

# Doing Business in Argentina

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As the Managing Partner of Kreston BA Argentina, I am thrilled to present our comprehensive guide, **"Doing Business in Argentina."** Our extensive experience in the Argentine market, combined with a global perspective, uniquely positions us to offer valuable insights for navigating this vibrant and evolving business environment.

Argentina, with its diverse and dynamic landscape, presents a wealth of opportunities for investors and entrepreneurs. From its rich cultural heritage to its status as the third-largest economy in Latin America, the country offers numerous possibilities for growth. However, success in Argentina requires a nuanced understanding of its regulatory frameworks, taxation policies, and economic shifts.

Our guide is designed to be an essential resource for anyone looking to establish or expand their business in Argentina. It provides a thorough overview of the local business climate, including key legal and regulatory considerations. The insights offered here are tailored to help you make informed strategic decisions and ensure compliance with local laws.

At Kreston BA, we combine over 20 years of global experience with deep local expertise. We serve as a strategic gateway to the Argentine market, offering tailored solutions to meet your specific needs. Our bilingual and bicultural team acts as a bridge between your international operations and the local business environment, simplifying complexities and facilitating a smooth transition from planning to full operation.

We take pride in our ability to turn market challenges into growth opportunities, and our commitment to excellence is reflected in our high standards of service. Whether you're a multinational corporation or a startup, our guide aims to be a valuable companion in achieving your business goals in Argentina.

We invite you to explore this guide and leverage the expertise it provides to unlock the full potential of the Argentine market.

Sincerely,

**Ricardo J. Gamaroff**

Managing Partner, Kreston BA Argentina  
Global Chair Advisory Services Group, Kreston Global



## Purpose of this guide

The primary purpose of this "Doing Business in Argentina" guide is to offer readers an understanding of the country's business environment, assisting them in making informed decisions and establishing and running a successful enterprise in Argentina. This guide provides a detailed overview of Argentina's economic, political, and legal landscape, highlighting both the opportunities and challenges that foreign investors may encounter. It covers various business entities available in Argentina, outlines registration and compliance requirements, and explains labor regulations, intellectual property protection, and accounting and financial reporting standards applicable to businesses.

Additionally, the guide offers insights into Argentina's taxation system, including key taxes, filing and payment procedures, and available incentives and tax regimes. It also assists readers in navigating import and export regulations and understanding the double taxation agreements between Argentina and other countries.

While this guide aims to provide essential information to support business decisions and risk mitigation strategies, it is important to note that the information provided is intended for general guidance only. It should not be considered comprehensive or sufficient for decision-making purposes and is not a substitute for professional advice. Kreston BA Argentina disclaims any liability for losses resulting from actions or omissions based on the use of this material.

## Country overview

### Geography and location

Argentina, the eighth-largest country in the world by land area, is situated in South America. Stretching from 23°S (Tropic of Capricorn) to 55°S (Cape Horn), it features a wide range of landscapes and climates. The Andes Mountains, one of the longest mountain ranges globally, form Argentina's western boundary with Chile. To the northwest, Bolivia borders Argentina, while Paraguay lies directly to the north. To the northeast and east, Argentina shares borders with Brazil and Uruguay, respectively, with the South

Atlantic Ocean providing an extensive coastline to the east.

### Brief history

Argentina's national history began with the creation of the Viceroyalty of the Río de la Plata in 1776, which was the last of Spain's viceroyalties in the Americas. This viceroyalty encompassed what is now Argentina, Uruguay, Paraguay, and parts of Bolivia. The quest for independence began in 1810 and was achieved in 1816 when Argentina declared itself independent from Spain.

The ensuing decades were marked by civil conflicts, primarily over control of the nation's customs revenue, which was predominantly collected in Buenos Aires.

The late 19th century was a time of modernization and economic growth for Argentina. In 1880, the country established new public institutions and infrastructure, integrating itself into the global economy as a major agricultural exporter. This era, known as the "Golden Age," saw Argentina emerge as one of the wealthiest nations globally, driven by high commodity prices, expanded arable land, and the influx of millions of European immigrants who enriched its labor market and cultural landscape.

The 20th century introduced significant challenges. The Great Depression of the 1930s severely affected Argentina's economy, resulting in political instability and frequent shifts between civilian and military governments. The country adopted an import substitution industrialization (ISI) strategy from the 1940s to the 1970s, aimed at fostering domestic industries to decrease reliance on imported goods. This period also saw the rise of Peronism, a political movement initiated by Juan Domingo Perón, which has had a lasting impact on Argentine politics.

In the late 1970s and early 1980s, under a military dictatorship, Argentina transitioned to an open-market economic model, removing many protections for domestic industries. The return to democracy in 1983 ushered in a new era, but the country



encountered significant economic hurdles, including hyperinflation and stagnant GDP growth. The 1990s brought economic reforms under President Carlos Menem, including the establishment of a currency board that pegged the Argentine peso to the US dollar and a wave of privatizations.

The turn of the century was marked by economic turmoil, culminating in the 2001-2002 financial crisis, which led to the abandonment of the peso-dollar peg and a national debt default. The subsequent decade saw a period of recovery, driven largely by a commodities boom. However, from 2012 onwards, economic growth slowed, accompanied by recurrent fiscal and external imbalances.

Under President Mauricio Macri (2015-2019), Argentina aimed to reintegrate into the global financial system, highlighted by its presidency of the G20 in 2018. Despite these efforts, economic challenges persisted, leading to a recession in the latter part of his term. In December 2019, Alberto Fernández took office, facing global economic difficulties exacerbated by the COVID-19 pandemic. The economy began to recover in 2022, but significant macroeconomic issues remained.

Since December 2023, President Javier Milei has proposed a series of bold economic and social reforms to address the country's economic crisis. His key measures include the privatization of state-owned enterprises, reduction of public spending, and modernization of labor laws. Additionally, he seeks to eliminate regulations across various sectors to promote economic growth and efficiency.



