

Indirect Tax Alert

News from Americas Tax Center

Argentina issues procedure for registering and processing imports under related-party agreements containing price review clauses

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On 7 February 2019, Argentina published, in the *Official Gazette*, General Resolution No. 4419 (GR 4419), which establishes the procedure for registering and processing imports of goods under related-party agreements containing price review clauses. The procedure in GR 4419 only applies when third-party operators mediate the import transactions between the related parties.

Background

Related sellers and importers commonly enter into agreements with price-review clauses, which allow for changes to the price of imported goods after they clear customs. Many of these import transactions use a third-party operator related to the seller and the importer.

To prevent taxpayers from underreporting the tax liabilities associated with imports and overbilling for imports, the tax authorities have issued GR 4419.

GR 4419

GR 4419 requires importers to file a copy of the agreement containing the price review method with the Related Companies Division of the Argentine Customs Authorities before registering the imports in the Argentine Customs IT system.

When registering the imports in the Argentine Customs IT system, taxpayers should submit the import statement with a temporary value declaration, which the Customs Authorities will review. The importer may amend this declaration based on the reported contractual terms.

The importer should pay the taxes when the import statement is filed, even though additional charges (i.e., late payment) may be levied later.

Within 180 calendar days after the tax period ends, the importer should file the following information with the Related Companies Division: (i) documentation supporting the final value of the goods under the agreement filed, and (ii) information on each statement identifying: (a) the third-party operator; (b) the price documented with the country of origin's Customs Authorities; (c) the price documented with Argentina's Customs Authorities, and (d) the billing margin and type of product (direct resale or input).

The submission of the documentation supporting the final value of the goods under the agreement filed will not result in the automatic validation by the Customs Authorities of the value declared.

At the end of each tax period, the importer should also file with the Related Companies Division (i) financial statements or equivalent documentation of the operator that consolidates the transactions of the group of companies at a global level, and (ii) the third-party operator's financial statements or the documents that show the third-party's costs in mediating the import transaction.

Because the import taxes are based on the price of importation and agreements with price-review clauses allow prices to change once the goods are imported, GR 4419 requires importers to pay the additional import taxes due as a result of the price difference plus interest.

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