

# Doing Business in Argentina

2024 onwards



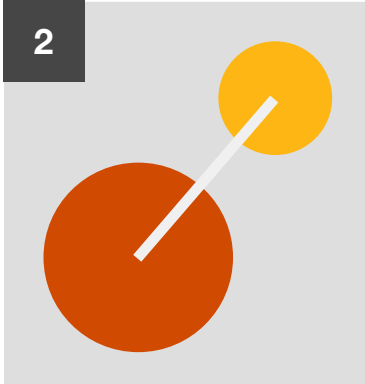
[www.pwc.com.ar](http://www.pwc.com.ar)

# Contents



**Geographical and  
Demographical  
Background**

P. 03



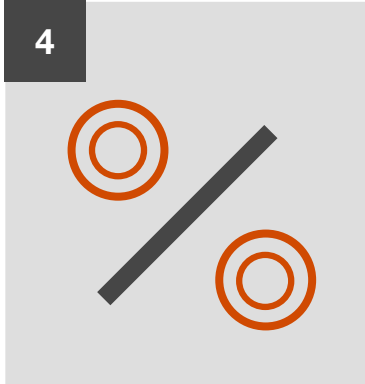
**Investment and  
Challenges in  
Argentina**

P. 10



**Foreign Trade  
and Customs  
Regulations**

P. 21



**Tax System**

P. 30

**Reference  
Information**

P. 38

**Contacts**

P. 40



1

# Geographical and Demographical Background



## Location

The Republic of Argentina is located in South America, between latitudes 23°S (Tropic of Capricorn) and 55°S (Cape Horn). The Andes separates the country from Chile to the west and Bolivia to the northwest; Paraguay lies directly to the north, with Brazil, Uruguay, and the South Atlantic Ocean to the east.



<sup>1</sup> Argentina has six major regions: Northwestern, Northeastern, Western (Cuyo), Central (Pampeana), Southern (Patagonia), and the Greater Buenos Aires metropolitan areas.



## Brief History of the Country

The history of Argentina began in 1776, with the creation of the Viceroyalty of the Río de la Plata, the name given to the colonial territories of Spain. In 1810, Argentina initiated a process that led to independence in 1816, although for over sixty years, there were internal battles for Customs income control, monopolized by the Province of Buenos Aires.

After this period of civil war, the country began a process of modernization in 1880, with the creation of new public institutions and efforts to build a foundation to incorporate the country into the international system of division of labor as an agricultural commodity producer. At the beginning of the twentieth century, Argentina followed an agro-export economic model which turned it into a leader in the world economy.

This model was based on three pillars: a) high prices of commodities, b) the incorporation of extensive croplands to the production process, and c) the incorporation of hundreds of thousands of relatively highly skilled immigrants to the labor market.

Between 1930 and 1983, there was a period of institutional instability, characterized by rotating civilian and military governments.

In the thirties, the effects of the Great Depression severely affected the country, essentially due to a drop in trade and export volumes. From the beginning of the fifties into the seventies, Argentina changed its economic model to substitute imports, in an attempt to create an industrialized economy. In the seventies, under a new military regime, the country adopted an open economic model, eliminating mechanisms to protect industry.

Once democracy returned in the early eighties, the country faltered in finding a clear path to growth. GDP was stagnant, as in most Latin American countries, with periods of hyperinflation toward the end of the decade. At the beginning of the nineties, Argentina adopted a convertibility plan with a pegged exchange rate. Many of the country's public utility companies were privatized during this decade. After the 2001-2002 economic and social crisis, convertibility and the pegged exchange rate were abandoned and replaced by a controlled floating rate

system. During the first decade of the twenty-first century, Argentina experienced rapid growth driven mainly by commodity exports.

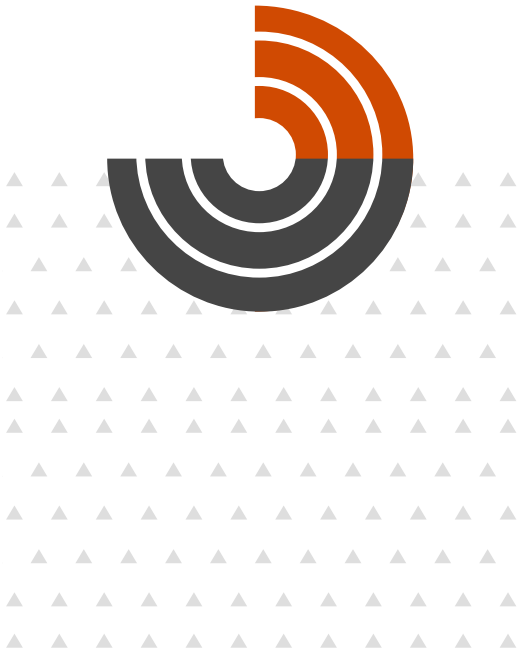
During the period 2003-2011, the country's GDP grew at an average rate of almost 8%. As from 2012, the economy recorded a strong deceleration, with a 2012- 2016 compound annual growth rate (CAGR) of 0.08%, always at constant prices. This drop was mainly caused by the growing imbalances in both the internal and external sectors.

During Mauricio Macri's presidency, the country returned to the international scene, and, in 2018, Argentina chaired the G20 — a key international forum with other countries for discussion and decision making on the adoption of concrete solutions for the chief challenges of the global agenda.

However, in the last two years of his administration (2018-2019), the country went into a recession. In December 2019, Alberto Fernández took office as Argentina's new president. Thus, after the sharp decline in the world's economy in 2020, 2021 was expected to be a year of recovery. Although the economy expanded in 2022, a number of macroeconomic imbalances continued to have an impact on the country. At the end of 2023, Javier Milei took office,

proposing a new regime with a series of measures to restore macroeconomic balance. This situation raised the expectations of change in the face of the upcoming challenges for 2024.

Among the main announcements made by Milei, the dollarization and de-regulation of the economy to the extent possible, the reduction of public spending (already started in several areas), the aim of privatizing certain state-owned companies and the focus in the reordering of public account stand out. However, various political and social sectors and unions have started being strongly against these measures, as they do not agree with the adjustment proposed by the president.



## The Climate

The climate varies from subtropical in the north to sub-Antarctic in the south, featuring a wide temperate belt between these two extremes. The city of Buenos Aires and most of the other main cities and industrialized areas are situated in this temperate region, where maximum summer temperatures average between 27° C (81° F) and 32° C (90° F), with temperatures occasionally exceeding 38° C (100° F). Winters are relatively mild, with occasional frost. Snow and prolonged frost are rare, except in the western mountainous areas and in the south.



## Mineral and Energy Resources

Energy resources: oil & gas, holding the world's fourth and second largest unconventional reserves, respectively, and electricity, including generation from renewable resources, gold, copper, lithium, lead, zinc, natural borates, bentonite, clays, and construction stone.lead, zinc, natural borates, bentonite, clays, and construction stone.



## Education in Argentina

Public education in Argentina is tuition-free; however, to encourage high rates of school attendance, it is mandatory from the age of 4 to 18. Over twelve million students attend public and private schools and universities.

However, Milei's government intends to introduce significant changes in education as well. One of their proposals is that students would have to take an exam to accredit their level at the end of high school.

Another proposed change would be that students may opt for an exam or a leveling course to enter public universities, however, public universities for undergraduate studies will continue to be tuition-free for Argentines and permanent resident foreigners, even though a fee may be charged to foreigners; and a system of scholarships financed by agreements with other countries or foreign private institutions may be implemented as well.



## Prominent Industrial Sectors in the Major Cities

Petrochemicals, steel, foodstuffs, textiles, metalworking, cement, other construction materials, printing and publishing, glass, pharmaceuticals, industrial gases, agrichemicals, tires for vehicles, basic chemical products, and sugar.

Though Agriculture is the productive sector with the main and most dynamic assets, the knowledge-based economy is also a strong and promising area Argentina is focused on.

Area <sup>2</sup>	3,761,274 km <sup>2</sup>
Population	46,234,830 (estimated 2023)
Population per km <sup>2</sup>	16.7
Population growth per year	0,52%
Urban population	92%
Form of government	Republican, Representative and Federal
Language	Spanish
Currency	Argentine peso (\$)
Political division	24 autonomous provinces with their own political, administrative and economic administrations (23 provinces and the City of Buenos Aires)
Capital city	City of Buenos Aires

<sup>2</sup> Argentina is the second largest country in Latin America and the eighth largest in the world.

Sources:

INDEC. Estimates and projections made based on the results of the National Population, Households and Dwellings Censuses of 2010 and 2022-Update April 2024. (<https://www.indec.gob.ar/indec/web/Nivel4-Tema-2-41-165>)  
Official website of the Argentine State, 2024 ([Argentina.gob.ar](https://www.argentina.gob.ar))  
Structure of the State ([mapadelestado.jefatura.gob.ar/ministerios](https://mapadelestado.jefatura.gob.ar/ministerios))





## Political and Legal System

### Major government authorities since December 10, 2023:

President <sup>3</sup>	Javier Milei
Vice President	Victoria Villarruel
Minister of Economy	Luis Andrés Caputo
President of the BCRA <sup>4</sup>	Santiago Bausili

<sup>3</sup> The President is both the Chief of State and Head of Government

<sup>4</sup> The Central Bank of Argentina

## Brief Description of the Legal Framework

Argentina has a federal, republican form of government.

The federal government consists of an Executive Branch, headed by the President, a Legislative Branch in the form of a Congress — which is divided into two chambers, the Senate and the Chamber of Deputies —, and a Judicial Branch. Provincial governments are generally organized along similar lines.

## Legislative Branch

The National Congress is made up of 72 seats in the Senate and 257 seats in the Chamber of Deputies. All members are elected by direct vote<sup>5</sup>.

<sup>5</sup> One-third of the members are elected every two years for a six- year term to the Senate, and one half of the members are elected every two years for a four-year term to the Chamber of Deputies.



## Economy

The year 2023 presented challenges and imbalances. The drought, the failed agreement with the IMF, the surge in inflation, the exchange rate devaluation, and the electoral dynamics played an important role in the economic results of the period under analysis.

Once again, the drought took center stage during 2023, resulting in a drop in the production of the main agricultural products. This would bring not only imbalance in the external sector and pressure on the BCRA's international reserves, but also a strong contraction in tax revenues, with a reduction in real terms of 58.4% in export duties compared to 2022. The BCRA's reserves averaged USD 30.92 billion in 2023, compared to the average USD 39.38 billion recorded in the previous year. However, it is noteworthy that the average for December was USD 21.81 billion, which shows a decreasing trend.

In this context, the first quarter of the year saw the failure to fulfill two of the key objectives set in the arrangement under the Extended Fund Facility with the IMF. The unfulfilled objectives were those relating to the primary fiscal deficit and to international reserves. Meanwhile,

the goal of BCRA's financial assistance to Treasury was attained, although it would fail in the months to follow.

During the first months of 2023, inflation accelerated due to various factors, including the issue of pesos by the BCRA in response to the implementation of the “Soybean Dollar” at the end of 2022. As a result, higher expectations of price hikes and increases in spending financed by issuance were formed in the context of an election. Consequently, the long-standing portfolio dollarization phenomenon that takes place during election years quickened, leading to a jump of unofficial exchange rates in mid-April.

In this scenario, the Primary, Open, Simultaneous and Mandatory elections (PASO) were held in August. The winner was Javier Milei, the candidate for La Libertad Avanza political party. Even though this unexpected outcome showed the population's desire for change, it also increased volatility and uncertainty.