## Climate

Argentina's climate mirrors its diverse geography. The country experiences a broad spectrum of climatic conditions, ranging from subtropical in the north to sub-Antarctic in the south. The central region, including Buenos Aires, has a temperate climate with hot summers and mild winters. During summer, temperatures typically range from 27°C (81°F) to 32°C (90°F) but can occasionally exceed 38°C (100°F). Winters are generally mild, with frost being infrequent. In contrast, the western Andean region and southern Patagonia experience colder temperatures, with snowfall being common in the mountainous areas.

## Mineral and energy resources

Argentina is rich in natural resources and is a major producer of oil and gas, holding some of the world's largest unconventional reserves. The country is also investing significantly in renewable energy sources, including wind, solar, and hydroelectric power. Additionally, Argentina boasts substantial mineral resources such as gold, copper, and lithium, establishing itself as a key player in the global market for these essential materials. The nation also produces lead, zinc, borates, bentonite, clays, and various construction materials.

## Education

Education in Argentina is compulsory and free from ages 4 to 18. The country has a robust public education system, complemented by a range of private schools and universities. Public universities in Argentina offer tuition-free education to Argentine

nationals and permanent residents, though recent proposals have considered introducing fees for international students. The government is currently exploring educational reforms, including standardized exams for high school students and new entrance requirements for public universities, with the aim of improving educational standards and outcomes.

## Prominent industrial sectors

Argentina's economy is varied and robust, with substantial contributions from agriculture, manufacturing, and services. Major industrial sectors include petrochemicals, steel, food processing, textiles, metalworking, cement, and construction materials. The country is also a significant producer of pharmaceuticals, industrial gases, agrochemicals, and automotive components. Agriculture plays a crucial role, with Argentina ranking among the top global producers of soybeans, corn, and beef. Additionally, the knowledge-based economy is rapidly growing, with emerging strengths in software development, biotechnology, and creative industries.

## Government and demographics

Argentina is a federal republic composed of 24 autonomous provinces, including the City of Buenos Aires, which is the capital. The country is governed under a presidential system, with the president acting as both the head of state and government. Spanish is the official language, and the currency is the Argentine peso (AR\$). As of 2023, Argentina has an estimated population of 46.2 million, reflecting a rich cultural heritage influenced by its history of immigration.





# Economic and political environment

## Economic overview

Argentina, the third-largest economy in Latin America, has a complex economic history marked by cycles of growth, recession, and hyperinflation. Persistent challenges, including high inflation, currency devaluation, and debt issues, stem from decades of political instability, inconsistent economic policies, and global economic fluctuations that have particularly impacted the country's commodity-dependent economy.

In recent years, Argentina has faced significant economic difficulties. A severe drought in 2023 notably disrupted agricultural production—a critical sector for the economy and external trade—resulting in an estimated US\$ 20 billion loss in exports and intensifying existing economic pressures.

The election of President Javier Milei in late 2023 signaled a substantial shift in economic policy. Milei's administration seeks to transform Argentina into a less regulated, more market-oriented economy, with the private sector as the main driver of growth. Central to this new macroeconomic policy is achieving fiscal balance and eliminating monetary issuance to fund public spending.

One of the administration's initial major actions was the devaluation of the peso by 50% in December 2023. This step was part of a broader strategy to stabilize the economy and curb inflation, which had surged to 211% in 2023, the highest level in 32 years. The government has also started adjusting regulated prices, including those for transportation and utilities.

As of mid-2024, the government has made notable strides in improving the fiscal balance. In the first five months of 2024, Argentina recorded a primary fiscal surplus of 1.1% of GDP, a milestone not achieved since 2008. This fiscal consolidation has resulted in reduced monetary issuance and a slowing of inflation. However, high inflation persists, with a projected rate of 140% for 2024, though this represents a significant decrease from the previous year.

The immediate economic outlook remains challenging. Economic activity has been declining since the fourth quarter of 2023 and is expected to stay negative in the first half of 2024 due to the recessionary effects of price corrections and inflationary pressures. For the full year 2024, a GDP contraction of 4% is projected. Nonetheless, a rebound is anticipated in the latter half of the year, with a forecasted 6% growth for 2025, driven by investment and private consumption.

Despite these challenges, Argentina holds considerable growth potential in several key sectors. The agricultural sector, capable of feeding 400 million people, is expected to generate nearly US\$ 15 billion in additional exports by 2024 due to an anticipated excellent harvest. The energy sector also shows promise, with the recently inaugurated Vaca Muerta pipeline poised to reduce dependence on energy imports and potentially create an energy surplus. Additionally, the mining sector, particularly lithium production, is targeted for rapid growth and increased exports.

The government's emphasis on fiscal consolidation and improved foreign currency inflows is expected to enhance Argentina's debt profile and make its commitments to creditors more sustainable. If successful, these measures could lead to a more favorable view from international markets, potentially boosting the financial sector and enabling expanded credit that could drive higher economic growth over time.

Looking ahead, Argentina faces key challenges such as sustaining fiscal consolidation, replacing distortionary taxes, solidifying expenditure cuts, and removing FX-market restrictions to foster sustainable growth.

For businesses considering entry into the Argentine market, it is important to acknowledge that while the short-term economic environment remains volatile, ongoing reforms are aimed at stabilizing the economy and fostering growth in the medium to long term.



Successful implementation of these reforms could position Argentina for a period of sustained economic growth, particularly in the energy, mining, and agricultural sectors.

A notable reform is the enactment of Law No. 27.742 in June 2024, known as the "Ley de Bases y Puntos de Partida para la Libertad de los Argentinos." This legislation establishes a comprehensive framework for state reform, focusing on administrative reorganization, privatizations, and improvements in registered employment and labor modernization.

A key component of this law is the Large Investment Incentive Regime (RIGI), introduced to attract major investments. RIGI offers several benefits to investors, including a reduction in the corporate income tax rate from 35% to 25%, exemptions from import duties on machinery and equipment, and expedited VAT refunds. It also provides regulatory stability for up to 30 years, creating a predictable and secure environment for long-term investments. The regime is designed to encourage investments exceeding US\$ 200 million, with the goal of revitalising Argentina's economy and advancing strategic sectors.

