

Global Tax Alert

News from EY Americas Tax

Argentina modifies informative regime requiring local entities and individuals to report further information on foreign entities

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Through General Resolution No. 4697 (the Resolution), published in the Argentine *Official Gazette* on 15 April 2020, the Argentine tax authorities modified the annual informative regime under which local entities must provide certain information on their shareholders (or equivalents), related entities and other participations, as applicable, and individuals must report foreign participations, if any.

General Resolution No. 4697

Final beneficiary

The Resolution establishes that Argentine companies, certain civil partnerships, foundations and open common investment funds (reporting entities or REs) must report the "final beneficiary" of each of their shareholders (or equivalents) as of 31 December of each year.

A "final beneficiary" is the individual who has an ownership interest, or voting rights, in any entity (regardless of the participation percentage) or who, by any other means, directly or indirectly controls that entity. If the "final beneficiary," as defined, is not identified, the REs must report the president of the board of directors, or equivalent, or the highest authority of their shareholders (or equivalent) as "final beneficiary."

If the “final beneficiary” is not the direct shareholder (or equivalent) of the REs, the REs must maintain all the documents showing the various levels of ownership all the way to the “final beneficiary.” The REs must identify all entities in the ownership structure.

These changes apply for information that must be reported for 31 December 2019 and onwards. The information for 2019 must be reported electronically through the Argentine tax authorities’ website no later than 28 October to 30 October 2020 (depending on the tax ID of the REs).

Foreign entities deriving more than 50% of income from passive income

For a foreign entity that derives more than 50% of its income from passive income, the Argentine owners with more than a 50% participation in the foreign entity’s net worth (including the participation of relatives or through related entities) must report to the following to tax authorities:

- ▶ The name of the foreign entity
- ▶ The type of entity
- ▶ The foreign entity’s domicile
- ▶ The amount of income, including passive income, obtained by the foreign entity annually

This reporting rule also applies to the foreign entity’s Argentine directors, managers, legal representatives, supervisory body members or equivalents.

This information must be provided for tax year 2016 and onwards. The information related to years 2016, 2017, 2018 and 2019 must be reported electronically through the Argentine tax authorities’ website no later than 28 October to 30 October 2020 (depending on the tax ID of the REs and individuals).

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