Additionally, on the Monday right after the PASO, the BCRA devalued the currency by 22%, bringing the wholesale exchange rate to 350 pesos per dollar. As a result of such



<p>devaluation, nominal values increased. First, unofficial exchange rates rose, and the gap widened. The combined effect of devaluation and expansion of the PAIS Tax — 7.5% for imports of goods — was fully passed through to prices in August and September (recording monthly inflation rates of 12.4% and 12.7%, respectively).</p>	<p>primary expenditures, which accounted for 19.8% of GDP and increased by 123% year-on-year. It is to note that average inflation for the year was 133%.</p>	<p>which accounted for a 24.5% decrease in US dollars compared with 2022. This was the result of reductions in both export volumes (16.4%) and prices (9.4%). Imports reached USD 73,72 billion and showed a drop of 9.6% year-on-year, with decreases in both prices (5.4%) and volumes (4%). This resulted in a trade deficit of USD 6.93 billion.</p>	<p>trend due to the reduction in value resulting from the negative interest rate.</p>
<p>Once again, the outcome of the general election came as a surprise by placing the official candidate first but leaving the definition for the second round. Moreover, the formation of the legislative power was decided at this election.</p>	<p>Tax revenues, in turn, showed increases of 152.4% in VAT, net of refunds, 151.1% in other taxes, 128.2% in tax debits and credits, and 125.1% in social security contributions. Furthermore, the main primary expenditure items recorded increases of 143.3% in operating expenses and sundry expenses, 118% in social security and welfare payments, and 86% in economic subsidies.</p>	<p>Prices suffered an increase of 211.4% year-on-year at December, while the average exchange rate for December 2023 depreciated 271.3% compared to the same month of the previous year, thus reaching the maximum gap, around 180%, in the last month of 2023.</p>	<p>Parallel to this, the National Executive Branch issued an Emergency Decree (DNU) and summoned the National Congress for extraordinary sessions to discuss an “omnibus bill” including comprehensive deregulations and the repeal of laws and sectoral economic regimes, major amendments to the Civil and Commercial Code and Customs Code, reforms to the electoral system and to labor legislation, among others. However, during negotiations with the Legislative Power, the approval of these measures faced many obstacles.</p>
<p>Finally, the candidate that took office for the next four years in the country was decided in the last quarter of the year. Thus, Javier Milei became president on November 19, winning with a larger margin than predicted. After taking office, the new president announced a series of measures to restore macroeconomic balance.</p>	<p>As regards economic activity, GDP fell by 1.6% in 2023. The Monthly Estimator of Economic Activity (EMAE) recorded an average drop of 1.6% year-on-year in 2023. When analyzing sectoral behavior, it is noted that 8 out of the 16 economic sectors showed contractions in 2023. The sectors showing the highest drops include agriculture, livestock, hunting, and forestry (20.2%); fishery (6.1%); and financial intermediation (3.7%). Furthermore, the activities recording the highest positive variations include hotels and restaurants (7.5%), mine and quarry exploitation (7.2%), and education (2.7%).</p>	<p>The new administration came with various measures, one of the first being a 54% devaluation of the official exchange rate, bringing it down to ARS 800/USD 1. Further, the BCRA reduced the monetary policy rate to a strongly negative range in real terms and announced a crawling peg policy of 2% per month for the official exchange rate, intended to encourage carry trade and restore reserves. Furthermore, as part of the monetary reorganization, efforts were made to clean up the Central Bank’s balance sheet. To this end, it stopped the issue of Leliqs and of pesos to finance the Treasury. It is noteworthy that Leliqs were replaced with repo transactions, but with a decreasing</p>	<p>From a fiscal standpoint, the measures applied by the new administration followed a shock approach. The objective, which has been fulfilled in the two first months of the year, is to reach financial budgetary balance in 2024 by reducing expenditure and raising taxes.</p> <p>In the financial system, these actions have proven successful and, in a sense, have been anticipated by the market. The foreign exchange gap was reduced to its minimum value in the last 5 years; the BCRA started to purchase foreign currency; and country risk is showing downward signs. Inflation has started to decline faster than anticipated</p>





but, naturally, with a strong impact on the level of activity that is beginning to be felt. Looking to 2024, it can be said that Argentina has another challenging year ahead. The fundamental objectives are to maintain the fiscal surplus, break the historical fiscal dominance, and reduce inflation. At the same time, structural reforms must be implemented to boost investment and replace fiscal adjustment as a dynamic component of aggregate demand, thus laying the foundations for the country to achieve sustained real growth.

Year	Real GDP in pesos	GDP growth
2015	721,487	2.7%
2016	706,478	-2.1%
2017	726,390	2.8%
2018	707,377	-2.6%
2019	693,224	-2.0%
2020	624,591	-9.9%
2021	691,535	10.7%
2022	725,810	5.0%
2023	714,556	-1.6%

Balance of payments figures in dollars												
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Current account	Total	13,124.37	9,179.03	17,621.99	15,104.79	31,151.35	27,083.61	3,492.48	2,688.36	6,644.50	4,290.12	21,493.97
	Goods	4,635.24	5,541.47	785.18	4,416.16	5,447.06	743.23	18,233.72	14,630.70	18,695.60	12,352.54	2,936.80
	Services	5,328.92	4,641.29	5,815.04	8,451.66	9,695.44	8,935.27	4,843.17	2,536.28	3,602.13	6,909.37	6,278.00
	Interests	13,164.83	11,613.85	12,104.60	12,192.21	16,380.28	18,650.23	17,732.16	10,505.58	9,851.71	11,858.20	14,253.31
	Current transfers	734.13	1,534.64	1,082.83	1,122.92	371.43	1,245.12	849.13	1,099.52	1,402.74	2,124.91	1,974.14
Financial account	Total	16,164.90	9,320.67	18,497.85	13,964.06	31,273.19	28,035.82	5,119.27	1,362.12	4,409.52	7,549.57	26,053.65
Net errors and omissions		3,073.94	198.44	927.79	774.92	294.88	1,063.29	1,910.73	1,491.00	2,487.87	3,438.98	4,701.18
Variation in international reserves		11,823.76	1,195.11	4,905.97	14,311.24	14,555.71	11,276.89	21,374.56	7,727.17	105.81	6,919.77	21,674.97



2

# Investment and Challenges in Argentina



## Investment Climate

2023 was challenging for Argentina in terms of macroeconomic and political uncertainty. However, 2023 ended — and 2024 started — with a very positive shift in expectations after the victory of Javier Milei in the presidential elections.

Argentina has recently faced continued macroeconomic volatility and poor performance. 2023 ended with a 211.4% yearly rate of inflation, contraction of activity of 1.6%, negative net international reserves, a devaluation of the Argentine peso exceeding 350%, a spread between the official foreign exchange rate and the blue chip swap foreign exchange rate that averaged between 100% and 200% during the year (and ended in the range of 20%-30%), and poverty levels above 50%.

Regarding politics, the year was marked by the presidential elections that began in August with the primary elections and ended in November with the victory of Javier Milei who obtained more than 55% of the votes in the presidential run-off, and his swearing-in on December 10. The new president

is a libertarian economist with a marked business-friendly approach that favors fiscal discipline and shrinking the size of the state. The new administration has the objective of making the structural changes that the country needs to normalize the economy and return to a sustainable growth path. The first measures include correcting the lag in the official exchange rate, a rigorous fiscal adjustment, a proposal for the deregulation of key sectors of the economy, and the announcement of the privatization of public companies and assets. The focus is to reduce inflation, fiscal deficit and the high levels of intervention in the economy, and to eliminate foreign exchange controls. In the long-term, Milei has announced plans to dollarize the economy.

Some of these measures have already been applied, while others require the approval of Congress, which is an important challenge for the government due to its low representation in the Chambers. The government will have to continue to work on agreements and consensus with the different political spaces in order to pass relevant reforms – the legislative agenda will be key going forward.

The plan of the government has shown the first results in 2024. On the upside, in the first two months of the year, there were both fiscal and current account surpluses; the Central Bank managed to accumulate more than USD 10 billion in international reserves; the country risk dropped below 1,300 points – a minimum that had not been reached since September 2021 –; and the Argentine peso appreciated in the blue chip swap market, reducing the exchange rate spread to below 20%. On the downside, economic activity has experienced a significant drop in the first months of the year, as a result of the economic adjustments. Additionally, the exchange rate corrections and price control liberalizations accelerated inflation, which – after an initial big spike – is now on a declining path (monthly inflation was 25% in December 2023, 20.6% January 2024, 13.2% February, 11.0% March, 8.8% April, and the second semester is expected to have single digit monthly inflation).

However, market expectations are positive. Even though it is forecasted that inflation will be in the range of 200% for 2024, it is expected to be below 40%-50% for 2025. Likewise, economic activity is expected to

record a decline in GDP of around 2.6% for 2024, with a significant turnaround and some analysts projecting a 7.9% rebound in 2025.

The announced measures have been well received by the market and investors. The IMF has also been supporting the government's plan, and new disbursements could be expected in the coming year. If the government continues its current economic path, analysts expect that foreign exchange controls could be lifted in the second semester of 2024 or 2025 – a move that should attract new investments in the country.

With regard to investment drivers, and considering the aforementioned context, Argentine assets have slowly begun to appreciate, also aligned with the drop in country risk and the appreciation of the foreign exchange. However, valuations of companies and assets continue to be below their regional and international peers and therefore continues to be an opportunity to acquire assets in Argentina at attractive values.



Privatization initiatives and the new public-private infrastructure investment model that the government is introducing should also be important areas of investments in the short and medium-term.

It is well-known worldwide that Argentina has abundant natural resources, especially in the food, agriculture, mining, and energy (including renewable energy and oil & gas) sectors and a rich talent base, with a well-educated middle class, and an active entrepreneurial business community.

It also has a well-developed industrial sector, a strong domestic market, and has positioned itself as a regional hub for IT development and investment, creating a very interesting platform for sustainable growth in the region.

Argentina's potential coupled with the ongoing shift towards a market-friendly economy should draw interest from international investors. However, investment flows will most likely not come immediately, but rather gradually, as the new government progresses in the different areas it is working on – regulatory, macroeconomic, fiscal, labor, etc.

**Sources:**

Consumer Price Index, March 2024 – INDEC

Econviews Monthly Report, March 2024

Benchmark Exchange Rate Communication “A” 3500 – BCRA

<https://www.ambito.com/contenidos/riesgo-pais.html>  
<https://eleconomista.com.ar/economia/el-riesgo-pais-quebro-barrera-1500-puntos-llega-valor-mas-casi-tres-anos-n71944>

<https://www.infobae.com/economia/2024/04/04/el-banco-central-compro-casi-usd-500-millones-en-un-mercado-con-fuerte-liquidacion-de-exportadores/>

<https://www.pwc.com.ar/es/publicaciones/fusiones-adquisiciones-perspectivas-argentina.html>



# Industry Highlights



## Energy

### Oil & Gas

In recent years, Oil & Gas has been one of the most dynamic sectors of the Argentine economy. The country has the second largest reserve of shale gas and the fourth largest reserve of shale oil, according to the latest available data from the United States Energy Information Administration (EIA).

Argentina is already self-sufficient in crude oil and is on track to become self-sufficient in natural gas. The development of the Nestor Kirchner Gas Pipeline in 2023 will contribute to the saving of about USD 2 billion in gas imports by 2024.

Crude oil production hit the record in 2023 compared with the last decade, amounting to more than 230 million barrels (630,000 b/d), a 9% year-on-year increase and more than 16% growth since 2013. This is mainly explained by the high growth rate of the unconventional shale oil & gas segment

(which includes the Vaca Muerta formation), whose production represents 48% of the total and grew around 25% relative to 2022.

More than 30 foreign oil and gas companies operate in Argentina, including ExxonMobil, Chevron, Petronas, Tecpetrol, Vista Oil & Gas, Pan American Energy, CGC and Shell, among others.

The majority state-owned company YPF, which is the main local player, has already announced USD 3 billion in investments in Vaca Muerta for 2024, with the objective of boosting its production by 24%. The Company also plans to divest mature oil fields (mainly in the San Jorge basin), which will most likely drive M&A investment for independent E&P players.

Vaca Muerta, located in the Patagonia region, produces 300 thousand barrels of crude oil per day and has the potential to quintuple this output to 1.5 million b/d in 6 to 7 years. Therefore, Argentina has the potential to become a major supplier of natural gas to the Latin American region and beyond if it manages to develop the potential of its shale resources.

To achieve this growth and transformation, it is crucial for the new government to implement an attractive regulatory and investment framework. This includes energy prices in line with international standards,

unrestricted exports, and lifting exchange rate controls to access foreign currency to repay investments. These deregulation and macroeconomic correction initiatives are expected to provide a more favorable environment and facilitate significant growth in the sector in the coming years. Oil & Gas should be one of the main destinations for investment in the country in the upcoming years.