Overall, these changes aim to create a more investment-friendly and efficient economic environment in Argentina.

### **Political and legal context**

Argentina functions as a federal republic, with a government divided into three distinct branches: Executive, Legislative, and Judicial.

#### **Executive Branch**

The Executive Branch is headed by the President, who functions as both the head of state and government. The President is elected for a four-year term and may serve a maximum of two consecutive terms.



### **Legislative Branch**

Argentina's National Congress is a bicameral legislature, comprising the Senate and the Chamber of Deputies. The Senate consists of 72 seats, with three senators elected from each of the 23 provinces and the City of Buenos Aires, each serving a six-year term. The Chamber of Deputies has 257 seats, with representatives elected according to population and serving four-year terms. Members of both chambers are chosen through direct popular elections.

### **Judicial Branch**

The judiciary is led by the Supreme Court of Justice, which supervises the lower courts. The Supreme Court is tasked with interpreting the constitution and relevant laws of Argentina.

### **Administrative division of Argentina**

Argentina is divided into 23 provinces and the City of Buenos Aires, each with its own constitution and

government structure, reflecting the federal system. Provincial governments operate with executive, legislative, and judicial branches and are further subdivided into administrative units like municipalities. Although municipalities are not autonomous, they manage their own budgets and administrative frameworks.

### **Presidential elections**

Presidential elections in Argentina take place every four years using a runoff system. A candidate wins outright if they secure 45% of the vote or 40% with a lead of more than 10 percentage points over the runner-up. If neither of these conditions is met, a second-round election is held to determine the winner.





## Types of business entities

### Business entities in Argentina

In Argentina, both domestic and foreign investors can establish business entities under comparable conditions, though foreign entities must meet additional specific requirements. The following provides an overview of the regulatory framework and the primary business structures available.

In Argentina, the civil rights of foreigners are constitutionally safeguarded. For legal entities, this protection is outlined in Article 34 of the Civil Code, which recognizes foreign establishments, corporations, or associations as legal persons.

When forming a business entity in Argentina, it is essential to determine the appropriate type of business structure. Foreign companies may operate in Argentina by either establishing a Branch (Sucursal), or incorporating a Subsidiary. Subsidiaries are created through the formation of a local business entity, with the most common types being Corporations (Sociedades Anónimas) and Limited Liability Companies (Sociedades de Responsabilidad Limitada).

To establish a Branch or a Subsidiary, it is required to formalize its formation through a written contract, which must be registered with the Public Registry of Commerce in the jurisdiction where the company's principal place of business is situated.

### Corporations (Sociedades Anónimas)

Corporations in Argentina are generally associated with large companies. The capital is divided into shares, which can be inherited, sold, or transferred without any restrictions. The liability of each shareholder is limited to the value of the shares they contribute.

There is no maximum limit on the number of shareholders required to form a corporation, but a minimum of two is necessary, and they may be either individuals or legal entities. To establish a corporation in Argentina, a minimum capital contribution of AR\$30,000,000 is required. Initially, at least 25% of this amount must be paid in, with

the remaining balance to be contributed over the next two years.

In the structure of a corporation, the Board of Directors, elected by the shareholders, holds the responsibility for the company's management. Shareholders are required to convene annually in a formal meeting to address corporate matters. The President of the corporation acts as its official representative and primary executive officer.

### Limited Liability Company (Sociedades De Responsabilidad Limitada)

In a Limited Liability Company (S.R.L.), the capital contributed by the members is divided into quotas. Each partner may acquire as many quotas as they wish, and their liability is limited exclusively to the amount of those quotas.

An S.R.L. must have a minimum of two partners and a maximum of fifty. One or more managers must be appointed to serve as the legal representatives of the company.

There is no minimum capital requirement, but the capital must be appropriate for the type of activity the company will conduct. At the time of formation, at least 25% of the capital must be contributed, with the remaining balance to be paid within the next two years.

### Branch of a foreign company (Sucursales)

The distinction between a branch and a subsidiary is substantial. A branch is a common method for foreign companies to expand their operations, as it allows a parent company to operate in various locations simultaneously without creating a separate legal entity. To establish a branch, it must be organized in accordance with the laws of its home country, demonstrate the existence of the parent company abroad, register its statutes with the Public Registry of Commerce, and appoint a legal representative. Typically, there is no minimum capital requirement for a branch.



## **International protection and regulation**

Argentina provides strong legal protections for foreign investors and their investments. The country has cultivated a favorable environment through local legislation and international agreements, making it a secure destination for foreign capital. Argentina has signed nearly 60 bilateral investment treaties (BITs) designed to promote and protect investments. Additionally, the Foreign Investment Law No. 21.382 offers comprehensive safeguards for foreign investments within the country.

Since joining the International Centre for Settlement of Investment Disputes (ICSID) in 1994, Argentina has adhered to an international framework for resolving disputes involving foreign investors. It has also been an observer of the OECD Investment Committee since 1996, demonstrating its commitment to global investment standards. Furthermore, Argentina is a member of the Multilateral Investment Guarantee Agency (MIGA) and the World Bank Group, which provide insurance for foreign investments made by individuals or entities from member countries. These measures underscore Argentina's commitment to maintaining a stable and secure investment environment for international investors.

This regulatory framework ensures that both domestic and foreign investors have equitable access to the Argentine market.

## **Labor regulations**

### **Scope of application**

Argentine labor law, primarily governed by Law No. 20.744 and its amendments, applies to all employees working under the direction of an employer in Argentina. However, this legislation does not cover employees in public administration, domestic service workers, or agricultural workers, who are regulated by their specific laws and regulations.

### **Work hours**

Work hours in Argentina are regulated uniformly across the country by Law No. 11.544. The standard workday is capped at eight hours, with a maximum of 48 hours per week. Night shifts, defined as work

performed between 9:00 PM and 6:00 AM, are limited to seven hours per night. For jobs classified as unhealthy, the maximum allowable workweek is 36 hours, with a daily limit of six hours.

