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# Global Tax Alert

News from Americas Tax Center

## Argentina extends tax incentive regime for local production of certain capital goods

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On 15 March 2019, the Argentine Executive Power issued Decree No. 196, which extends for one year the tax incentive regime for the local production of certain capital goods and modifies the calculation of the tax benefits.

### Background

In 2001, the Argentine Executive Power issued Decree No. 379, which established a tax incentive regime for the local production of capital goods. Under this regime, local manufacturers are reimbursed an amount that is equal to a percentage of the sales of the capital goods. The reimbursement is in the form of a tax bond. Manufacturers may use the bond to pay value added tax, income tax or excise tax.

### Decree No. 196

The Decree extends until 31 December 2019, the tax incentive regime for the local production of certain capital goods, which originally ended on 31 December 2018.

For sales of goods from 1 January 2019 to 31 December 2019, the tax bond will be 50% of the sum of the following:

- a) 6% of the sale's price of the goods, less the value of the components that were imported with a 0% duty or
- b) 8% of the sale price of the goods, less the value of the components that were imported with a duty higher than 0%

For micro, small and medium-sized companies, the bond will be equivalent to 60% of the sum of a) or b).

Finally, the tax reimbursement may be increased by 15% to the extent the manufacturers can prove they are making investments in productivity, quality and innovation in processes and products, under certain terms to be established by the Government.

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