### Mining

The mining industry in Argentina represents a great opportunity given its relevance and development potential. This is one of the sectors that has recorded the highest growth rates in the country in recent years, achieving exports of more than USD 4 billion in 2023.

Driven by its “Strategic Mining Development Plan”, Argentina seeks to double mining exports, exceeding USD 8.5 billion by 2026. To this end, an investment promotion system is in place, which will provide long periods of fiscal stability, among other tax benefits.

There are currently about 187 active mining projects in the country. Lithium, gold, and silver account for ~76% of the total. Exploitation is concentrated in 5 provinces, with lithium and copper predominating in the north-west, while gold and silver are the most prominent in the south.



Lithium is one of the subsectors with the greatest potential — about USD 4.3 billion in investments have been announced in the period 2020-2022. Argentina holds the world second largest lithium resources in the world (~22 million tons) and is the fourth largest producer. In addition, Argentina along with Bolivia and Chile are based on the so-called “lithium triangle”, a region that contains more than 65% of the world’s lithium reserves.

Copper is another key subsector (as a reference, Chile, a neighbor of Argentina, is one of the largest copper producers in the world). Argentina has 20 advanced-stage projects and more than 75 Mt of identified resources. Josemaría, one of the main projects, is expected to produce 131,000 tons per year, while El Pachón, located in San Juan, is one of the largest copper projects in the world.

## Renewable Energy

Wide areas of land with abundant wind, solar radiation, and water have allowed Argentina to position itself as a key player in renewable energy. The country currently occupies the 4th position in renewable energy production in the Latin American region, with a total installed capacity close to 5 GW. This is

supported by more than 200 operational projects that supply the electricity demand of nearly 6 million homes.

In 2023, more than 14% of total electricity demand was supplied from renewable sources (even exceeding 16% in a milestone in August). Therefore, Argentina continues to make progress towards its goal of reaching 20% of electricity supply with renewable sources by 2025.

Top national companies such as Pampa, Genneia, YPF Luz and Vestas are currently investing in the sector, while important players worldwide have already expressed their interest in the Argentine potential, especially in wind energy – the main source of renewable energy that explains more than 70% of total generation.

With the aim of consolidating its energy development and receiving a greater flow of foreign investments, in addition to generating the proper investment and macroeconomic conditions for investors, Argentina must expand its transport system by creating new high-voltage power lines that allow it to maximize its generation potential.

### Sources:

[https://www.clarin.com/economia/importaciones-gas-caen-us-210-millones-gasoducto-vaca-muerta-recesion\\_0\\_VuiU5rurhD.html](https://www.clarin.com/economia/importaciones-gas-caen-us-210-millones-gasoducto-vaca-muerta-recesion_0_VuiU5rurhD.html)

<https://eleconomista.com.ar/energia/la-tendencia-shale-oil-parece-irreversible-frente-una-produccion-convencional-sigue-declino-n71972>

<https://www.infobae.com/economia/2024/03/07/ypf-anuncio-la-inversion-mas-grande-de-su-historia-en-vaca-muerta-por-usd-3000-millones/>

<https://www.spglobal.com/commodityinsights/es/market-insights/latest-news/oil/032024-ceraweeke-argentina-vaca-muerta-has-potential-to-quintuple-oil-output-techint-ceo>  
<https://www.upstreamonline.com/production/tapping-vaca-muerta-shale-could-turn-argentina-into-net-gas-exporter-says-shell/2-1-1563240>

<https://buenosairesherald.com/business/energy/argentine-oil-sector-well-invest-us15-bn-if-omnibus-bill-passes>

### INDEC

[https://www.indec.gob.ar/uploads/informesdeprensa/ipi\\_minero\\_04\\_248DEE33DF9B.pdf](https://www.indec.gob.ar/uploads/informesdeprensa/ipi_minero_04_248DEE33DF9B.pdf)

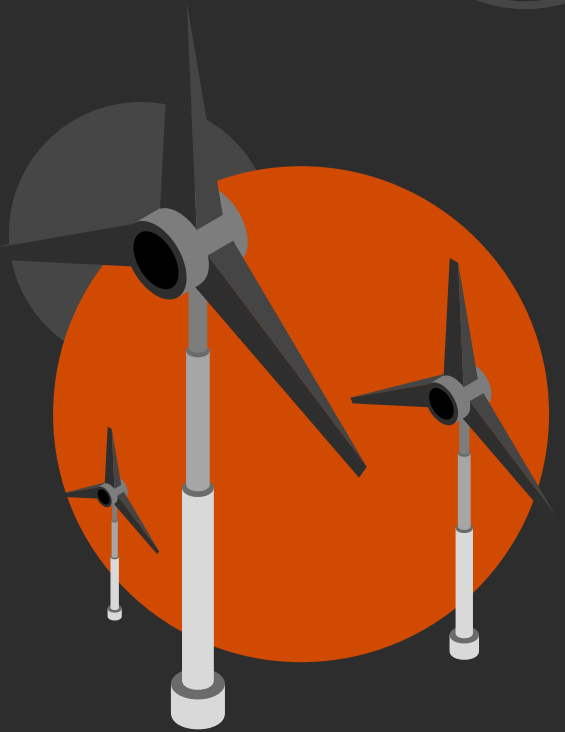
Ministry of Productive Development  
Secretariat of Mining

<https://epre.gov.ar/web/el-futuro-de-las-energias-renovables-en-argentina-nuestro-pais-ha-sido-bendecido/>  
<https://www.infobae.com/inhouse/2023/09/29/energias-renovables-cuales-son-las-obras-claves-para-el-desarrollo-eolico-en-la-argentina/>

<https://www.argentina.gob.ar/noticias/nuevo-record-de-generacion-de-energias-renovables#:~:text=En%20agosto%20de%202023%20se,%2C%20con%201.909%2C1%20GWh>

<https://www.ambito.com/energia/renovables-la-argentina-puede-protagonizar-la-transicion-energetica-mundial-n5811607>

<https://cammesaweb.cammesa.com/erenovables/>







## Agribusiness

Argentina is a leading world player in the grain and food sector, ranking among the key global producers of soybean, maize, wheat, sunflower, sorghum, and beef. With just over 42 million hectares of arable lands (6th in the world), the country produces almost 130 million tons per year and exports about 70% of its production – Argentine commodities are highly relevant for international trade.

Agribusiness has historically been one of the most dynamic areas of the Argentine economy due to its export profile, which generates around USD 32 billion per year in revenue – more than 60% of total national exports.

Soybean and corn complexes accounted for more than 30% of total Argentine exports in 2023, totaling more than USD 20 billion. It is important to note that the agricultural sector in Argentina was affected by a drought that reduced production by about 40% compared to the previous year.

The outlook for the sector is optimistic in the upcoming 2023/24 season. Analysts are forecasting a total production of around 134 million tons, a +70% increase compared to the previous season.

The agricultural sector in Argentina is commonly affected by the imposition of foreign exchange controls that occasionally affect its profitability. For this reason, special exchange rates were applied in 2023 for exports of soybean and other agricultural products to encourage exports and boost foreign currency inflows.

However, with the recent change of government, further market liberalization is expected in the medium-term, including the removal of exchange controls, and ultimately reducing export taxes. These measures are expected to have a favorable impact on the competitiveness of all export complexes, acting as an important driver for continued growth in the sector.

—  
**Sources:**

<https://datos.bancomundial.org/indicador/AG.LND.ARBL.HA?locations=AR>

[https://www.indec.gob.ar/uploads/informesdeprensa/complejos\\_03\\_24B0330413F2.pdf](https://www.indec.gob.ar/uploads/informesdeprensa/complejos_03_24B0330413F2.pdf)

<https://www.bcr.com.ar/es/mercados/investigacion-y-desarrollo/informativo-semanal/noticias-informativo-semanal/el-agro>

<https://www.expoagro.com.ar/campana-gruesa-2023-24-se-espera-un-crecimiento-del-70-respecto-de-la-campana-anterior/>



## Technology

Argentina has emerged as a prominent technology hub in the region, driven by increasing levels of digital transformation and supported by a well-prepared workforce: the professionals in the sector possess advanced technological skills, speak English fluently, and many of them begin working before completing their studies. Moreover, Argentina’s society exhibits high levels of entrepreneurship and openness to adopting new technologies and solutions. This environment has positioned Argentina as an innovation testing ground for products that later gain international traction. The sector benefits from certain fiscal, regulatory, and exchange rate advantages.

This strength has allowed the country to boost at least 11 technology-based unicorns, including notable examples like MercadoLibre and Globant. Additionally, Argentina has the largest number of Deep Tech startups in the region, with 103 companies (about 30% of the total).

The development of the country’s digital infrastructure has been key to fostering widespread connectivity. Approximately 9 out of 10 Argentines have access to both

cell phones and Internet, which led to a migration from traditional to virtual channels for financial and commercial transactions.

—  
**Fintech**

Despite the country’s economic difficulties, the Fintech ecosystem in Argentina is one of the best developed and fastest growing in the region, with more than 330 companies operating in the sector. Until 2020, Argentina’s fintech ecosystem was dominated by loan providers; however, this trend has changed and digital payment platforms – such as MercadoPago – are currently the main development focus. As a reference, in 2023, more than 60% of adult Argentines had at least one Fintech account, while two out of three money transfers included a digital account.

Employment in this industry has been growing rapidly. In 2023, a 9.9% growth in employment was achieved, exceeding 34,000 people, while in the last seven years the compound annual growth rate has been of 40.6%.

The industry has a lot of growth potential/ potential for future growth if Argentina manages to resolve its economic imbalances, allowing to complement the transactional business with the financing business, which is currently limited. The deregulation promoted by the new government will also



benefit this sector – as an example, it has recently been announced that it will be possible to pay bus and train fares with any debit/credit card, digital wallet, or similar technologies, in addition to the government SUBE card that had the monopoly until now.

## E-commerce

With an estimated total of more than 23 million online buyers in 2023, this sector has made great progress in recent years and has one of the highest estimated annual growth rates (~21%) in the Latin America region, driven by growing mobile operations. It has focused on developing greater technological, operational, and organizational capabilities, making it possible to provide better service levels, with shorter and more accurate delivery times and digital payment methods. The challenge will be to satisfy ever more demanding and experienced users in the future.

In 2023, the industry invoiced more than USD 26.3 billion, representing an increase of +23% compared to 2022. In addition, 234 million purchase orders and 489 million products were recorded (+11% and +16% versus 2022).

## Software

Argentina has positioned itself as a country that can offer high quality software and IT solutions. It has a well-developed consulting and outsourcing market that has been growing steadily, with many businesses and independent professionals based in Argentina providing services abroad. The Argentine time zone is another advantage, since it is only an hour ahead of New York, allowing schedules to be adjusted more easily.

This industry exported more than USD 2.5 billion in 2022 and generated ~35 thousand new jobs in the last two years – it employed more than 140 thousand people in 2023. The outlook includes exports of USD 10 billion by 2024 and employment growth to 500 thousand people by 2030. One of the successful cases is Globant, a global technology company listed in NASDAQ that has over 27,000 employees and is present in more than 25 countries.

### Sources:

Sources:  
<https://www.forbesargentina.com/innovacion/argentina-lider-deep-tech-latam-registra-103-startups-valuadas-us-1900-millones-n36645>

<https://camarafintech.org/informacion-de-la-industria/>  
<https://camarafintech.org/las-transacciones-con-tarjetas-prepagas-crecieron-161-en-2023-en-la-argentina/>

<https://www.infobae.com/economia/2024/03/31/las-fintech-ya-generan-35000-empleos-mientras-baja-la-cantidad-de-trabajadores-bancarios/>

<https://cace.org.ar/archivo-de-informes/>  
<https://www.cronista.com/negocios/preven-un-crecimiento-record-del-comercio-electronico-en-la-argentina-cuanto-se-espera-que-mueva-en-2026/>

<https://www.forbesargentina.com/negocios/que-tendencias-marcaran-camino-ecommerce-2024-n48152>  
<https://www.cronista.com/columnistas/el-potencial-transformador-de-la-industria-del-software-en-la-argentina/>

<https://www.somospymes.com.ar/tecnologia/la-industria-del-software-creo-35-mil-nuevos-empleos-dos-anos-n5391531>

<https://www.argentina.gob.ar/sites/default/files/ioec27.pdf>





## Real Estate

Real Estate in Argentina has historically been considered as a value reserve for local investors, during periods of macroeconomic and foreign exchange instability, making it a dynamic industry that captures important investments (mainly local investors) and that still has a lot of room to grow.