Overtime is compensated at a 50% premium on regular days and a 100% premium for overtime on Saturdays after 1:00 PM, as well as on Sundays and public holidays. Decree 484/00 limits overtime to a maximum of 30 hours per month or 200 hours annually. Employees are entitled to a minimum rest period of 12 consecutive hours between workdays and cannot be required to work during this rest period, except in cases of emergencies or imminent accidents.

### **Wages/remuneration**

Under Argentine law, remuneration encompasses all forms of compensation an employee receives under an employment contract. This includes both cash payments and in-kind benefits, such as housing or meals, which can account for up to 20% of the total remuneration.

The Minimum Wage is established by law, and as of July 2024, it stands at AR\$ 254,232. Employers determine the gross monthly salary, from which statutory deductions for social security (17%) and income tax (if applicable) are subtracted. The net salary is the amount paid to the employee after these deductions.

Employers are required to maintain a specially registered wage book, which must be officially stamped by the Ministry of Labor and Social Security. Additionally, employers must contribute 26.4% to social security, which is separate from the 17% deducted from employees' wages.

### **Annual bonus (Aguinaldo)**

The annual bonus, referred to as "Aguinaldo", is determined as 50% of the highest monthly salary earned by the employee during each semester, which ends in June and December. The bonus amount is proportional to the actual time worked within each semester.



## **Vacation**

In Argentina, employees are entitled to a minimum amount of paid annual leave, which increases based on their length of service. Initially, employees receive 14 consecutive days of leave if they have up to five years of service. This entitlement grows to 21 days for those with more than five but fewer than ten years of service, 28 days for employees with more than ten but fewer than twenty years, and 35 days for those with over twenty years of service. Collective bargaining agreements may also specify longer vacation periods.

## **Sick leave**

Employees who are unable to work due to illness or accidental injury are entitled to full salary for up to three months if they have less than five years of service. For employees with more than five years of service, this period extends to six months. If the employee has dependents, these periods are extended to six months and twelve months, respectively.

## **Family allowances**

Employees who are unable to work due to illness or accidental injury are entitled to full salary for up to three months if they have less than five years of service. For employees with more than five years of service, this period extends to six months. If the employee has dependents, these periods are extended to six months and twelve months, respectively.

## **Severance pay**

When terminating an employee without just cause, employers are required to provide severance compensation based on the employee's tenure and gross salary. Traditionally, this severance package included one month's gross salary for each year of service, or a proportional amount for any fraction of a year exceeding three months. Employers must either provide notice or make a severance payment in lieu of notice if they wish to unilaterally terminate an employment contract. Both employee resignations and dismissals must be formally communicated in writing.

## **Social security contributions**

Employers are required to contribute a total of 26.4% to social security for all employees, in addition to the 17% deducted from employees' wages. This contribution supports several funds, including the Pension Fund (Fondo de Pensiones), Family Allowance Fund (Caja de Subsidio Familiar), Health Insurance System (Régimen de Salud), Pension Institute (Instituto de Pensiones), and the National Employment Fund (Fondo Nacional de Empleo). Social security deductions for employees are managed through the Integrated Pension and Retirement System. Furthermore, employers must provide workers' compensation insurance, with premiums set by the insurance company according to the company's risk category. Mandatory collective life insurance for employees is also required.

## **Types of employment contracts**

Argentina's Labor Law No. 20.744 specifies several types of employment contracts:

- **Indefinite-term contracts:** These standard contracts do not have a predetermined end date. They begin with a probationary period of six months, which can be extended to eight months for companies with between six and one hundred employees, and up to twelve months for companies with five or fewer employees. During this probationary period, both employer and employee are required to make social security contributions.
- **Part-time contracts:** These contracts apply to employees working fewer hours than full-time staff. Part-time employees are entitled to benefits proportional to the number of hours worked.
- **Seasonal contracts:** Designed for work that depends on specific seasons or times of the year, these contracts are valid only for the duration of the seasonal work and end automatically at the season's conclusion without additional notice.



## Intellectual property protection

### Trademarks and trade names

In Argentina, trademarks and trade names are regulated under Law No. 22.362 and its associated regulations. This law provides trademark owners with exclusive rights upon registration with the National Institute of Industrial Property (INPI). Trademark registrations are valid for ten years from the date of issuance and can be renewed indefinitely in ten-year intervals, as long as specific usage requirements are satisfied.

### Patents and utility models

Law No. 24.481 regulates patents and utility models in Argentina. It specifies that patents are granted for inventions that are novel, non-obvious, and capable of industrial application. Patent protection lasts for 20 years from the date of the application. Foreign applicants must establish a legal domicile in Argentina to file a patent application, and the patent must be registered with the National Institute of Industrial Property (INPI) to be enforceable against third parties.

### Pharmaceutical patents

Pharmaceutical patents in Argentina are subject to specific regulations beyond the general patent rules. Joint Resolutions from the National Institute of Industrial Property (INPI), the Ministry of Production, and the Ministry of Health (Nos. 118/2012, 546/2012, and 107/2012) outline additional requirements and limitations for patenting

pharmaceutical inventions. These regulations enforce stricter criteria on certain types of pharmaceutical patents to ensure alignment with industry standards.

### Industrial designs and models

Industrial design and model certificates safeguard the visual design elements of products. Applicants are required to establish a legal domicile in Buenos Aires. If the design has not been previously used or disclosed in Argentina, the certificate provides protection for five years, with the possibility of two renewals for additional five-year periods each. Renewal applications must be filed no later than six months before the current term expires. For designs registered abroad, an equivalent application must be submitted in Argentina within six months.

### Copyrights

In Argentina, copyright protection is governed by Law No. 11.723 and its amendments. This law covers a wide array of works, including scientific, literary, artistic, and educational creations, and ensures protection regardless of the method of reproduction.

## Accounting and financial reporting

### Argentine Professional Accounting Standards

In Argentina, accounting principles are set by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE). The FACPCE issues accounting and auditing standards, which are then approved by the Professional Councils in Economic Sciences (CPCE) in each province.



