

Global Tax Alert

News from EY Americas Tax

Argentina imposes one-time extraordinary emergency contribution on individual's personal assets

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On 18 December 2020, Argentina published in the *Official Gazette* Law 27,605 (the Law), which implemented a one-time extraordinary emergency contribution on personal assets held by individuals as of 18 December 2020, when the value of those assets calculated under the personal asset tax rules exceeds ARS200 million (approx. US\$2.4 million).

Individuals considered Argentine residents as of 31 December 2019, under the Income Tax Law will be subject to the emergency contribution to the extent their worldwide assets as of 18 December 2020, exceed ARS200 million. In this case, their total worldwide assets valued in accordance with the personal asset tax rules (without any deductions and regardless of their treatment under the personal asset tax) will be subject to the contribution at a rate ranging from 2% to 3.5% (depending on different thresholds). Assets held outside Argentina, however, will be subject to the contribution at rates ranging from 3% to 5.25% (depending on different thresholds). If at least 30% of the financial assets held abroad are repatriated to Argentina and the repatriation is performed within 60 days of 18 December 2020, the differential tax rates (i.e., the rates ranging from 3% to 5.25%) should not apply, to the extent the repatriated funds remain deposited in an Argentine bank account until 31 December 2021.

Argentine individuals domiciled or resident in "non-cooperating jurisdictions" or "low or no tax jurisdictions" will be considered Argentine residents for purposes of the emergency contribution.

Individuals considered nonresidents as of 31 December 2019, under the Income Tax Law will be subject to the emergency contribution to the extent their assets held in Argentina as of 18 December 2020, exceed ARS200 million. In this case, their assets held in Argentina valued under the personal asset tax rules (without any deductions and regardless of their treatment under personal asset tax) will be subject to the contribution at a rate ranging from 2% to 3.5% (depending on different thresholds).

Argentine individuals domiciled or resident in “non-cooperating jurisdictions” or “low or no tax jurisdictions” and nonresident individuals will have to designate a local substitute taxpayer to pay this contribution.

The Argentine tax authorities are expected to issue further guidance on the procedure for determining the emergency contribution, due dates, filings and payment methods for this contribution.

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