The main real estate market in the country is Buenos Aires but other cities/provinces have grown as well, such as Neuquén (due to the development of the Oil & Gas boom in that region).

Real estate prices dropped dramatically between 2019 and 2023 – in some areas by as much as 40%-50% – as a result of the economic volatility. Since the change of government, property prices have been gradually recovering and are expected to continue on an upward trend, but it is still possible to acquire properties at prices that are historically low.

The economic cycle and the movement of relative prices generally produce a shift between investments in finished properties versus new housing construction. Between 2021 and 2023, there was a big flow of investments directed towards new construction, mainly because there was a

lot of pesos in excess in the market, and this type of investment represents a natural currency hedge for investors. However, and also as a result of the change in government, this trend has gradually started to change in 2024, with greater focus on finished properties, since new construction is now more expensive measured in dollar terms, and finished property prices continue to be comparatively low. In addition, 2024 saw a reactivation of the rental market due to the repeal of the Rental Law No. 27551, which, among other aspects, had set limits to price adjustment clauses of rental contracts and prohibited contracts in foreign currency. Now, price adjustments and currency are free to be set by landlord and tenant. This will also be an important driver of recovery for the sector.

There is another big opportunity for growth via the mortgage market. In Argentina, mortgage loans represented less than 0.2% of GDP in 2022. As the economy stabilizes, mortgage loans should increase – allowing the younger segments of the population to become first-home owners, which should directly boost transactions in the real estate sector. Today, in the absence of mortgage loans, the main credit financing alternative available is private construction, in which consumers acquire properties paying monthly instalments as they are being built.

In terms of population trends, the cities have repopulated again after the exodus to open places as a result of the COVID-19

pandemic. However, there has been a change of habits toward greater contact with nature and a healthier lifestyle – preference for suburban poles that combine housing, commercial shops, and work spaces. This generates new challenges and opportunities in designing and rethinking large cities to adapt them to the new needs of inhabitants.

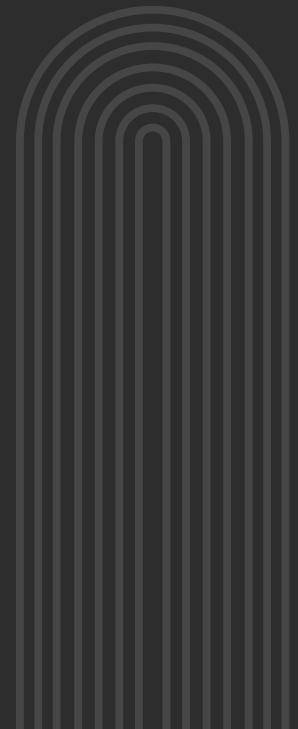
The shopping mall market in Argentina is also transforming, with a focus on adapting to global trends and expanding into new areas of the country to meet the needs of growing suburban communities. The country has 180 shopping centers in 20 provinces, with more than 2.3 million square meters of area suitable for rent. In addition, 18 new projects are being developed in 7 provinces.

Argentina has also seen a recovery in the office sales market, driven by institutional and corporate investors seeking refuge in real estate assets.

The retail market in Buenos Aires has also shown signs of recovery and growth in 2023: the vacancy rate has declined, leaving behind the effects of the pandemic and reaching its lowest point since 2018. In the logistics sector, the market of premium logistics centers has maintained a stock of around 1.8 million square meters in 2023, with a vacancy rate at the lowest point in the last three years (4.4%).

### Sources:

- <https://thelatininvestor.com/blogs/news/argentina-real-estate-market>
- <https://www.ambito.com/negocios/real-estate-expertos-del-sector-inmobiliario-repasaron-el-2023-y-dan-sus-perspectivas-2024-n5900483>
- <https://www.ambito.com/negocios/real-estate-nuevas-tendencias-y-el-cliente-en-el-centro-n5867148/>
- <https://www.cronista.com/columnistas/recuperacion-y-desafios-el-mercado-inmobiliario-de-oficinas-retail-y-logistica-en-buenos-aires/>





# Infrastructure

In the field of public infrastructure, Argentina presents great opportunities. The size of the country with a large number of well-populated cities, in addition to the productive sector distributed throughout the territory and the need to have access to the sea via different ports make it necessary to continue developing and improving inland, river, and air transportation routes.

The country has around 240 thousand kilometers of vehicular routes, of which less than 10% are highways. Regarding port activity, most exports are concentrated in the Rosario region (Paraná – Plata waterway) through ports that currently require structural improvements to maximize the use of ships’ cargo capacity. It is also necessary to improve rail and truck routes to the port area to be in line with the expectations of growing exports in the coming years.

The improvement of access routes to the city of Buenos Aires could also be considered to better meet the needs of the increasing flows of income and exit of automobiles. The subway is another key sector of the city that requires investments to boost the quality of

service and connectivity – there are currently six lines, five of which were developed before 2000.

The new government is expected to reduce its activity as a funder of public works, enabling the private sector to play a central role in the promotion and development of new projects. A new regulatory framework for private investment should be presented by the government during 2024. However, high levels of investments in infrastructure, which normally require long-term investment returns, will be dependent on Argentina succeeding in stabilizing its economy.

Sources:

<https://www.infobae.com/opinion/2024/03/21/el-desarrollo-de-infraestructura-obra-publica-a-la-chilena-o-a-la-argentina>

<https://eleconomista.com.ar/economia/los-desafios-infraestructura-argentina-siglo-xxi-n63839>



# Tourism

Argentina is the most visited country in South America due to its vast territory, wide diversity of climates and landscapes, and cultural heritage – it holds 12 UNESCO World Heritage Sites that make up some of the country’s main tourist attractions, like the Perito Moreno Glacier and the Iguazu Falls. Argentina is also characterized by the value of its human capital and an adequate air and land transportation network.

These strengths, along with certain incentives that the sector received, led the country to recover pre-pandemic tourism levels. In 2023, 6.7 million foreigners visited Argentina (+85.7% compared to 2022), generating revenues of more than USD 4 billion to the sector.

Regarding international tourism, until 2023, the devaluation of the Argentine peso had also been a driver for the inflow of foreign tourists; in many areas, prices/costs in dollars in Argentina are lower than in other countries. With the change of government, and the appreciation of the peso, cost advantages have retracted in some areas, but continue to be competitive in others. In

the past few years, digital nomad immigration in Argentina has also increased, fueled by visa requirements to work and travel in Argentina, which in general are not complex, but rather friendly toward immigrants (there is a special digital nomad visa).

The inflow of international tourists is supported by the government through incentives such as the program “Natural Route”, which seeks to develop and promote nature tourism during all seasons. Currently, Argentina is also looking to expand its strategic air routes to enhance regional connectivity, with the aim of increasing international tourism. The government is implementing deregulation measures for the air travel industry, which should benefit the tourism industry.

Sources:

<https://whc.unesco.org/en/statesparties/ar>

<https://www.infobae.com/america/agencias/2024/02/07/las-visitas-de-extranjeros-a-argentina-crecieron-en-858-en-2023/>

<https://massnegocios.com/cifras-historicas-el-impacto-economico-del-turismo-supero-los-4-000-millones-de-dolares/>



## M&A

During 2023, 89 M&A transactions were recorded in the country for USD 1.8 billion. The deal flow was the highest in terms of volume since 2019; however, it decreased by around 53% in terms of value – in line with global activity experiencing a strong retraction in M&A transactions.

The most active and dynamic sectors for M&A were Energy & Resources, TMT (Technology, Media, and Telecommunications), Food & Agribusiness, and Financial Services.

Buyers have typically been local players. However, in 2023, foreign buyers with existing operations in the country had an active role, mainly driven by the allocation of their cash surplus – opportunistic transactions encouraged by the exchange control system in Argentina.

Since 2020, there has been a trend of multinational groups divesting a part or their full operations in the country through M&A transactions, due to reorganization of global corporate portfolios and a greater perception of risk in the Argentine market – almost 70 deals of this type have been recorded since 2020. Nevertheless, this trend is expected

to change as the economy of the country stabilizes.

We expect that, with the normalization of the economy and the business-friendly approach of the new government, M&A deal flows should increase in the short and medium term. However, it is likely to be gradual, as investors need to confirm that predictability and stability are here to stay in Argentina. Key sectors for M&A investments include Oil & Gas, Mining, Technology, and Agribusiness, which have important resources and competitive advantages.

## Private Equity

Unlike the rest of the world, where financial buyers are very relevant (in 2023, they represented approximately 20% of global acquisitions and had USD +4 billion in capital available to place marketable securities), in Argentina they continue to maintain limited presence.

During 2023, less than 3 transactions were identified where a financial player was a buyer, which is related to the lack of financial and economic predictability in the country. If a permanent correction of these imbalances were successful, this situation could begin to reverse, and more presence of private equity players could be seen. In 2024, there has already been an increase of consultations and visits by foreign investor groups.

## Fundraising and Venture Capital

Argentina is a key player in Latin America in terms of entrepreneurship, technological innovation, and start-up creation. For example, the country has managed to combine its strength in agribusiness with the talent of its entrepreneurial arm, which has made it one of the leaders of the agtech and biotech segments. These sectors are joined by the software industry along with the fintech and e-commerce ecosystems, which has given rise to a hub of venture capital investments in the country.

A significant number of venture capital funds are actively operating in the country (such as NXP Ventures, Newtopia, Kaszek, Magma Partners, Alaya Capital, Draper Cygnus, among many others), in addition to venture funds created by corporate players such as MercadoLibre, Globant, and Sancor Seguros.

2024 is expected to be a transition period between the investment drive recorded in 2021-22 and the retraction experienced in 2023, with rational and sustainable investment strategies being the most likely winners. Segments such as AI, Fintech, Digitalization, and Web3 will be in the spotlight.

### Sources:

<https://www.pwc.com.ar/es/publicaciones/fusiones-adquisiciones-perspectivas-argentina.html>

<https://www.lexology.com/library/detail.aspx?g=4b5f074c-d611-442f-a3e7-31a7a6fe3589>







## ESG

With a growing concern in the community about the climate crisis, resource scarcity, social disparity, and inequality, the response of organizations in adopting a sustainability strategy is increasingly relevant and necessary. This agenda is set to be the new major vector of change and organizational disruption in the near future.

Not only consumers but also shareholders, investors, employees and stakeholders in general will continue to call for continuous improvements in environmental, social, and governance (ESG) performance, as well as the existence and quality of non-financial reporting by organizations.

To be successful, organizations must integrate the sustainability strategy with the corporate strategy, pursuing long-term value creation for both shareholders and society.

In Argentina, there are business groups, including both multinational and local groups, that are looking to adapt ESG initiatives to a sustainability strategy as part of their business models. Many of these companies see the opportunities that the country has to offer.

Argentina can become a relevant player in energy transition, linked to natural resources for renewable energy, such as wind and solar radiation, lithium and copper, and the ability to boost new technologies, such as the use of hydrogen. With a broader view, the country presents important opportunities in carbon markets and the mitigation of climate change, considering its potential in nature-based solutions as a greenhouse gas sink and a critical tool in addressing nature loss. These initiatives are already attracting investments all over the country.

**Sources:**

[https://www.pwc.com/kz/en/publications/new\\_publication\\_assets/esg-trends-in-2023-eng.pdf](https://www.pwc.com/kz/en/publications/new_publication_assets/esg-trends-in-2023-eng.pdf)  
<https://www.pwc.de/en/strategy-organisation-processes-systems/operations/global-esg-in-operations-survey.html>  
<https://www.pwc.com.ar/es/prensa/esg-summit-latam.html>



## Form of Foreign Investment / Structuring the Deal

In Argentina, both local and foreign investors enjoy extensive legal protection guaranteed by a range of national and international regulations to avoid double taxation and establish reciprocity. In fact, foreign investors follow the same procedures as domestic entities.

