

Global Tax Alert

News from Americas Tax Center

Argentina amends tax binding inquiry system

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The Argentine tax authorities amended the binding inquiry (ruling) system for tax and social security purposes through General Resolution No. 4497 (GR 4497), published in the *Official Gazette* on 30 May 2019.

GR 4497 adapts the Argentine ruling system to the OECD¹ BEPS² Action 5 minimum standard, which includes a commitment to transparency through the compulsory spontaneous exchange of relevant information on taxpayer-specific rulings.

Detailed discussion

Although GR 4497 amends the ruling process, most procedural aspects of the ruling process remain unchanged. However, GR 4497 adds transfer pricing (TP) issues to the list of items that the tax authorities may consider under the ruling process, except for Advance Pricing Agreements (APAs), which will be regulated separately.

To obtain a ruling, taxpayers or eligible representatives must file a request before the event triggering a tax occurs or before the due date for filing the tax return for the period in which the event must be declared. The request must include a detailed description of the parties, facts, and economic-legal relationships involved in the transaction, the taxpayer's opinion and basis, and the purpose of the request.

GR 4497 establishes that ruling requests related to preferential regimes, transfer pricing, downward adjustments of taxable profits (not reflected in financial information), permanent establishments and conduit entities will require additional information, such as the identification of the group members involved (including residence, Tax ID numbers and participation percentages, among others). For conduit companies, taxpayers must indicate the tax residence and domicile of the beneficial owners of the income.

The tax authorities' ruling will be binding on the taxpayer to the extent the fact pattern or other circumstances do not change.

The ruling system, as amended by GR 4497, will apply to requests filed as from 6 June 2019.

Companies doing business in Argentina and foreign investors evaluating projects in Argentina should consider whether a ruling is needed before entering into a transaction, taking into consideration the facts and circumstances of their particular case.

Endnotes

1. Organisation for Economic Co-operation and Development.
2. Base Erosion and Profit Shifting.

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