Argentina's accounting standards are governed by Technical Resolution No. 54 (RT 54), also known as the Unified Argentine Accounting Standard (NUA). RT 54 is organized into three main sections:

- Title I: Provides general rules for financial statement preparation applicable to all types of entities.
- Title II: Addresses specific procedures and guidelines for particular accounting issues and transactions.
- Title III: Contains industry-specific accounting rules.

RT 54 replaces most, but not all, prior accounting standards resolutions. RT 54 has been updated by RT 56, which introduces additional refinements and clarifications to improve the clarity and user-friendliness of the standards. According to RT 54, as amended by RT 56, the new accounting standards will become mandatory for financial statements prepared for fiscal periods starting on or after July 1, 2024.

RT 54 and its amendments are designed to unify and streamline Argentina's accounting regulations, providing a clearer and more structured approach to financial reporting. The updated framework focuses on simplicity and ease of use, making it more accessible for various types of entities, including small and medium-sized businesses.

### **International Financial Reporting Standards (IFRS)**

On August 15, 2023, Argentina's Securities Commission (CNV) issued General Resolution No. 972/2023 (Resolution 972) to set guidelines for the presentation of financial statements by issuers of stocks and/or negotiable obligations. Resolution 972 requires these entities to prepare their financial statements in accordance with RT 26 and its amendments, which mandate the adoption of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

However, Small and Medium-sized Enterprises (SMEs) registered with the CNV that are listed under



a differentiated regime are exempt from this requirement. Additional exemptions apply to entities governed by other regulatory bodies' accounting rules, including financial institutions, insurance companies, cooperatives, and civil associations.

Entities not required to adopt IFRS may choose to do so voluntarily or adhere to local professional accounting standards. For those that do adopt IFRS—whether mandated or voluntarily, including IFRS for SMEs—the standards must be applied in full and without modifications.

This regulatory framework aligns Argentina's financial reporting practices with international standards, enhancing transparency and comparability for investors and stakeholders in the Argentine capital markets.

## **Presentation and audit of financial statements**

### **Presentation of financial statements**

In Argentina, the regulatory framework for submitting financial statements is structured as follows:

- Corporations (Sociedades Anónimas) must file their annual financial statements with the Inspección General de Justicia (IGJ). This requirement also applies to Limited Liability Companies (Sociedades de Responsabilidad Limitada, SRL) with a capital exceeding AR\$ 2 billion.
- Companies issuing shares and/or debt securities are required to submit their annual and quarterly financial statements to the Comisión Nacional de Valores (CNV), which regulates the securities market.
- Insurance companies must file their annual and quarterly financial statements with the Superintendencia de Seguros de la Nación (SSN), the national insurance regulator.
- Financial institutions are obligated to provide their annual and quarterly financial statements to the Central Bank of Argentina (BCRA).

These regulations are designed to ensure transparency and accountability, promoting effective oversight and maintaining investor confidence in Argentina's financial markets.





## Audit of financial statements

In Argentina, the Inspección General de Justicia mandates that corporations (Sociedades Anónimas) subject to ongoing oversight under Article 299 of the Companies Law No. 19.550 must have their financial statements audited by an independent licensed public accountant (CPA). According to Article 299, the following corporations are required to comply with this regulation:

- Corporations making a public offering of their shares or debentures.
- Corporations with a capital exceeding AR\$ 2 billion.
- State-owned enterprises.
- Corporations involved in capitalization, savings operations, or soliciting funds or securities from the public with promises of future benefits.
- Corporations operating public concessions or services.
- Parent companies or subsidiaries of entities falling into any of the above categories.

Additionally, Limited Liability Companies (Sociedades de Responsabilidad Limitada) with a capital exceeding AR\$ 2 billion, which are required to submit their financial statements to the IGJ, must also have their statements audited by an independent CPA.

Entities that submit annual and quarterly financial statements to the Comisión Nacional de Valores (CNV), Superintendencia de Seguros de la Nación (SSN), and the Central Bank of Argentina (BCRA) must obtain an audit report (for annual statements) or a review report (for quarterly statements) issued by an independent CPA.



## Main taxes

In Argentina, taxation occurs at three levels: national, provincial, and municipal.

### National taxes:

- Income tax (Impuesto a las ganancias): Applicable to both individuals and businesses.
- Value-Added Tax (VAT) (Impuesto al Valor Agregado): Imposed on the sale of goods and services.
- Wealth tax (Impuesto sobre los bienes personales): Applied to personal assets.
- Excise tax (Impuestos internos): Levied on specific goods and services.
- Banking transaction tax (Impuesto sobre los créditos y débitos bancarios): Applied to financial transactions.
- Import and export taxes (Impuestos aduaneros): Taxes on goods imported to or exported from Argentina.

### Provincial and municipal taxes:

- Turnover tax (Ingresos brutos): Taxed on total gross revenues generated by businesses.
- Real estate tax (Impuesto inmobiliario): Levied on property ownership.
- Stamp duties (Impuesto de sellos): Applied to certain legal documents and transactions.
- Vehicle tax (Impuesto sobre los automóviles): Taxes on vehicle ownership.

These taxes form part of Argentina's comprehensive tax structure, affecting individuals and businesses across various levels of government.

## Tax filing and payment procedures

Argentina's tax system operates on the principle of self-assessment. Taxpayers are required to file annual or monthly tax returns to report their taxable income, determine their tax liability, claim any withheld or prepaid taxes, and settle any outstanding amounts.

Corporate tax returns must be submitted within five months following the end of the company's fiscal year. For individuals, the fiscal year corresponds with the calendar year.

Individuals whose income is solely from wages are not obligated to file a separate income tax return if their earnings fall below certain thresholds. In these cases, employers are responsible for withholding income tax on a monthly basis, and this withholding is considered final.

Foreign taxpayers not established in Argentina are exempt from filing a tax return if their income tax liability is fully covered by withholding taxes on Argentine-sourced income.

## Tax calculation

Tax legislation specifies rules for calculating taxes, generally relying on documented facts like those found in a taxpayer's accounting records or supporting documents. If a taxpayer does not provide detailed information, maintains insufficient accounting records, or if the information or records are inaccurate or incomplete, tax authorities may use legal presumptions to assess the taxpayer's tax liability.