Foreign and domestic commercial entities in Argentina are regulated by Law No. 19550, which establishes the different types of commercial partnerships; the Argentina Civil and Commercial Code; and rules issued by the regulatory agencies. Further, foreign investments are regulated by Law No. 21382 and entrepreneurs can benefit from Law No. 27349 and its amendments.

According to/In accordance with the latest report issued by the World Bank, foreign direct investment inflows into Argentina in 2022 have been among the highest since 1999, totaling USD 15.4 billion. This value is 123% higher than the figure recorded in 2021 and about 77% higher than the average of the last ten years, which is in the range of USD 8.7 billion.

**Sources:**

<http://servicios.infoleg.gob.ar/infolegInternet/anexos/25000-29999/25553/texact.htm>  
[http://www.infoleg.gob.ar/basehome/actos\\_gobierno/actosdegobierno25-1-2010-2.htm](http://www.infoleg.gob.ar/basehome/actos_gobierno/actosdegobierno25-1-2010-2.htm)  
<https://www.argentina.gob.ar/normativa/nacional/ley-27349-273567/normas-modifican>  
<https://datos.bancomundial.org/indicador/BX.KLT.DINV.CD.WD?locations=AR>

# Foreign Trade and Customs Regulations



## ► Introduction

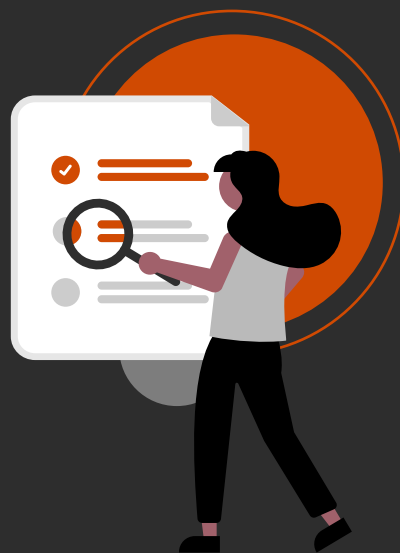
Since the new national administration took office in December 2023, changes have been brought about in the operation of the foreign exchange market (MLC), evidencing the flexibilization of previous foreign trade restrictions. Despite the total elimination of the Foreign Exchange Control System was announced, the measures adopted suggest that it will be gradual. To this date, the Foreign Exchange Control System, although more flexible, is still in force.

Accordingly, all transactions must be validated in the BCRA's online system before accessing the MLC.

It is noteworthy that for those transactions that imply an outflow of foreign currency and need prior formal approval from the BCRA, the possibility of obtaining it is still almost null.

From a customs point of view, different measures have also been implemented in order to promote international trade, such as levying duties on the export and import of goods, while applying duty-exemptions to exports of services.

Besides, the rules establish that any non-compliance with current foreign exchange regulations or evidence of a foreign exchange fraud could lead to the application of sanctions under the Criminal Foreign Exchange System ("RPC", for its Spanish acronym) implemented through Law No. 19359.



## Regulations on Outflows of Funds through the FX Market

Financial institutions may give access to the FX Market to individuals or legal entities ("Client") after verifying compliance with the general and specific provisions established for the relevant type of transaction.

Regarding the controls performed over outflows of funds in the FX Market, in addition to complying with the requirements in force for each specific transaction, prior formal approval from the BCRA will be required, unless the Client submits an affidavit evidencing that at the time of accessing the FX Market:

- all the Client's foreign currency holdings in the country are deposited in accounts opened with financial institutions;
  - the Client's foreign liquid assets and holdings of Argentine Deposit Certificates that represent foreign stocks ("CEDEARs", for its Spanish acronym) do not exceed an amount equivalent to USD 100,000 (one hundred thousand US dollars). This includes demand deposits in foreign financial institutions and other investments, such as investments in external public securities, crypto assets, etc.;
  - the Client undertakes to bring into the country and settle through the FX Market all funds received abroad from the collection of loans granted to third parties, the collection of term deposits, or the proceeds from the sale of any type of asset, and to convert them into local currency in the FX Market, within 5 (five) business days of their availability. This requirement is applicable if the asset has been acquired, the deposit created, or the loan granted after May 28, 2020.
- When requesting access to the FX Market, the Client must file an additional affidavit, stating that on the day access to the FX market is requested and in the prior 90/180 calendar days, the Client has not engaged in any of the following securities-related transactions and will not do so for the 90 calendar days following access to the FX Market:
1. sale in the country of securities issued by residents to be settled in foreign currency;
  2. exchange of securities issued by residents for external assets;
  3. transfer of securities issued by residents to foreign depository entities;
  4. acquisition in the country of securities issued by nonresidents to be settled in pesos;



- 5. private debt in foreign jurisdiction;
- 6. delivery of funds in local currency or other local assets —except funds in foreign currency deposited in local financial institutions— to any individual or legal entity, resident or non-resident, related or not, as a prior or subsequent, direct or indirect consideration for foreign assets, crypto assets, or securities deposited abroad (which are received either by the local company or by a related, controlled, or controlling entity).

In addition, if the Client is a legal entity, it must report a detail of the individuals or legal entities holding direct control over it. Besides, an additional affidavit must be filed indicating that on the day access to the FX market is requested and in the prior 90/180 calendar days , no funds in local currency or other liquid local assets —except for funds in foreign currency deposited in local financial institutions— have been delivered in the country to any individual or legal entity that exercises direct control over the Client, except for those directly associated with regular transactions between residents for the acquisition of goods and/or services.

If a local payment is made to direct parent companies in the 90/180 calendar days prior to accessing the FX Market, an affidavit from the parent must be filed in lieu of that mentioned in the previous paragraph,

indicating that said parent companies did not carry out the operations from i) to vii) listed above during the 90/180 calendar days prior to accessing the FX Market and that they will not carry out said operations in the 90/180 calendar days following the Client’s access to the FX Market.

This requirement will not apply to the repayment of loans in foreign currency granted by local financial institutions, including payments for expenses in foreign currency made with credit or purchase cards.



Financial Debts

Foreign currency derived from financial loans granted by non-residents does not need to be brought in and settled through the FX Market, unless the Argentine resident intends to access the FX Market in the future to repay principal and/or interest.

In the case of payment of principal and interest, the Client must prove that the amount of foreign currency that was brought in and settled through the FX Market is equivalent to the nominal value of the indebtedness, except for those cases expressly provided for in the regulations (i.e.,

indebtedness disbursed before September 1, 2019). Likewise, it must be demonstrated that the operation has been declared, if applicable, in the latest due presentation of the “Review of Foreign Assets and Liabilities”. Additionally, access to the FX Market must have taken place a maximum of 3 (three) business days prior to the expiration date of the principal or interest to be paid.

For the payment of financial debts from loans granted by non-related parties abroad with principal maturities scheduled between October 15, 2020, and December 31, 2023, it has been necessary to present a refinancing plan in which 40% of such debt can be paid through the FX Market and the remaining 60% can be refinanced, as a minimum, with a new debt of an average life of 2 years that complies with the requirements of the BCRA.

Companies holding financial loans granted by foreign related parties may not access the FX Market to repay principal abroad until December 31, 2024. While this restriction is in force, local companies can repay the principal of financial loans granted by related parties if:

- 1. the funds of the loan have been brought in and settled through the FX Market as from October 2, 2020, and the debt has an average life of not less than 2 (two) years;
- 2. funds have been used to finance projects

framed in the “Plan for the Promotion of Argentine Natural Gas Production”, and the other conditions provided for in the regulation are met;

- 3. the Client has a “Certificate of increased exports of goods” or a “Certificate for Access to Foreign Currency for Oil and/or Natural Gas Incremental Production”, for the equivalent of the amount of principal being paid;
- 4. the amount of principal and interest of financial indebtedness abroad could be paid at maturity by applying the amounts collected from the export of goods or services, if the requirements set forth in the regulation are met.

Finally, payment of interest to non-related parties can be made through the FX Market, provided that the loan funds have been brought in and settled through the FX Market; the operation has been declared in the “Review of Foreign Assets and Liabilities” affidavit; and access to the FX Market for payment occurs no later than 3 business days before the due date.





## Direct Investment System

There is no obligation for direct investment funds to be brought in and settled through the FX Market. According to the foreign exchange regulation, the interested party will only be able to access the FX Market for the repatriation of direct investments to non-residents when the capital contribution has been brought in and settled in the FX Market as from October 2, 2020, and the repatriation occurs at least 2 (two) years after the settlement of the capital contribution.

Additionally, all supporting documentation must be available to demonstrate that the legal mechanisms in force have been complied with. Likewise, evidence must be provided showing that the operation has been declared, if applicable, in the last “Review of Foreign Assets and Liabilities” affidavit filed.

If these conditions are not met, prior formal approval from the BCRA will be required.



## Dividend Payments

Financial institutions may grant access to the FX Market for the payment of profits and dividends to non-resident shareholders to the extent that the following conditions set out in the foreign exchange regulations are met:

- The debt has been reported in the “Review of Foreign Assets and Liabilities” affidavit, if applicable.
- Profits and dividends correspond to closed periods, audited financial statements.
- The total amount paid to non-resident shareholders, including the amount being transferred, does not exceed the amount in local currency determined by the shareholders’ meeting.

The Client meets any of the following conditions and fulfills all applicable requirements:

- a. It registers direct investment contributions settled since January 17th, 2020 and complies with the other requirements of the rule. In this case,

only an amount equivalent to 30% (thirty percent) of that contribution can be paid.

- b. Profits are generated in projects related to the “Plan for the Promotion of Argentine Natural Gas Production”.
- c. The company has a “Certificate of increased exports of goods”.
- d. The Client has a “Certificate for Access to Foreign Currency for Oil and/or Natural Gas Incremental Production”.

If the conditions set in the foreign exchange regulations are not met, prior formal approval from the BCRA will be required to access the FX Market to distribute profits and dividends.





# Import of Goods

Current foreign exchange regulations set out the guidelines and requirements to be met to access the FX Market to pay for the import of goods. Before giving the importer access to the FX Market to pay debts arising from the import of goods, the financial institution must verify that the importer has complied with the Customs declaration requirement for the goods to be paid and that this information is consistent with the related commercial invoice and the shipping document, among other requirements.

From a Customs point of view, it should be highlighted that the Automatic / Non-Automatic License System previously in force has been eliminated. As a result, importers who conduct final imports for consumption

only need to anticipate the information relating to the goods to be imported for statistical purposes in the Import Statistical System (“SEDI”).

Certain imports, such as the import of samples, donations, and diplomatic franchises regimes, imports by courier or postal regimes, and imports of goods for scientific-technological investigations, are exempted from this presentation.

The Federal Administration of Public Revenue (“AFIP”) applies this system to analyze importers’ economic and financial capacity (“CEF”). If these controls are passed, the affidavit will become “OFFICIAL”.

The Agencies that are part of the National Regime of the Single-Window for Argentinian Foreign Trade (“VUCEA”, for its Spanish acronym), in charge of reviewing these affidavits, must authorize them within 30 (thirty) calendar days. Once authorized, the affidavits’ status will change to “OUT”. If the Agencies do not intervene during said term, the affidavits’ status will automatically change to “OUT”.

The validity term of such affidavit will be of 360 (three hundred and sixty) calendar days, counted from the date in which its status changes to “OUT”.

In principle, current foreign exchange regulations set forth that debts arising from the import of goods registered as from December 13, 2023, can be paid in the terms established for each type of good. To access before these deadlines, the operation must be framed in any of the situations described in the regulations.

In general terms, importers may pay the FOB value of their imports in 4 installments, each one for 25% of such value, as from 30, 60, 90, and 180 calendar days following the completion of the related import. This payment system has some exceptions, as in the case of pharmaceutical products, electric energy, oil and hydrocarbons, among others, for which different terms apply.

The 30 (thirty) calendar days-term will also be applicable to pay for deferred imports of goods if: i) they are imported by human persons or legal entities classified as MiPyMe (micro, small and medium-sized enterprises), to the extent that they do not involve certain types of goods specifically excluded; ii) they involve imports of certain chemicals (list of specific tariff codes), which are intended for the production of energy or fuels.

