

Global Tax Alert

News from EY Americas Tax

Argentina establishes new reverse withholding regime applicable to certain purchases of foreign currency, and goods and services from abroad

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EY Americas Tax

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The Argentine Federal Tax Authorities (AFIP) have issued General Resolution No. 4815/2020 (published in the *Official Gazette* on 16 September 2020), which imposes a 35% reverse withholding tax on purchases of foreign currency without a specific purpose and certain goods and services outside of Argentina by Argentine residents.

General Resolution

The tax applies to the following transactions performed since 16 September 2020:

- ▶ 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, including purchases by Argentine residents when they are 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 purchases paid in cash for which 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 for ground passenger services to neighboring countries), including purchases of those services paid in cash for which 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 reverse withholding tax. The 35% rate applies to taxable purchases, except purchases of health benefits, medicines, books, learning platforms and software for educational purposes, among others.

Argentine financial institutions, credit card issuers, travel agencies and transport companies will act as collection agents of the reverse withholding tax, which will be withheld at the time of payment for the purchases.

The tax will be considered, depending on the tax status of the Argentine resident, as a credit against the income tax and personal assets tax in the tax year in which the reverse withholding tax is collected.

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