

Global Tax Alert

News from EY Americas Tax

Argentina allows payments of dividends and profits to nonresidents without prior authorization if certain conditions are met

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EY Americas Tax

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On 21 January 2020, the Central Bank of Argentina (BCRA) issued Communique A 6,869, which allows access to the foreign exchange market for payments of dividends and profits to nonresidents (i.e., companies can buy US dollars to wire to foreign beneficiaries) from new capital contributions without prior authorization if certain conditions are met.

Background

Communique A 6,770 issued 1 September 2019 established foreign exchange control regulations which, among other things, required companies to obtain prior authorization from the BCRA before transferring profits and dividends abroad.

Communique A 6,869

On 21 January 2020, the BCRA issued Communique A 6,869, allowing access to the foreign exchange market for payments of dividends or profits to nonresidents without prior authorization, provided the following conditions are met:

- ▶ The dividends and profits that will be distributed arise from closed and audited financial statements.
- ▶ The amount to be paid to the nonresidents does not exceed the total amount in Argentine pesos agreed to in the shareholders meeting.

- ▶ The payment does not exceed 30% of the amount of new capital contributions that are entered and settled (i.e., the proceeds from the contributions are converted into Argentine pesos) in the foreign exchange market from 17 January 2020.
- ▶ Dividends or profits are paid 30 days after the company enters and settles the proceeds of the capital contributions considered for the calculation of the payment.

The communicate also includes other requirements companies must satisfy (e.g., documents to support the capitalization, affidavits, etc.).

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