted the inventor disclosed his invention by any means or displayed it in a national or international exhibition.

Patent rights are granted for 20 years following the patent application date. Such term cannot be renewed.

**Consumer Rights Act and Competition Act**

As regards this issue, we can mention that:

1) There is a Competition Act governing this issues whose main purpose consists in the prohibition of monopolies and oligopolies, both of which are characterized by having a dominant position in the market.

Such Act is the Competition Act No. 25156, effective as of September 28, 1999. The controlling Office is the National Office of Competition (Comisión Nacional de Defensa de la Competencia). The Act prohibits certain acts and conducts related to the production and exchange of goods and services when either such acts or conducts restrict, falsify or distort competition or represent an abuse of a dominant position in the market; and, harm the general economic interest. Thus, said acts or conducts are not per se illegal or must result in a real harm, they are only illegal if they cause harm to the general economic interest.

On the other hand, Competition Act No. 25156 lists restrictive trade practices, such as: price fixing; controls or restrictions on technological development or on the production of goods and services; minimum production fixing; delimitation or distribution of zones, markets, clients or suppliers; agreements on the results of tenders or public procurements; barriers to entry into the market; subordination of the purchase of goods or services to the acquisition of other goods or services; purchase or sell agreements subject to a condition not to use, acquire, sell or provide goods or services produced, processed, distributed or traded by a third party; unjustified denial to provide goods or services; the imposition of discriminatory conditions for the acquisition or disposal of goods or services when such conditions are not based on trade usages, the discontinuance of services to whoever renders public services; unfair price fixing.

The above-mentioned Act is applicable to any person or entity developing economic activities not only in Argentina but also abroad if its acts, activities or agreements are likely to produce effects upon the national market.
2) There exists a Consumer Rights Act aiming at the protection of consumers and users, either natural or legal persons, who acquire goods or services for valuable consideration as final recipients either for their own or for somebody else’s benefit. Its aim is to prevent situations which may pose a risk to user’s health or security. For such purpose said Act imposes standards regarding the information which must be provided to customers so that they can be aware of the main characteristics of the product acquired and its risks. Moreover, it provides for a statutory guarantee which consists in the joint and several liability of producers, importers, distributors and sellers for defective products. This Act also legitimizes and regulates consumer associations.

**Personal Data Protection**

Personal Data Protection Act No. 25326 governs the protection of personal sensitive data, that is to say, information whose wrongful disclosure may cause serious harm to people. Such Act provides for a process, known as Habeas Data, which was first introduced by the National Constitution in 1994. Habeas Data action represents the right of all people to file a claim in order to have knowledge regarding personal information contained in public registries or databanks or private databanks aimed at providing reports; and, in the event of false or discriminatory information, to demand the suppression, rectification, confidentiality or update of said data.

Basically, personal data protection aims at protecting the honor and the privacy of natural and legal persons whenever they may be affected due to the information stored in files, registries, databanks or any other, either public or private. Considering the aim of Habeas Data and the nature of the owners of the registries, this action is helpful and can be used in any field.

The above-mentioned Act deals with key issues regarding data protection, sets forth an administrative penalties regime in the event of breach and incorporates two new sections into the Penal Code, namely, Section 117 bis and 157 bis, which refer to the right of honor and secrecy breach, respectively. The idea is to strengthen the protection of personal information stored in registries.

The controlling body is the Personal Data Protection National Office (*Dirección Nacional de Protección de Datos Personales*), which imposes security measures for the treatment and conservation of personal information stored in files, registries, data banks, either public or private.

In this sense, people in charge of databases must adopt the necessary technical and organizational measures in order to guarantee the security and confidentiality of personal data contained in the registries to prevent adulterations, losses, unauthorized search or treatment and to identify misuses of information.

Personal Data Protection Act No. 25326 forbids the registration of personal information with databases which do not fulfill security measures.
Labor legislation

Employment contracts

In Argentina, employment relationships are governed by Employment Contract Act No. 20744, supplementary legislation and collective bargaining agreements entered into by labor unions and companies.

Employee’s rights

Employees are entitled to an appropriate job in line with the contractual qualification, respectful and non-discriminatory treatment, freedom of speech, safe and decent working conditions and a salary.

Working hours and overtime

1. Regular working hours

   In general, the regular working hours cannot exceed 8 hours per day or 48 hours per week. However, 1 hour might be added to the 8-hour statutory maximum extending the regular working hours to 9 hours and distributing 48 hours during the week since the latter limit cannot be extended.

   On an individual or collective basis, the parties might agree on less working hours.

   Hours exceeding the above-mentioned limits will be considered as overtime and must be paid as such.

2. Night shift

   The night shift (from 21.00 to 06.00) must not exceed 7 hours.

3. Unhealthy working hours

   Should the workplace be unhealthy or pose a risk to the employee’s health, the working hours must not exceed 6 hours per day or 36 per month.

4. Overtime

   Overtime is the amount of time someone works beyond the regular working hours mentioned above. Overtime payment is 50% of the regular pay should it occur from Monday to Friday or Saturdays until 1 PM, and 100% if it takes place on Saturdays after 1 PM, Sundays or Public Holidays.
**Vacation**

The employee is entitled to an annual minimum paid rest period. Vacation leave periods depend on seniority and are listed below:

- Up to 5 years of continuous service – 14 consecutive days
- From 5 to 10 years of continuous service – 21 consecutive days
- From 10 to 20 years of continuous service – 28 consecutive days
- More than 20 years of continuous service – 35 consecutive days

Vacation leave cannot be compensated in money or in kind.