## Corporate income tax (Impuesto a las ganancias)

In Argentina, companies are subject to corporate income tax on their net taxable income. The tax system is characterized by specific regulations on dividend distributions, territorial taxation, and transfer pricing.

Resident companies are taxed on their worldwide income, while foreign companies are taxed only on income earned within Argentina.

The system includes provisions for withholding taxes on dividends, progressive corporate tax rates, and rules for capital gains and losses.

Additionally, foreign tax credits are available to reduce tax liabilities, and transfer pricing regulations ensure that intercompany transactions are priced appropriately.

- Resident Companies: Companies operating in Argentina are taxed on their profits, including income from foreign branches and subsidiaries.



- Income from foreign subsidiaries is generally taxed only upon distribution of dividends. However, if the subsidiary is in a tax haven, Argentine tax transparency rules require the Argentine company to be taxed on its share of the subsidiary's income, regardless of dividend distributions.
- Dividends: Dividends distributed by resident companies to foreign entities or individuals are subject to a withholding tax, currently set at 7%.
- Tax rates: Companies, including those controlled by foreign entities, are taxed at progressive rates ranging from 25% to 35%.
- Capital gains: Capital gains are not taxed separately but are included in corporate income tax and subject to the prevailing rates of 25% to 35%.
- Losses: Losses cannot be applied to prior periods but may be carried forward for up to five years.
- Foreign tax credits: Resident companies can credit foreign income taxes against their Argentine tax liability, limited to the increase in tax liability attributable to including foreign-source income. Foreign tax credits cannot be applied to prior periods but can be carried forward for up to five years.
- Non-resident companies: Foreign companies are taxed solely on income generated within Argentina. Withholding taxes apply at various rates depending on the type and source of the income.
- Accounting requirements: Companies incorporated under Argentine law, as well as foreign branches and permanent establishments, are considered residents for tax purposes and must maintain separate accounting records in Argentina.
- Business income: Business income encompasses profits from the sale of goods, depreciable assets, shares, or real estate; dividends from non-resident companies; interest; royalties and fees; and exchange gains.

### **Transfer pricing rules**

Argentina's transfer pricing regulations generally adhere to the arm's length principle as established by the Organisation for Economic Co-operation and

Development (OECD). These regulations mandate that intercompany transactions be priced as though they were conducted between unrelated parties.

Transfer pricing rules are applicable when an Argentine company engages in transactions with (i) a related company located abroad, or (ii) an unrelated company situated in a low-tax jurisdiction or deemed "non-cooperative" for tax transparency purposes. Transactions involving related entities or unrelated entities in low-tax or non-cooperative jurisdictions are assumed not to be at arm's length unless contrary evidence is provided. Low-tax jurisdictions are those with a corporate income tax rate below 15%. Non-cooperative jurisdictions include any country or jurisdiction that has not entered into an agreement with Argentina for the exchange of tax information or a double taxation treaty that provides for comprehensive information exchange. This category also includes countries that have such agreements but fail to comply with the information exchange requirements.

To demonstrate compliance with the arm's length principle, companies must submit detailed reports with supporting documentation. Additionally, an annual transfer pricing report must be prepared by an independent public accountant or economist.



## **Value Added Tax (Impuesto al Valor Agregado, IVA)**

In Argentina, the Value Added Tax (IVA) is a comprehensive consumption tax applied to a broad range of transactions within the country. The standard IVA rate is 21%, levied on the sales value of goods and services, including professional services. This rate also applies to the importation of goods and services into Argentina.

Digital services such as online hosting, technical support, software services, and internet services provided by non-resident entities to Argentine customers are subject to IVA at the same 21% rate if used within Argentina.

There are exceptions to the general rate, including a reduced IVA rate of 10.5% for certain goods and activities, such as the construction of residential buildings. This reduced rate also applies to interest and commissions on loans from financial institutions, as well as capital goods, whether imported or produced locally.

Certain services, particularly utilities like electricity, natural gas, and water used for commercial activities, are subject to a higher IVA rate of 27%.

For exports, both goods and services are taxed at a 0% rate, meaning IVA is not charged on these transactions. This allows businesses to recover IVA paid on related inputs through tax refunds or credits. Input IVA related to exports can be credited against output IVA or refunded.

## **Wealth tax (Impuesto sobre los bienes personales)**

In Argentina, residents are taxed on their global assets, whereas non-residents are taxed only on assets within the country. Non-residents are subject to progressive tax rates, which can go up to 2.25%. For local companies, the tax on shares and other equity interests held by non-resident shareholders is handled by the company itself. This tax is applied at a rate of 0.50% of the company's net worth.

## **Excise tax (Impuestos internos)**

In Argentina, various items are subject to different excise tax rates. These include tobacco products, alcoholic beverages, non-alcoholic beverages (such as soft drinks, syrups, extracts, and concentrates), insurance services, telecommunication services (both cellular and satellite), luxury goods, automobiles and engines, recreational and sports boats, and aircraft. The excise tax is applied to the sale of these items nationwide but is imposed at only one stage in the distribution process. The tax amount is determined by applying the specified rate to the taxable base, which is clearly defined by Law No. 24.674 for each product category.

## **Import and export taxes (Impuestos aduaneros)**

### **Import regulations**

Argentina utilises Harmonized System (HS) codes to classify goods and determine tariffs, following the Mercosur Common Nomenclature (NCM) applicable to Mercosur member countries. Import duties range from 0% to 35% and are based on the CIF value (cost, insurance, and freight) of the goods. A 3% statistical tax may also apply, subject to specific caps.

Imports are subject to IVA, which can be 21% or 10.5%, depending on the type of goods. IVA is calculated on the total customs value, import duties, and statistical tax. Certain goods might also incur internal taxes.