For all deferred payments for imports of goods registered before December 12, 2023, the rule is that prior consent from the BCRA will be required, unless the operation falls within one of the exceptions to this rule (e.g. imports performed by MiPyMe for up to USD 500.000; and imports of capital goods performed also by MiPyMe, among others, and subject to compliance with the additional requirements set forth in the regulations). In addition, the PAIS Tax rate was increased by 10% and now stands at 17.5%, for imports of non-luxury goods and freight payments, while all of the tax exemptions remain unmodified (inputs and intermediate goods related to the basic food basket and health care, as defined by the Secretary of Commerce, as well as certain fuels and goods used for energy generation).





## Import of Services

Whereas the control system previously applied to the payment of services abroad has now been eliminated (“System for Imports of the Argentine Republic and Payments of Services Abroad (“SIRASE”)), so far, debts originated in the import of services can only be paid at maturity.

Accordingly, the foreign exchange market may be accessed —for the payment of most services rendered and/or accrued as from December 13, 2023— within 30 calendar days from the date of rendering or accrual of the service, in the case of independent counterparties, and within 180 calendar days, in the case of services between related parties —with some exceptions or specific terms for some services, such as freight, passenger transportation, and health.

As to payments of imports of services rendered and/or accrued before December 12, 2023, the rule is that prior consent from the BCRA will be required, unless the operation falls within one of the exceptions of this rule.



## Specifications Regarding Settlement of Commercial Debts Originated before December 13, 2023

As a general rule, prior consent from the BCRA is required to settle imports of goods and/or services up to December 13, 2023 (the “Stock of Debt”).

In addition, a specific settlement method was implemented, involving the issue of Bonds for the Reconstruction of a Free Argentina (“BOPREAL”), which were tendered to importers.

Accordingly, BOPREALs may be used to facilitate access to foreign currency to repay the Stock of Debt, whether through the collection of interest or principal upon maturity, or through the sale of the bonds in the secondary market in exchange for dollars paid abroad.

It is to be noted that an estimated Stock of Debt of USD 42.600 was declared, while the total subscription of the BOPREALs is expected to cover USD 10 billion. So, with the regulations currently in force, a significant Stock of Debt will still be subject to the BCRA’s prior approval.



## Exports of Goods

Foreign currency amounts relating to the export of goods must be brought in and settled through the FX Market within the terms stipulated in the relevant regulations, based on their tariff position, which range from 15 to 365 days.

Foreign currency from exports to related companies must be brought in and settled through the FX Market within 60 (sixty) business days from the date of issue of the shipping permit.

In addition, a 365-day period from said shipping permit date is set for transactions by courier under the “Simplified Export” system.

Notwithstanding the foregoing, amounts in foreign currency relating to the export of goods should be brought in and settled through the FX Market within 5 (five) business days from the date of collection.

By means of Decree No. 28/2023, the PEN modified all percentages applicable to the export of goods and services under

the Export Increase Program, including all exports pre-financing and/or post-financing instances or trade advances, setting forth that 80% of their value must be traded in the MLC at the official exchange rate, whereas the remaining 20% must be used for transactions with negotiable securities acquired and settled in foreign currency, and sold and settled in local currency.

Export duties can vary from 0% (zero percent) to 33% (thirty-three percent), – depending on the tariff position of the goods– with a significant temporary reduction applicable to certain commodities.





## Exports of Services

Amounts in foreign currency from the export of services must be brought in and settled through the FX Market within 5 (five) business days from the date of collection abroad or in the country, or from the date of crediting to foreign bank accounts.

Credit and debit card charges for expenses paid abroad, for any kind of transportation services provided to tourists or non-residents entering the country, are exempted from the aforementioned requirement.

Also, subject to compliance with the additional requirements set forth in the applicable regulations, the export by human persons of certain specific services (e.g. maintenance and repair, construction, telecommunication, computer, information, charges for the use of intellectual property, research and development services, among others) will also be exempt from the settlement obligation.



## Build-Up of Foreign Assets

Legal entities, local governments, mutual funds, and trusts established in the country must obtain prior formal approval from the BCRA to access the FX Market to acquire foreign currency as well as to provide all types of guarantees relating to the coordination of derivative transactions.

Resident individuals may access the FX Market to acquire foreign currency, send remittances abroad for family assistance, and provide guarantees relating to the coordination of derivative transactions for an amount of up to USD 200 (two hundred US dollars) per month, through all financial institutions authorized to operate in the foreign exchange market. To access the FX Market for higher amounts, prior formal approval from the BCRA is required.



## Report of Foreign Assets and Liabilities

Before granting access to the FX Market to settle all commercial or financial debts in foreign currency, financial institutions shall first verify that the operation has been reported, if applicable, in the latest “Review of Foreign Assets and Liabilities” affidavit to be filed with the BCRA.

This report must be filed on a quarterly basis and must be completed by all legal entities or individuals holding liabilities in foreign currency at the end of any calendar quarter, or by those who have settled them during that quarter. The due date to file the quarterly report is 45 (forty-five) calendar days after the end of the calendar quarter.

Those individuals/legal entities for whom the balance of foreign assets and liabilities at the end of each year reaches or exceeds an amount equivalent to USD 50,000,000 (fifty million US dollars), must submit, in addition to the quarterly filings, an annual statement (which will supplement, ratify, and/or amend the quarterly filings). This annual statement

is optional for any legal entity or individual below that threshold. The due date to file this annual statement is 180 (one hundred and eighty) calendar days after the end of the calendar year.

Although the certificate stating that the Review has been updated is a requirement that must be met by all those who want to pay a commercial or financial debt, such updated certificate is mandatory for all entities with liabilities in foreign currency, regardless of whether they intend to access the FX Market.





## Certificate of Increased Exports of Goods

Companies with a “Certificate of Increased Exports of Goods in 2021” or “Certificate of Increased Exports of Goods in 2022” (hereinafter, the “Certificate”) will be exempted from the requirement of prior BCRA formal approval to access the FX Market in those operations in which such requirement is needed. This will also be applicable for those with an increase in fiscal year 2023 compared to 2022.

To obtain this Certificate, the company must prove that it complies with the requirements established in the regulations.

In fact, if the Clients have a Certificate, they will be able to access the FX Market for the payment of the following debts (for the amount stated in the Certificate):

- import debts for services provided by related foreign companies;
- principal amount of loans granted by third parties;
- principal amount of loans granted by foreign related companies;
- profits and dividends owed;
- import debts for goods that were imported prior to July 1, 2020.

The Certificate allows the Company to obtain a higher balance to make these payments.



## Certificate of New Financial Indebtedness Abroad to enter the FX Market

Clients who register settlements of new foreign financial indebtedness and have a certificate issued by an entity regarding compliance with the requirements stated by the regulations may access the FX Market to pay for:

1. imports of goods, without requiring any prior consent; and
2. services to related counterparties, without the prior approval of the BCRA, to the extent that an obligation for services rendered at least 180 (one hundred and eighty) calendar days before accessing the FX Market or derived from a contract signed with a similar advance period, is paid on maturity.

In all cases, compliance with the remaining general and specific requirements to operate under current exchange regulations must be proven.







## Investment Promotion Regime for Exports

Decree No. 234/21 introduces the possibility that residents and non-residents may submit an “Investment Project for Exports” in certain productive sectors (forest, mining, hydrocarbon, manufacturing, and agro-industrial activities), which represents a direct investment in foreign currency for a minimum amount equivalent to USD 100,000,000 (one hundred million US dollars).

Up to 20% (twenty percent) of the foreign currency obtained from the exports linked to the projects under the Regime may be applied to the payment of:

- principal and interest on debts for the import of goods and services
- principal and interest on foreign financial indebtedness
- profits and dividends arising from closed and audited financial statements
- repatriation of non-residents’ direct investments.

To perform the above-mentioned operations, certain regulatory requirements must be met.



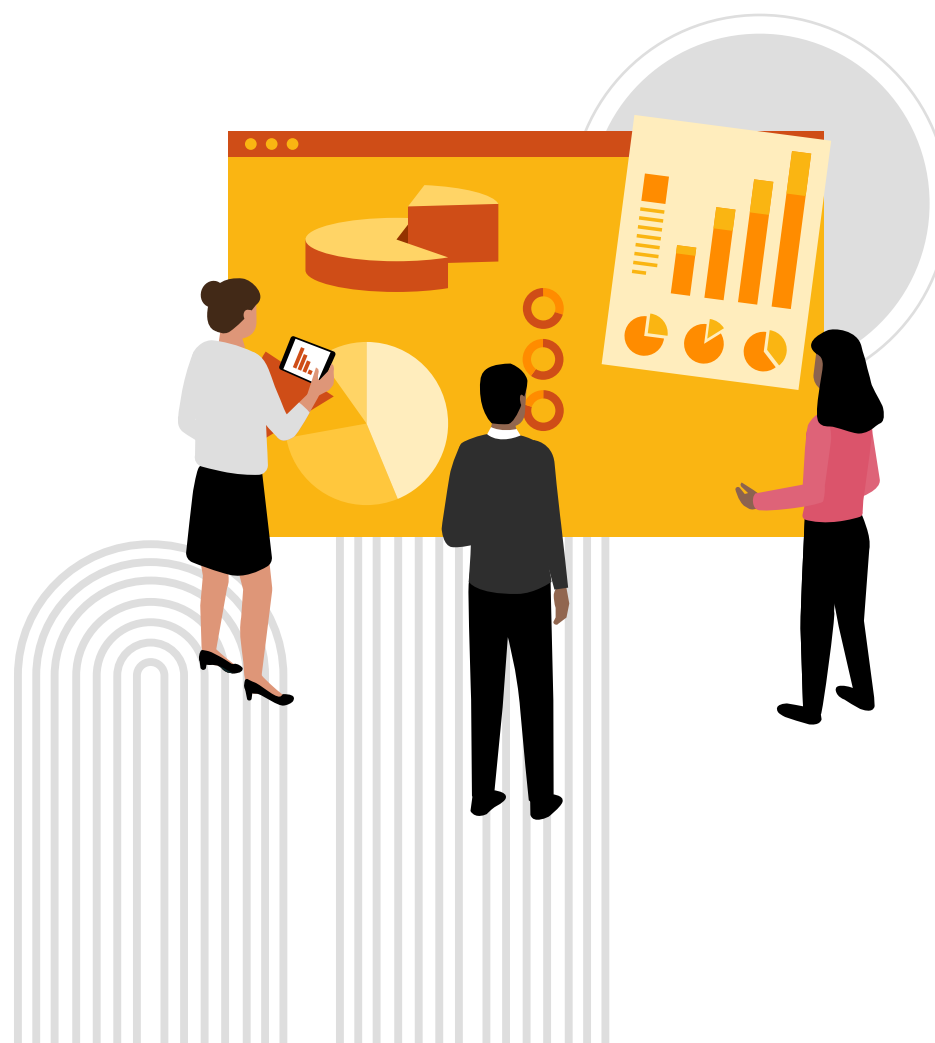
## “RADPIP” and “RADPIGN” Regimes

The Foreign Exchange Access Regime for the Incremental Production of Oil”, (“RADPIP”, for its Spanish acronym) and the Foreign Exchange Access Regime for the Incremental Production of Natural Gas (“RADPIGN”, for its Spanish acronym) were created by means of Decree No. 277/2022.

The BCRA determined that the beneficiaries of RADPIP and/or RADPIGN, who will be granted a “Certificate of incremental production of oil and/or natural gas to access foreign currency”, will be able to access the FX Market for an amount not greater than that stated in said certificate for the payment of:

- Principal of commercial debts incurred for the import of goods and/or services.
- Principal of refinanced foreign financial debts when the creditor is not a related entity.
- Profits and dividends distributed to non-resident shareholders.

- Repatriation of non-residents’ direct investments.
- In every case, beneficiaries must comply with other regulatory requirements.







5

# Tax System



# Taxes on Corporate Income



## Corporate Income Tax

As from FYs starting on or after January 1, 2021, a marginal 35% Corporate Income tax rate is applicable to net taxable business profits. Legal entities. Legal entities residing in Argentina are subject to tax on Argentine and foreign-source income and are able to claim any similar taxes actually paid abroad on foreign-source income as a tax credit. The same rate applies to net taxable Argentine-source business profits and to profits from business activities performed abroad by branches of foreign entities.



