

Global Tax Alert

News from EY Americas Tax

Argentina implements new tax on purchase of foreign currency

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Argentina's tax authorities published General Resolution 4659/2020, which contains regulations to implement Argentina's new tax on certain transactions involving the acquisition of foreign currency. The General Resolution provides rules on collection agents, timing and procedures to remit the tax payments. The General Resolution was published in the *Official Gazette* on 7 January 2020.

Background

Law 27,541 enacted the new "tax for an inclusive and supportive Argentina" (known in Spanish as "Impuesto PAIS"), which was implemented through Decree 99/2019 (see EY Global Tax Alerts, [Argentine tax reform bill sent to Congress](#), dated 19 December 2019 and [Argentina makes sweeping changes to tax laws, followed by regulations implementing recently enacted tax reform](#), dated 8 January 2020). The tax will be in effect for five years and will apply to the following transactions performed from 23 December 2019 and thereafter:

- ▶ Purchases of foreign currency (i.e., "constitution of foreign assets") without a specific purpose by Argentine residents, under the limitations imposed by the Central Bank
- ▶ Purchases of goods or services from abroad or purchases by Argentine residents abroad through credit, debit or purchase, including cash withdrawals made outside Argentina
- ▶ Purchases made online through portals or virtual websites in foreign currency

- Purchases of services rendered abroad through Argentine travel agencies, including if they are paid in cash and access to the foreign exchange market to buy foreign currency is needed to pay the foreign service provider
- Purchases of ground, air and water passenger services with destinations outside Argentina (except ground passenger services to neighboring countries), including if they are paid in cash and access to the foreign exchange market to buy foreign currency is needed to pay the foreign service provider.

Both Argentine individuals and entities are subject to the tax. The tax rate is 30% and applies to taxable purchases, except for the purchase of digital services, which will be subject to an 8% rate. Argentine financial institutions, credit card issuers, travel agencies and transport companies must act as collection agents of the tax.

General Resolution 4659

The General Resolution clarifies that the tax will apply to the extent the transactions are paid in local currency. In addition, transfers abroad made for specific purposes in accordance with the rules established by the Argentine Central Bank are not covered by this collection regime.

Taxpayers will have to indicate the tax separately in the documents that support each of the taxable transactions, such as foreign-exchange conversion documents, credit and debit card summaries, and invoices for travel services.

If an intermediary is involved in the transaction, the tax will be collected when the intermediary uses the funds to pay for the goods or services acquired by the buyers. When applying the payments to the purchase of goods and services, the payments must first be allocated to the tax, regardless of the arrangements between the parties.

The calculation of the tax is based on the amount of the transactions expressed in Argentine Pesos (ARS). If payments are made through debit cards, any amounts in foreign currency will be converted to ARS, considering the exchange rate as of the date before the debit in the bank account. If payments are made through credit cards or other similar means, any amounts in foreign currency will be converted to ARS considering the exchange rate as of the date before the issuance of the credit card summary or similar document.

On a weekly basis, the collection agents will remit the tax to the tax authorities. On a monthly basis, the collection agents will file an information return with the transaction and tax details. Any additional tax liability reported on the monthly return will have to be paid at the time the return is filed.

If the tax was incorrectly collected, the affected party will request a refund from the collection agent by following the procedures that the tax authorities will implement.

If the tax was not collected, totally or partially, by an intermediary, the Argentine individuals and entities subject to the tax will have to remit it directly to the tax authorities (on or before the 25th day of the month following the one in which the collection was omitted). If the taxable transactions took place between the entry into force of Law 27,541 (23 December 2019) and 7 January 2020, the tax will be considered timely paid if paid on or before 20 January 2020.

Companies doing business and individuals resident in Argentina should review the new regulations and evaluate the implications of this new tax on their operations.

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