Prepayment of specific taxes, including IVA, income tax, and gross income tax, is required for imports. These prepayments act as advances against the importer's annual tax liabilities. For instance, income tax prepayments serve as credits against the annual income tax liability. However, these prepayments do not apply to goods classified as "fixed assets" or if the importer possesses certain tax exemption certificates. The IVA prepayment rate is either 20% or 10%, the income tax prepayment rate is 6%, and the gross income tax prepayment rate is 2.5%.



Special regulations apply to trade within Mercosur, where the import duty rate is 0% and the statistical tax is not applicable. Eligible products must have a certificate of origin from a Mercosur member country, indicating that a significant portion of the manufacturing process occurred within a member country.

In 2024, Argentina overhauled its import process by replacing the Sistema de Importaciones de la República Argentina (SIRA) with a new system known as "SEDI" (Sistema Estadístico de Importaciones). This change was made to create a more transparent and efficient process, eliminating the need for import licenses or permits and aligning Argentina's trade practices with global standards. SEDI was designed to reduce bureaucratic hurdles and the potential for corruption in the import process. By doing away with the old license requirements, Argentina now meets the trade administration standards set by the World Trade Organization (WTO), making the process more straightforward for businesses.

Under the new system, importers are required to submit an informational affidavit through the SEDI portal on the AFIP (Federal Administration of Public Revenues) website. This submission provides early data that enhances customs risk assessment, helping to expedite the clearance of goods.

While SEDI removes many previous restrictions, it maintains essential safeguards related to the safety and health of imported goods. Regulatory agencies such as SENASA, ANMAT, and INAL will continue to perform technical analyses to ensure that all imported products comply with Argentina's health and safety regulations.



## Export regulations

Argentina imposes export duties on a range of products, with a particular focus on the agro-industrial sector. These duties, commonly known as "Retenciones," are taxes applied at customs on goods exported out of the country, including key commodities like wheat, corn, soybeans, and their derivatives. The tax is calculated based on the quantity declared and the current international price, with the duty amount determined by applying a specific percentage to the value of the goods.

The rates for these export duties vary depending on the product being exported, and the responsibility for paying the tax lies with the individual or business that is selling the goods abroad.

In August 2024, export duties on beef, pork, and dairy products were eliminated entirely, while rates were reduced for other agro-industrial products.

## Turnover tax (Ingresos brutos)

Provincial governments in Argentina impose taxes on business revenue, with rates varying depending on the type of activity and jurisdiction. Argentina is divided into 24 such jurisdictions, each with its own tax regulations. This provincial tax is applicable to income generated from standard business activities conducted within these jurisdictions.

Where this tax applies and no exemptions are available, the general rates are as follows: approximately 1% for agriculture, livestock, mining, and other primary activities; 1.5% for industrial activities; 3% to 5% for trade and general services; and 5.5% to 8% for financial and intermediary activities.

These rates are calculated based on the total gross income earned during the calendar year. Exports are exempt from this tax.

## Double taxation agreements

Argentina has entered into agreements with multiple countries to prevent double taxation. These agreements are currently in effect with Germany, Australia, Belgium, Bolivia, Brazil, Canada, Chile,

Denmark, the United Arab Emirates, Spain, Finland, France, the Netherlands, Italy, Mexico, Norway, Qatar, the United Kingdom, Russia, Sweden, Switzerland, and Uruguay.

## Foreign exchange restrictions

In recent years, high inflation has driven the public to invest in foreign currency to protect its value, leading to a shortage of foreign exchange within the economy. In response, the Central Bank has imposed stringent restrictions on foreign currency transactions, including those for dividends, goods, and services. Key current foreign exchange regulations include:

- Export proceeds from goods must be deposited and settled in the foreign exchange market within specific timeframes, depending on the tariff classification of the exported goods. These timeframes range from 15, 30, 60, 180, to 365 calendar days. If an exporter receives payment before the specified timeframe, the foreign exchange must be deposited and settled within 5 business days.
- Proceeds from export services must be deposited and settled within a maximum of 5 business days from receipt or crediting to foreign accounts.
- Prior authorization is required for the pre-payment of debts related to the importation of goods and services.
- Approval from the Central Bank (BCRA) is necessary for the remittance of profits and dividends.
- For deferred payments on new imports of goods, with customs entry registration from December 13, 2023, access to the foreign exchange market will be permitted without prior approval from the BCRA.

## Tax incentives

### Incentive Regime for Large Investments (RIGI)

In July 2024, the Argentine Official Gazette published Law 27.742, titled "Bases and Starting Points for the Freedom of Argentines," which introduces Title VII on the Large Investments Incentives Regime (RIGI). Key aspects of the RIGI are outlined below.



For comprehensive details, we recommend a thorough review of the published text.

**Please note:** the information provided is subject to further clarification and interpretation as regulations are being developed by the Ministry of Economy and other relevant agencies. Also, an Enforcement Authority will be appointed by the President of Argentina to evaluate and resolve applications for the RIGI and to provide additional clarifications as needed.

The RIGI features several key elements:

- **Objective:** To establish conditions of predictability, stability, and legal certainty for large-scale projects, mitigate potential non-compliance by the State, and foster the development of local supply chains.
  - **Special incentives:** Available for large investment projects across eight strategic sectors: forestry, tourism, infrastructure, mining, technology, steel, energy, and oil and gas.
  - **Eligible applicants:** Includes corporations, branches of foreign companies, temporary joint ventures, and infrastructure or services concession holders, provided they are established solely to undertake a single long-term project classified as a Large Investment, in one or more phases.
  - **Requirements:** A minimum implementation period of three years and an investment of USD 200 million are required to qualify for the Regime.
  - **Investment plan:** A detailed plan must be submitted and approved by the Enforcement Authority, which will also ensure compliance with the Law upon implementation.
  - **Additional benefits:** Projects exceeding USD 1 billion, which position Argentina as a significant new long-term supplier in global markets, will be classified as "Long-Term Strategic Export Projects."
- **Regulatory stability:** Includes a guarantee of thirty (30) years of regulatory stability for special benefits, such as:
    1. **Fiscal incentives:** Reduced corporate income tax, reduced personal income tax on dividends (applicable after seven years), VAT payments with tax credit certificates, and full deduction of tax on debits and credits in bank accounts.
    2. **Customs incentives:** Import duty exemptions (including temporary imports) and export duty exemptions (applicable after three years).
    3. **Foreign exchange incentives:** Free availability of foreign currency.
    4. **Regulatory incentives:** RIGI benefits apply even in Free Zones, no export limitations due to domestic supply needs, and no mandatory local procurement or infrastructure development requirements imposed by the State.
    5. **Jurisdictional incentives:** Similar to Reciprocal Investment Protection Treaties (BIT), including extended jurisdictional protection.
  - **Additional benefits for long-term strategic export projects (over USD 1 billion):**
    1. **Income tax exemption:** For payments abroad related to certain contracts, including transportation, construction, and engineering services.
    2. **Export duty exemption:** Effective two years after joining the RIGI, compared to three years under the General Regime.
    3. **Extended stability:** The possibility of extending fiscal, customs, exchange, and regulatory stability for up to 40 years.