## Corporate Residence

Corporate residence is primarily determined by the place of incorporation, although the centers of activities or place of management approach may prevail in case of companies set up abroad who develop their activities/ functions in Argentina. Centers of activity in Argentina of non-Argentine corporations are treated as permanent establishments (PE). As

part of the 2017 tax reform, a PE definition has been introduced into the Income Tax Law. Such a definition is generally aligned with the one included in the OECD Model Tax Convention for the Elimination of Double Taxation, although it is broader, as it includes the performance of services by a non-resident provider, including services rendered by consultants within the Argentine Territory for a total period greater than six months within any 12-month period.



# Other Taxes



## Value Added Tax (VAT)

The current general rate of 21% is applied to the sales value of products and services (including professional services), with a few specific exceptions. This tax is applicable to the import of goods and services. Certain goods are taxed at a reduced rate of 10.5%, while some services, at a rate of 27%. The export of goods and services is taxed at a rate of 0%. Nevertheless, input VAT relating to exports may either be used as a credit against output VAT or refunded pursuant to a special procedure. VAT paid on purchases, final imports, and rental of automobiles, not considered inventory, may not be computed by the purchaser as a credit. The same tax treatment applies to other services, such as those provided by restaurants, hotels, and parking garages. The above-mentioned restrictions do not apply when these services are hired for a conference, congress, convention, or any other similar event directly associated with the specific activity of the contracting party.



As a result of the 2017 tax reform, VAT legislation currently includes as a taxable event “digital transactions” (e.g. digital services, hosting, on-line technical support, software services, Internet services) provided from abroad. Hence, these types of services are now subject to VAT at a 21% rate if they are provided by a non-resident entity to an Argentine customer, on condition that they are actually used in Argentina.

—

**Turnover Tax**

Each of the 24 jurisdictions into which Argentina is divided imposes a tax on gross revenues from the sale of goods and services. The export of goods is generally exempt from this tax. Rates, rules, and assessment procedures are determined locally. On average, rates for trade and services range from 3% to 5%. In case of industrial activities, rates are generally lower (ranging from 0% to 2%)



**Wealth Tax**

Wealth Tax is payable by Argentine companies on all shares/units issued by them and owned either by individuals, regardless of their residence, or by companies residing abroad. It shall be assessed and paid directly by the local company as a full and final payment on behalf of the shareholders/ members (the issuing company has the right to recover the tax paid from the shareholder/ member). The applicable tax rate is currently 0.50% of the value of the ownership interest, which is generally calculated as the difference between assets and liabilities arising from the financial statements at December 31 of each year, or during the fiscal year at issue. Note that a Supreme Court decision has ruled on the non-applicability of this tax to Argentine branches of foreign companies.

—

**Excise Taxes**

A wide variety of items, such as automotive and diesel motors, tobacco, alcoholic beverages (including wine, champagne, and beer), insurance, cellular and satellite telephone services, recreational or sport boats, aircraft, luxury goods, and nonalcoholic beverages with caffeine and taurine, among others, are taxed at varying rates.

—

**Tax on Financial Transactions**

This tax is levied at a rate of 0.6% on the amounts credited to or debited from the taxpayer’s bank accounts. Bank transactions without using a bank account and any disposition of one’s own funds or the funds of a third party are subject to a tax rate of 1.2%. One third (33%) of the Tax on Financial Transactions actually paid on bank account transactions (0.6%) and movements of funds (1.2%) is creditable against Income Tax and/ or the related tax prepayments.

—

**Stamp Duty**

This local tax is levied on documents or agreements that evidence acts or transactions for valuable consideration (usually referred to as taxable documents). The average tax rate is 1% and is applicable to the economic value of the agreement.

—

**Import & Export duties**

Import duties currently range from 0% to 35%, except in cases where a specific minimum duty is applied, or which involve goods subject to a specific treatment. In general, goods from LAIA and MERCOSUR countries are entitled to a preferential duty treatment. Export duties rates can vary from 0% to 35% (depending on the tariff position

of the goods), with a significant temporary reduction applicable to certain commodities as well as to the mining industry. It is important to mention that export transactions with any country are taxed with export duties.

—

**Social Security Taxes**

Social Security Taxes Law No. 24241 (Argentine Integrated Pension Fund System Law) establishes the territoriality principle, under which Argentina’s Social Security System covers all persons providing services under a permanent or temporary employment contract within the national territory. Each month, local employers must pay employer contributions jointly with employee withholdings to the National Social Security System and the National Health Care System. Social Security Tax is payable by employers on the employee’s total monthly salary and is not subject to any cap amount. The total employer contribution rate is 26.4% for companies mainly engaged in the provision of services or trade, provided their annual sales exceed the amount established by the regulation that is updated annually (as from April 1, 2023: ARS 2,625,990,000 for services and ARS 10,310,100,000 for trade), and 24% for the rest of companies. Argentine employers are exempt from paying social security contributions on the first ARS 7,003.68 paid per employee per month. For some activities, the non-taxable amount increases to ARS 17,509.20.

Employee social security withholdings, which include pension fund, health care, and social services, are payable on monthly salaries, up to a monthly cap of ARS 1,471,616.10 (as from March 2024), except for June and December, when the cap increases by 50% due to the 13th month salary. This salary cap is index-adjusted in March, June, September, and December of each year. The total employee Social Security Tax rate is 17%, which consists of contributions of 11 % to the pension fund, 3% to health care, and 3% to social services. Should any employee serve as Director of their employer company, the social security liability shall be limited to the contributions made as a self-employed individual for the management duties performed. The employee’s enrollment in the Social Security System will be voluntary regarding their salary as an employee. Thus, if the Director opts not to pay these contributions, the company is under no obligation to pay any employer contributions.

## Significant Developments

### Amendments to the Corporate Income Tax rate

On June 16, 2021, Law No. 27630, which introduced amendments to the Corporate Income Tax Law, entered into force. The most relevant changes introduced by Law No. 27630 are the following:

#### Corporate Income Tax rate:

Under the prior law, the Corporate Income Tax (CIT) rate was 25%. As per the new law applicable to fiscal years starting on or after January 1, 2021, corporate income will be subject to tax at progressive rates ranging from 25% to 35%, as follows (amounts stated in Argentine Pesos):

Taxable Income		Fixed CIT		Plus	On the surplus of
On the surplus of AR\$	Up to AR\$	AR\$			
0	14.301.209,21	-		25%	-
14.301.209	143.012.092	3.575.302		30%	14.301.209
143.012.092	onwards	42.188.567		35%	143.012.092

Amounts to be adjusted annually, considering the annual variation of the Inflation Index (IPC – Consumer Price Index).

### Withholding on dividend distributions

Under the prior law, the distribution of earnings attributable to FY 2021 was subject to Withholding Tax (WHT) at a 13% rate. The WHT rate on dividend distributions to non-residents or local individuals from earnings obtained as from FY starting on or after January 1, 2018 is 7%.

## Income Determination

### Inventory Valuation

Inventory valuation is based on the latest purchase. Thus, LIFO may not be chosen for tax purposes. Conformity between book and tax reporting is not required.

### Capital Gains

Capital gains and losses attract normal income tax treatment, except for those losses from the sale of shares, units, bonds, and other securities that may be offset only against the same type of income.



—

### Intercompany Dividends

Intercompany Dividends. These dividends are not included in the tax base of an Argentine entity (the recipient) if distributed by another Argentine company. However, tax is levied if the dividends are distributed by a foreign company.

—

### Foreign Income

Foreign income earned by resident entities is subject to tax. Note that an Argentine taxpayer is immediately taxed on passive income generated by a “Controlled Foreign Corporation” (CFC) that is directly or indirectly held by the Argentine taxpayer, to the extent that more than 50% of that CFC’s income is passive and is actually subject to tax at a rate that is lower than 75% of the applicable Argentine Income Tax rate. Tax losses from a foreign source may only be offset against income from a foreign source.

—

### Transfer Pricing Rules

The transfer pricing regulations governing intercompany transactions, which were introduced into the Income Tax Law by Law No. 25063, as amended by Laws Nos. 25239 and 25784, adopt principles similar to those of the Organization for Economic

Cooperation and Development (OECD), pursuant to which companies must comply with the arm’s length principle to determine the value of goods and services in their transactions with foreign-related companies.

### Deductions

—

#### Depreciation and Depletion

Depreciation is generally computed on a straight-line basis over the technically estimated useful life of the assets or, alternatively, over their standard useful lives. Depreciation of buildings and other construction on real estate is 2% per annum on cost (on a straight-line basis), unless it can be proven that useful life is less than 50 years. Depreciation of automobiles with an original cost in excess of ARS 20,000 is not deductible. Related expenses (gasoline vouchers, insurance, rentals, repairs and maintenance, etc.) are deductible for up to ARS 7,200 per car, per year. Conformity between book and tax depreciation is not required. Percentage depletion is available for natural resources (mines, quarries, forests).

### Net Operating Losses

Income Tax losses may be deducted over a five-year term.

—

### Payments to Foreign Affiliates

Transactions between related parties should comply with the arm’s length principle. This principle was included in the transfer pricing rules and was extended to transactions with companies located in non-cooperative jurisdictions or low or zero tax jurisdictions. The tax authorities will determine income by applying one of six methodologies: comparable uncontrolled price, resale price, cost plus, profit split, residual profit split, and transactional net margin. Payments to foreign affiliates or related parties and companies located in low or zero tax jurisdictions that represent Argentine-source income are tax deductible, provided they are paid before the due date for filing the tax return of the fiscal year in which they were accrued. Otherwise they would be deducted in the fiscal year in which they are paid. Also the related withholding has to be remitted to the tax authorities.



### Other Significant Items

1. Donations: when made to companies and associations expressly exempt from assessment of Income Tax, donations up to a maximum of 5% of the donor’s net taxable income are admissible deductions, provided certain requirements are met.
2. Representation expenses: if adequately documented, representation expenses are admissible deductions up to 1.5% of the amount of salaries accrued during the fiscal year.
3. Directors’ fees: amounts equivalent to 25% of after-tax income or ARS 12,500 per individual, increased by 40% to 60% when paid to women or trans people, whichever is higher, are deductible in the fiscal year to which they apply, provided they are approved and available for the director before the tax return is due, or in a later year of payment.
4. Thin capitalization: except for financial institutions governed by Law No. 21526 and leasing companies, interest and foreign exchange losses incurred by an Argentine resident on loans granted by a related party -whether local or foreign- would be deductible up to a limit equivalent to the higher



between ARS 1,000,000 or 30% of the taxpayer's taxable income before deducting interest, foreign exchange losses, and depreciation. The portion of nondeductible interest will be carried forward for up to five years. Any deductibility capacity can also be carried forward for up to three years. Certain exemptions to thin capitalization rules may be available (i.e., interest that was subject to tax -WHT- at the recipient's hands or FX losses in years where, following tax rules, inflation recognition is allowed may not be subject to this limitation).

## Tax Incentives

### Mining Activity

Law No. 24196 created an investment system for the mining activity that is applicable to individuals and legal entities. Mining ventures included within this scheme enjoy fiscal stability (i.e., tax rates will remain basically the same) for a term of 30 years, except for VAT, which will adjust to the general scheme. Furthermore, the scheme grants incentives for Income Tax,

Tax on Assets, Import Duties, and any other tax on the introduction of certain assets. Additionally, among other benefits, the possibility to obtain a VAT reimbursement during the exploration stage, as indicated in Law No. 24196, has been regulated by General Resolution No. 1641/2004.

### Forestry

Law No. 25080 established an investment scheme for forests plantation, protection, and maintenance, and granted tax incentives similar to those offered to the mining industry.

### Knowledge-Based Activities

By virtue of Law No. 27506 (as amended by Law No. 27570), the Government created new tax incentives intended to promote certain knowledge-based activities through the end of 2029. Taxpayers that comply with specific requirements must apply and register in order to benefit from the new law.

