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# Global Tax Alert

News from EY Americas Tax

## Argentina's tax authorities launch the "Régimen IPF" service to ensure compliance with mandatory disclosure regime

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On 21 December 2020, the Argentine tax authorities (AFIP) launched the "Régimen IPF" service on their [website](#) to ensure compliance with the mandatory disclosure regime (MDR) for domestic and international arrangements (*planificaciones fiscales*, in Spanish), as established in General Resolution No. 4838/2020.

### Background

The following parties are considered reporting parties:

- ▶ Taxpayers participating in any domestic or international tax-planning arrangement
- ▶ Tax advisors that, during the normal course of business, help, assist, advise, provide advisory services, express an opinion or conduct any activity related to the implementation of a domestic or international tax-planning arrangement (either directly or through related parties), unless they invoke professional confidentiality and report it to the taxpayer

Both parties must comply with the regime and one party's compliance does not exempt the other party from the obligation.

Domestic and international tax-planning arrangements implemented from 1 January 2019, and those implemented before that date but effective as of 20 October 2020, should be reported.

The Bar of the City of Buenos Aires and various Professional Councils of Economic Sciences have challenged the legality of the MDR regime in court. Taxpayers should follow the progress of these challenges, as the MDR regime may be found partially or entirely invalid.

## New web service

The “Régimen IPF” microsite is not yet available on the AFIP’s website to date. Therefore, domestic tax-planning arrangements and international tax-planning arrangements that must be reported under Section 4(f) of General Resolution No. 4838/2020 cannot yet be reported. Currently, only the following types of international tax-planning arrangements (included in Section 4 of General Resolution No. 4838/2020) can be reported:

- ▶ Section 4(a) concerning the avoidance of double taxation with foreign tax authorities
- ▶ Section 4(b) regarding situations with noncooperating, low-tax or no-tax jurisdictions
- ▶ Section 4(c) on mismatches between two or more jurisdictions in the tax treatment of an entity or agreement
- ▶ Section 4(d) on parties or entities with double tax residence
- ▶ Section 4(e) on parties with rights inherent in and related to trusts, foundations or any other type of similar property organized abroad

If an international tax-planning arrangement included in Section 4(a) is reported, taxpayers and tax advisors should specify which of the following apply:

- ▶ Use of companies to benefit from double taxation treaties
- ▶ Adoption of strategies to avoid the creation of a permanent establishment
- ▶ The generation of international double nontaxation
- ▶ The allocation of one or several tax bases (i.e., taxable income) to other jurisdictions
- ▶ The intention to avoid filing with any reporting regime

When reporting an international arrangement in the AFIP’s system, taxpayers and tax advisors (if they were involved in the implementation) should report each arrangement separately, indicating which of the following implementation periods the arrangement falls under:

- ▶ Before 1 January 2019, and effective as of 20 October 2020
- ▶ Between 1 January 2019, and 20 October 2020
- ▶ As from 20 October 2020

They also should report the date the international tax-planning arrangement was entered and the date of implementation. The system does not allow the entry of dates before 1 January 2014.

Additionally, the taxpayers and tax advisors should include a clear and detailed description of the international tax-planning arrangement (ranging between 500 and 1500 words in Spanish) and a clear and detailed description of the tax advantages or benefits.

The taxpayer should report whether tax advisors were involved in the planning. If tax advisors were involved, the taxpayers should report the tax advisors’ tax identification number and name/business name.

Tax advisors should report the taxpayer’s taxpayer identification number, name/business name and tax residence status. They also should report whether they participated in the implementation of the arrangement directly or through third parties. If through third parties, the tax advisors should indicate whether the third party is a tax resident (in which case the taxpayer identification number and name should be indicated) or nonresident (in which case, the tax identification number, name/business name, country where it is based and domicile abroad should be detailed).

The system allows the tax advisor to invoke professional confidentiality to not be required to report its client’s international tax-planning arrangement. The taxpayer, however, may waive professional confidentiality.

Regardless of the previously mentioned uncertainty on the legality of the MDR, General Resolution No. 4838/2020 had established that international tax-planning arrangements implemented from 20 October 2020, should be reported within 10 days of when the arrangement is implemented. Domestic tax-planning arrangements implemented from that date should be reported on or before the last day of the month following the end of the tax period in which they were implemented. In addition, international and domestic tax-planning arrangements implemented from 1 January 2019, through 19 October 2020, and those implemented before 1 January 2019 that remain effective as of 20 October 2020, should be reported no later than 29 January 2021.

Taxpayers should continue to monitor the progress of legal and administrative proceedings on the MDR regime. We will issue additional Tax Alerts as more information becomes available.

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