### **Mining Promotion Regime**

Established under Law No. 24.196 in 1993, Argentina's Mining Promotion Regime is designed to attract substantial domestic and foreign investment into the country's mining sector. To be eligible, entities must either conduct mining operations within Argentina or establish a mining facility in one of the participating provinces. The regime covers various stages of mining, including exploration, development, preparation, extraction, and certain processing of minerals.

Eligible projects can enjoy significant tax advantages for up to 30 years from the submission of feasibility studies. This tax stability ensures that the overall tax burden—comprising national, provincial, and municipal taxes—remains unchanged, with the exception of VAT and social security contributions. Additionally, the regime provides provisions for tax deductibility and accelerated depreciation. Key benefits under the regime include:

- **Tax stability:** Investors receive 30 years of guaranteed tax stability for new projects and expansions, shielding them from increases in the total tax burden, excluding VAT and social security contributions.
- **Tax deductions:** Investors can deduct expenses related to prospecting, exploration, and environmental provisions, and benefit from accelerated depreciation on capital assets and infrastructure.
- **VAT refunds:** VAT refunds are available for exploration costs, covering both new and used goods and services.
- **Import duty exemptions:** Exemptions from import duties apply to capital goods and inputs not produced domestically.

Additionally, the regime caps provincial royalties at 3% of the value of minerals extracted and transported before further processing. This comprehensive set of benefits is designed to encourage investment and development in Argentina's mining sector.

### **Knowledge Economy Promotion Regime**

The Knowledge Economy Promotion Regime in Argentina, established under Law No. 27.506, aims to advance sectors that depend heavily on technology and skilled human capital. Enacted in 2019 and updated in 2020, this law focuses on areas such as software development, biotechnology, and related electronic and communication services. Under this regime, enrolled companies can access several tax incentives, including:

- **Tax Credit:** Companies receive a credit equivalent to 70% of their social security contributions for employees engaged in qualifying activities. This credit increases to 80% if the workforce includes women, members of the LGBTQ+ community, individuals with postgraduate degrees, people with disabilities, or residents from disadvantaged areas.
- **Discount on Income Tax:** Businesses can receive up to a 60% discount on their income tax, depending on their size.
- **Export Duties:** Service sector companies are exempt from export duties, enhancing their international competitiveness.

### **Tierra del Fuego Industrial Promotion Regime**

The Tierra del Fuego Industrial Promotion Regime, established under Law No. 19.640, offers substantial tax benefits for businesses operating in this region. This legislation provides exemptions from all national taxes on activities conducted and assets located within Tierra del Fuego, although some specific taxes may be subject to reduced rates. Businesses can also benefit from exemptions or reductions in customs duties for the import and export of tangible goods. To qualify for these tax incentives, activities must be conducted within the Tierra del Fuego territory.



## In Conclusion

Argentina presents a complex yet promising business environment for both domestic and international investors. This guide has provided a comprehensive overview of the key aspects to consider when establishing or expanding operations in the country:

- **Economic and Political Environment:** Argentina's economy, while facing challenges, offers significant opportunities across various sectors. Recent reforms aim to stabilize the economy and attract foreign investment.
- **Legal and Regulatory Framework:** The country provides multiple business entity options, each with its own requirements and benefits. Understanding these structures is crucial for effective market entry.
- **Labor Regulations:** Argentina has robust labor laws that protect workers' rights. Employers must be aware of these regulations to ensure compliance and maintain positive employee relations.
- **Intellectual Property Protection:** The country offers comprehensive protection for various forms of intellectual property, aligning with international standards.
- **Taxation:** Argentina's tax system is multi-tiered, involving national, provincial, and municipal taxes. Recent reforms, particularly the RIGI, offer attractive incentives for large investments.
- **Sector-Specific Incentives:** Various regimes, such as those for mining, knowledge economy, and specific regions like Tierra del Fuego, provide targeted benefits for investors in key sectors.
- **International Trade:** Recent changes in import and export regulations aim to streamline processes and align with global standards.

While challenges persist, including economic volatility and complex regulations, Argentina's rich resources, skilled workforce, and strategic location in Latin America make it an attractive destination for business ventures. The country's ongoing efforts to reform its economy and attract investment signal a commitment to creating a more business-friendly environment.

Successful operation in Argentina requires a thorough understanding of its unique business landscape, adaptability to changing conditions, and compliance with local laws and regulations. By leveraging the information provided in this guide and staying informed about ongoing developments, businesses can navigate the Argentine market effectively and capitalize on its many opportunities. Kreston BA is here to assist you in navigating the complexities of doing business in Argentina. Our team of experienced professionals offers a wide range of services tailored to your specific needs, including:

- Business setup and registration
- Due diligence services
- Tax planning and compliance
- Accounting and financial reporting
- Business process outsourcing
- Risk advisory services
- Independent audits of financial statements

With our deep local knowledge and global perspective, we can help you turn challenges into opportunities and achieve your business goals in Argentina.

To learn more about how Kreston BA can support your business ventures in Argentina, please contact us:

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Our team is ready to provide you with the expert guidance and support you need to succeed in the Argentine market.



