

# Unhealthy tasks in the Oil & Gas Industry: which employees generate a higher cost in terms of social security?

**The increase in employers' contributions with respect to employees performing differential tasks requires an analysis on future costs for the employer and the risks associated with the criteria adopted.**

In July 2018, Decree No. 633/2018 was issued which established modifications to the financing of differential pension systems, i.e. systems that allow retirement at an earlier age or with a lower number of years of service, as compared with the provisions of Law No. 24241.

In order to guarantee the sustainability of the system, the payment of an additional employer's contribution equivalent to 2% on the salary was made for employees who carry out the activities covered under this framework, as of the remunerations accrued in September 2018.

Regarding the Oil & Gas Industry, Decree No. 2136/74 established that the employees performing the tasks described below could retire if they had reached the age of 50 years and had 25 years of service:

- a. Work regularly and directly in oil or gas exploration on the field.
- b. Perform tasks at the wellhead and related to drilling, completion, maintenance and repair of oil or gas wells.

Subsequently, Resolution No. 897/2015 of the Ministry of Labor clarified the tasks that employees should perform to fall within the scope of the decree:

- Field exploration, including off shore tasks;
- Soil movement;
- Sanitation, waste management, remediation and environmental control, removal and repair of soil where spills occurred, as well as the operation and maintenance of treatment plants;
- Tasks at wellhead related to drilling, including the prospective, completion, intervention and repair of oil or gas wells in the exploitation phase;
- Operation, production, maintenance and repair, both in the exploration process and in the exploitation process, of different equipment, machinery and systems at the wellhead, on the surface of the field or underground;

- Special operations services, which are related and inherent to the drilling of the wells and cannot be separated from this activity.

In relation to support or auxiliary personnel, this differential system only applies to the extent that their tasks form part of and are primarily, regularly and directly performed in connection with oil and gas exploration and exploitation processes in an integral and indivisible manner, and are exposed to the same risks or early burnout as the aforementioned workers. This was recently established by Resolution No. 164/2019 of the Ministry of Health.

In this scenario, we understand that it is essential to evaluate the tasks carried out by the employees to determine in each case if these regulations apply and the related obligations derived from this situation.

The incorrect social security treatment of these employees could lead to the following consequences:

1. If employees falling within the scope of the differential system are treated as employees falling within the scope of the general system:
  - a. Employees may file claims as their access to the pension system in advance could be affected.
  - b. The lack of payment of the corresponding contributions could generate a claim by the tax authorities and the imposition of penalties.
2. If employees falling within the scope of the general system are treated as employees falling within the scope of the differential system:
  - a. In the event of an inspection, the early retirement benefit could be denied if there was an error in the classification of employees.
  - b. Excess contributions would have been paid, with the associated additional cost.

## Contacts

### Marcelo Brandariz

Socio, PwC Argentina  
Tel: (54 11) 4850-6728  
marcelo.brandariz@ar.pwc.com

### Hernan Gonzalo Cuenca Martínez

Senior Manager, PwC Argentina  
Tel: (54 11) 4850-4590  
hernan.gonzalo.cuenca.martinez@ar.pwc.com



**PwC has a multidisciplinary team that can help you assess the correct planning and decisions for your human resources management in compliance with current regulations, evaluating in each case their correct interpretation and application.**