**Employment contract termination and severance pay**

The employment contract may be terminated for:

- Reasons attributable to the employee:
  - Resignation
  - Incapacity
  - Retirement
  - Death

- Reasons attributable to the employer:
  - Dismissal with or without cause: When the employer dismisses an employee without cause, the latter is entitled to a payment equal to one month per each year of continuous service. Such payment shall be greater if the dismissal is based upon discriminatory reasons.

  Other reasons: There are other reasons, namely: force majeure, reduction or lack of work, employer’s death, employer’s bankruptcy, all of which require a special procedure to be followed.

The employer must give the employee one-or-two-month-notice (depending on seniority) when terminating the employment contract. Termination may also take place by mutual agreement or upon the expiration of the contract term in the case of fixed-term employment contracts. The employer can terminate the contract during probationary period (that is to say, within the first 3 months) serving a 15-day notice on the employee. Should this be the case, the employee is not entitled to any compensation for dismissal.
Foreigners employed in Argentina

Admissions, entrances, stays and departures of people in Argentina are governed by Act No. 25871. Pursuant to said Act the controlling authority is the National Direction of Migration (Dirección Nacional de Migración) and the Migratory Police (Policía Migratoria Auxiliar).

Pursuant to said Act all foreigners shall be granted admission to enter and stay in the country as “permanent residents”, “temporary residents” or “transitory residents”. Until the relevant procedure is completed, the competent authority might grant a “precarious residence”, which may be revoked if the reasons for grant change. It is valid for up to 180 (one hundred and eighty) consecutive days and can be renewed until the petition is solved. It allows the holder to stay, re-enter and leave the country as well as to work and study in it as long as the “precarious residence” remains valid. The issuance and renewal of “precarious residence” do not grant a right to obtain a favorable resolution regarding the admission requested.

All foreigners who have been granted admission or authorization as “permanent residents” may develop any paid task or activity, whether as freelancers or employees, and shall be protected by the legislation on that regard. Foreigners who have been granted admission or approval as “temporary residents” may develop such tasks for a certain period specified in the authorization. Foreigners who have been granted admission or approval as “transitory residents” cannot develop paid activities, whether as freelancers or employees, save for: 1) foreigners labeled as “seasonal migrant workers” and 2) foreigners who have been expressly authorized by the National Direction of Migration in accordance with the provisions of the legislation in force, including agreements on migration signed by Argentina. Foreigners who have obtained a “precarious residence” authorization might be allowed to work in the country, during the period and under the terms and conditions set forth by the National Direction of Migration.

All foreigners residing irregularly in the country shall not work or perform paid activities, whether as freelancers or employees. They must keep their information regarding their domiciles up to date in the National Direction of Migration following the procedures and within the terms set forth by the above-mentioned Direction. The domicile stated is the domicile where all notices as deemed as received and acknowledged.

Integrated Social Security Contributions System

Act No. 24241 establishes a single Social Security Contributions Regime known as Sistema Integrado Previsional Argentino (SIPA) which receives contributions from both employers and employees.

Social security contributions made by employers

The contributions to this social security system are channeled by the offices detailed below and are calculated on the employee’s salary considering the business activity of the company and the annual turnover.
- National Social Security Office for Pension and Retirement Funds (Instituto Nacional de Servicios Sociales para Jubilados y Pensionados)
- National Employment Fund (Fondo Nacional de Empleo)
- Family Allowances Regime (Régimen de Asignaciones Familiares)
- Social Security Integrated System (Sistema Integrado Previsional Argentino)

a) 21% for employers whose main business activity is related to trading or rendering or leasing services and whose average turnover of the last (3) three accounting periods from the last balance sheet or equivalent accounting information reported exceeds the amount set forth in reglamentary decree No. 814/2001. The above-mentioned requirements must be met jointly, regardless of the number of employees the firm has. There are exceptions for certain companies.

b) 17% for all remaining employers not included in the afore-mentioned sub-section. Generally, it comprises industrial activities (with no turnover limit) and business and service activities whose average turnover of the last (3) three accounting periods from the last balance sheet or equivalent accounting information reported exceeds the amount set forth in reglamentary decree No. 814/2001. The above-mentioned requirements must be met jointly, regardless of the number of employees the firm has.

Employer contributions to the national health Insurance system

Health Insurance system

The contributions mentioned above are supplementary to health insurance contributions which, as regards health services, will be part of said health system.

The health contributions rate is %6 on the salaries paid.

Other labor costs

Moreover, there are other items beyond the Social Security Contributions Regime, such as:

- Life Insurance – Decree No. 1567/74
- Insurance against accidents at work aimed at covering the following situations:
  a) Violent and sudden events arising at work, because of it or on the way to or from work.
  b) Illnesses arising due to the profession or occupation itself provided they are included in the list approved by the related Committee (Comité Consultivo Permanente).
  c) Labor union costs which vary depending on the Labor Union.
Appendix

Useful Addresses and Contact Information

- Banco Central de la República Argentina: [www.bcra.gov.ar](http://www.bcra.gov.ar)
- Administración Nacional de la Seguridad Social: [www.anses.gov.ar](http://www.anses.gov.ar)
Contact Details of PKF Offices

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Esmeralda 625, Piso 1
C1007ABE – Buenos Aires
Argentina

**Telephone:** +54 11 5235 6393  
**Telefax:** +54 11 5235 6300  
**Email:** pkf@pkfargentina.com.ar

www.pkfargentina.com.ar

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