

Global Tax Alert

News from EY Americas Tax

Argentina suspends promotional regime for knowledge-based economy

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access information about the tool and registration [here](#).

EY Americas Tax

EY Americas Tax brings together the experience and perspectives of over 10,000 tax professionals across the region to help clients address administrative, legislative and regulatory opportunities and challenges in the 33 countries that comprise the Americas region of the global EY organization. Access more information [here](#).

On 20 January 2020, Argentina's Ministry of Productive Development published, in the *Official Gazette*, Resolution 30/2020, suspending the promotional regime for the knowledge-based economy. For more information on this regime, see EY Global Tax Alerts, [Argentina enacts promotional tax system for the knowledge-based economy](#), dated 14 June 2019 and [Argentina issues regulations on promotional regime for knowledge-based economy](#), dated 22 October 2019.

Background

Law 27,506 created a promotional tax system for the knowledge-based economy, which is effective from 1 January 2020 to 31 December 2029. Among the regime's benefits are a reduced income tax rate of 15%, reduced social security contributions, exemptions from value-added tax (VAT) withholding and reverse withholding, and a tax credit bond to offset federal taxes. Taxpayers also may be able to credit foreign income taxes against Argentine income taxes due on Argentine-sourced income.

The objective of the regime is to promote knowledge-based and digital activities that result in the manufacturing of goods, the provision of services or the improvement of processes. Some of the activities included in the promotional regime are software development and related activities, audio-visual productions, biotechnology, professional services qualifying as exports, nanotechnology, satellite and aerospace industries, artificial intelligence and robotics.

Resolution 30/2020

On 20 January 2020, Argentina's Ministry of Productive Development issued Resolution 30/2020, revoking Resolution 1084/2019 of the former Ministry of Production and Labor and Resolution 449/2019 of the former Secretary of Entrepreneurs and Small and Medium Enterprises.

Those resolutions had established the application process for taxpayers to request the benefits of the regime. The review and processing of applications filed so far have been suspended until new provisions are issued.

Taxpayers should continue to monitor the release of new guidance, so that they can apply for the regime.

For additional information with respect to this Alert, please contact the following:

Pistrelli, Henry Martin & Asociados S.R.L., Buenos Aires

- ▶ Carlos Casanovas carlos.casanovas@ar.ey.com
- ▶ Gustavo Scravaglieri gustavo.scravaglieri@ar.ey.com
- ▶ Ariel Becher ariel.becher@ar.ey.com
- ▶ Sabrina Maiorano sabrina.maiorano@ar.ey.com
- ▶ Agustina Paradiso agustina.p.paradiso@ar.ey.com

Ernst & Young LLP (United States), Latin American Business Center, New York

- ▶ Ana Mingramm ana.mingramm@ey.com
- ▶ Pablo Wejcman pablo.wejcman@ey.com
- ▶ Enrique Perez Grovas enrique.perezgrovas@ey.com
- ▶ Juan Ignacio Pernin juan.ignacio.pernin@ey.com

Ernst & Young LLP (United Kingdom), Latin American Business Center, London

- ▶ Pablo Baroffio pablo.baroffio@uk.ey.com
- ▶ Jose Padilla jpadilla@uk.ey.com

Ernst & Young Tax Co., Latin American Business Center, Japan & Asia Pacific

- ▶ Raul Moreno, *Tokyo* raul.moreno@jp.ey.com
- ▶ Luis Coronado, *Singapore* luis.coronado@sg.ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

EY Americas Tax

© 2020 EYGM Limited.

All Rights Reserved.

EYG no. 000409-20Gbl

1508-1600216 NY

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com