

## Argentina amends Tax Consensus between the Federal Government and provincial governments, postponing reductions on certain provincial taxes

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On 20 December 2019, the Argentine Senate approved and sent to the House of Representatives the agreement reached between the Federal Government and provincial governments on 17 December 2019, amending the Tax Consensus to postpone reductions on certain provincial taxes. Once approved by the House of Representatives and enacted by the Argentine Executive Power, the amendment must be ratified at the provincial level.

### Background

Law 27,429 (later amended by Law 27,469) enacted the Tax Consensus, an agreement between the Argentine Federal Government and provincial governments to implement certain tax policies designed to promote and increase investment, as well as private employment, by reducing the burden of taxes that adversely affect businesses.

## Amendment to Tax Consensus

The amendment would suspend until 31 December 2020, the application of the Tax Consensus for the following items agreed to by the provinces:

- ▶ Repeal of the turnover tax on exports of goods (except mining and hydrocarbon activities and related services)
- ▶ Repeal of the turnover tax on exports of services
- ▶ Introduction of caps on turnover tax rates applicable to certain activities
- ▶ Introduction of a real estate tax with rates ranging from 0.5% to 2%
- ▶ Freeze on stamp tax rates for transfers of real estate, automobiles, hydrocarbon activities and complementary services

- ▶ Introduction, for other transactions, of a maximum stamp tax rate of 0.75% beginning 1 January 2019, 0.5% beginning 1 January 2020, and 0.25% beginning 1 January 2021, and elimination of the tax beginning 1 January 2022
- ▶ Repeal of the different treatments of social security taxes based on the place of birth or domicile of employees, except for different treatments based in the place of work
- ▶ Repeal of payroll taxes
- ▶ Repeal of specific taxes on transfers of fuel, gas, electric energy and sanitary services, except for sales to final consumers

Companies doing business and different stakeholders investing in Argentina should consider the consequences of the changes and evaluate the effect on their current Argentine operations.

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