The new system aims at encouraging the creation, design, production, and implementation or adaptation of products and services (and the associated technical documentation) relating to, among others, the following 'Promotional Activities':

- software
- computing and digital services
- audio-visual production and post-production activities
- certain scientific and engineering activities
- geological and prospecting services
- activities related to the industrial sector using '4.0 technologies' and
- the export of professional services.
- Incentives under the new system include: Corporate Income Tax rate reductions depending on the taxpayer's size. Large taxpayers would benefit from a 20% cut; while micro and small businesses, and medium-sized enterprises would enjoy a 60% and 40% cut, respectively. This reduction would apply to both Argentine and foreign-source income.
- Reduction of export duty applicable to exports of promoted services to 0% (currently not applicable on services to general taxpayers).
- Non-transferable tax credit certificate of up to 70% of social security contributions paid by the employer with respect to employees engaged in Promotional Activities, which can be applied to the payment of certain taxes, such as VAT (excluding CIT). This bonus certificate will increase to up to 80% of the social security contributions of new hires

- included in special interest groups (including women, LGBT, people with disabilities, and residents in unfavorable areas). Exporters may request the use of the certificate to offset CIT liabilities.
- Tax stability with respect to the new system's benefits (available until December 31, 2029). The incentives will become effective for Income Tax purposes starting in the fiscal year following that in which taxpayers receive approval. However, they become effective for all other tax purposes as of the date the relevant governmental institution approves the registration. Furthermore, incentives apply retrospectively to January 1, 2020 for taxpayers that benefited under the software incentive system, which expired on December 31, 2019.

### Tierra del Fuego

Although subject to certain limitations in the case of new projects, companies established in this province enjoy a general tax exemption as well as important customs-related benefits, based on the system established by Law No. 19640 and supplementary regulations.



## Renewable Energy

Companies engaged in the production of energy through renewable sources are entitled to certain tax benefits, such as early refund of VAT or accelerated depreciation of capital goods for Income Tax purposes, among others.

## Biotechnology

Law No. 26270 established a promotion system for the development and production of biotechnology, and grants 29 benefits for tax and social security contributions that may be claimed if specific requirements are met.

## Small and Medium-sized Enterprises

(Law No. 27264) Law No. 27264 (passed in August 2016) established a special tax system for small and medium-sized enterprises (SMEs) and for Infrastructure Investments conducted by SMEs. The most relevant benefits include:

- Full credit (against Income Tax and its prepayments) on Tax on Financial Transactions paid by micro- and small-sized enterprises. A 50% credit on the tax paid by medium-sized manufacturing entities.

- Deferral of due date for VAT balance payable.
- Income Tax credit for an amount equivalent to 10% of the amounts invested in infrastructure projects, and the regulatory authority would be in charge of keeping a registry of companies that are considered SMEs and are, therefore, entitled to the benefit.

## Export Incentives

The export of goods and services is exempt from Value Added and Excise Taxes. The temporary import of raw materials and intermediate and packaging goods for the manufacturing of export products is duty-free, with the obligation to offer sufficient guarantees for the import. A reimbursement system is in place for VAT credits paid to suppliers in relation to export activity. Furthermore, in the case of non-residents, gains on the sale of non-listed shares, share certificates, and units of Argentine entitles would be subject to a 13.5% tax on gross profits or, alternatively, 15% on actual profits (duly supported). Similar rates would apply in the case of transfers of bonds, digital currency, and other Argentine securities denominated in foreign currency.

## Withholding Taxes

Dividend distributions and branch profit remittances paid out of profits generated in fiscal years beginning on or after January 1, 2018 are subject to a 7% Withholding Tax in Argentina. Although the Equalization Tax is no longer in force due to the amendment introduced by Law No. 27430, it still remains applicable to dividend and branch profit distributions made out of profits accumulated in FYs starting prior to January 1, 2018, and which were in excess of tax profits as of the year-end prior to the relevant distribution.





# Other Payments to Residents and Nonresidents

Recipient	WHT (%)	
	Interest (1)	Royalties (1, 2)
Resident legal entities	6/28 (3)	6 (4)
Resident individuals	6/28 (3)	6 (4)
Nonresident legal entities and individuals:		
Non-treaty:	15.05/35	21/28
Treaty:		
Austria (10)	12	3/5/10/15
Australia	12	10/15
Belgium	0/12 (5)	3/5/10/15
Bolivia	15.05/35	21/28
Brazil	15	10/15
Canada	12.5	3/5/10/15
Chile	4/12/15	3/10/15
China (14)	12	3/5/7/10
Denmark	12 (5)	3/5/10/15
Finland	15	3/5/10/15
France (13)	15.05/20 (6)	18
Germany	10/15 (7)	15
Italy	15.05/20 (5)	10/18
Japan (11)	12	3/5/10
Luxembourg (12)	12	3/5/10
Mexico	12	10/15
Netherlands	12	3/5/10/15
Norway	12.5 (8)	3/5/10/15
Qatar	12	10
Russia	15	15
Spain	12	3/5/10/15
Sweden	12.5	3/5/10/15
Switzerland	12	3/5/10/15
Turkey (9))	12	3/5/10
United Arab Emirates	12	10
United Kingdom	12 (5)	3/5/10/15

## Notes

(1) Withholdings from payments of interest and royalties to non-residents are based on a flat rate of 35% applied to an assumed percentage gross profit margin. This margin is not contestable, but the resultant rate may be limited by bilateral treaty. Under the 1998 tax reform, the general margin for interest paid on credits obtained abroad is 100%. However, a margin of 43% is applicable: (i) if the debtor is a local bank; (ii) if the creditor is a foreign financial institution located in a country not considered as a low or zero tax jurisdiction, or in countries that have signed an agreement with Argentina for exchange of information and have no bank secrecy laws, which are under the supervision of the respective central bank; (iii) if the interest is paid on a loan for the purchase of tangible assets other than cars; (iv) if the interest is paid on debt certificates (private bonds) issued by local companies and registered in certain countries that have signed an agreement with Argentina for the protection of investments; and (v) on interest paid on time deposits with local banks.

Royalties include a variety of concepts. All rates disclosed in this column relate specifically to services derived from agreements ruled by the Foreign Technology Law, as follows:

- Technical assistance, technology, and engineering not obtainable in Argentina: 21 % (35% on assumed profit of 60%).
- Cessation of rights or licenses for invention patents exploitation and technical assistance obtainable in Argentina: 28% (35% on assumed profit of 80%). In case of nonregistered agreements, the rate is 31.5% (profit of 90% is assumed) or 35% (profit of 100% is assumed), depending on the case.

Several other concepts of ‘royalties’ are subject to rates that, in turn, may be limited by treaty. A broad sample of these concepts and the non-treaty effective rates are set forth in Note 2.

(2) Remaining payments to non-residents (only) for ‘royalties’, rentals, fees, commissions, and so on, in respect of the following, are subject to withholding at the effective rates indicated below unless limited by treaty. The treaty concerned should be consulted to determine any limitation in each case.

Payment	WHT (%)
Freight and passenger bookings (other than those covered by special treaties), news and feature services, insurance underwriting	3.50
Containers	7.00
Copyright	12.25
Rental of movable assets	14.00
Motion picture, video, and sound tape rentals and royalties; radio, television, telex and telefax transmissions; any other means for projection, reproduction, transmission, or diffusion of image or sound; sale of assets located in Argentina	17.50
Rental of real estate	21.00
Any other Argentine-source income (unless the nonresident is or was temporarily resident)	31.50

(3) The higher tax rate is applicable on non-registered taxpayers. In case of interest paid to corporations by financial entities or stock exchange/open market brokers, Income Tax must be withheld at 3% (10% if not registered); individuals are tax exempt.

(4) Resident corporations and individuals who are registered for tax purposes are subject to 6% withholding (28% if not registered).

(5) Interest is exempt if paid on credit sales of machinery or other equipment, specific bank loans at preferential rates or loans by public entities.

(6) The current wording of the treaty limits taxation of interest to 20% (registered). See #13

(7) A 10% rate is applicable to interest on credit sales of capital equipment, any bank loan, or any financing of public works; otherwise, 15%.

(8) Interest paid on loans with guarantee of the Norwegian Institute for Credit Guarantees or paid in relation to imports of industrial equipment is tax exempt.

(9) Treaty signed in April 2018. Still pending ratification by Argentina.

(10) Treaty signed in December 2019. Still pending ratification by both countries.

(11) Treaty signed in June 2019. Still pending ratification by both countries.

(12) Treaty signed in April 2019. Still pending ratification by both countries.

(13) An amending Protocol has been signed in December 2019 that is still pending ratification by Argentina. Once in force, it will introduce a reduction on interest WHT (12%) and on royalty WHT (3/5/10%).

(14) Treaty signed in December 2018, still pending ratification by Argentina.

# Reference Information



# Reference Information

General statistics on cost/expense, i.e., average labor costs, office rental and utilities necessary for doing business locally.

- Ministry of Economy:  
<https://www.argentina.gob.ar/economia>  
(updating is in progress)
- National Institute of Statistics and Censuses (INDEC):  
[www.indec.gob.ar](http://www.indec.gob.ar)

## Local Government Agencies

- Federal Administration of Public Revenue (AFIP):  
[www.afip.gob.ar](http://www.afip.gob.ar)
- National Social Security Administration (ANSES):  
[www.anses.gob.ar](http://www.anses.gob.ar)
- Ministry of Foreign Affairs, International Trade, and Worship:  
<https://www.argentina.gob.ar/cancilleria>  
(updating is in progress)
- Secretariat of Public Works:  
<https://www.argentina.gob.ar/obras-publicas/obras-y-servicios>  
(updating is in progress)
- Secretariat of Tourism, Environment, and Sports:  
<https://www.argentina.gob.ar/interior/turismo>  
(updating is in progress)
- Secretariat of Hydrocarbons:  
<https://www.argentina.gob.ar/economia/energia/hidrocarburos>  
(updating is in progress)

## Tips for Business Visitors

- Requirements for visitors' visas
- Argentine time zone is GMT -03. Source:  
<https://www.argentina.gob.ar/organismos>

## Normal Business Hours

- Banks and exchange houses: Monday through Friday, from 10 a.m. to 3 p.m.
- Business offices: Generally, from 9 a.m. to 6 p.m.
- Stores: In large cities, from 9 a.m. to 8 p.m., although in some provinces, they usually close at mid-day. On Saturdays, many stores open from 9 a.m. to 1 p.m. only.
- Cafés, bars and pizza parlors: Open almost around the clock, some closing between 2 a.m. and 6 a.m.
- Restaurants: Lunch is served as from 12.30 p.m. and dinner as from 8.30 p.m. Many establishments offer fast food at all times.

- Trading currency in the country: Argentina's legal tender is the peso. Although the US dollar and the euro are widely accepted, exchange for local currency is performed at banks and authorized exchange houses. The most commonly accepted credit cards are **American Express, VISA, and MasterCard. It may be difficult to exchange travelers' checks outside of Buenos Aires.**

- Weights and measures: Weight: kilo (k); Measurement: meters (m)
- Format of dates: DD/MM/YY (date/month/year)
- Numbers: Thousands are separated by a point; decimals, by a comma.





## Contacts

### Miguel Urus

Country Senior Partner  
miguel.a.urus@pwc.com

### Enzo Taibi

Advisory Leader  
enzo.i.taibi@pwc.com

### Eduardo Gil Roca

Tax Leader  
eduardo.gil.roca@pwc.com

### Sergio Cravero

Assurance Leader  
sergio.cravero@pwc.com

### Martín Barbafina

Marketing & Communications Leader  
martin.barbafina@pwc.com

 @PwC\_Argentina

 /PwCArentina

 /PwCArentina

 /PwCArentina

 /pwcargentina

“Doing Business in Argentina 2024” contains free distribution material owned by PricewaterhouseCoopers International Limited and its member firms Price Waterhouse & Co. S.R.L., Price Waterhouse & Co. Asesores de Empresas S.R.L., PwC Legal S.R.L. and PwC Servicios de Argentina S.R.L., hereinafter collectively referred to as PwC, each of them acting as a separate and independent legal entity.

The information provided is not a recommendation, advice or suggestion for the performance of any activity, operation, investment or business. In consequence, neither “Doing Business in Argentina 2023” nor PwC assumes any liability for the decisions the reader might make based on the mentioned information. The contents and comments of each article are the responsibility of their authors as well as the legal consequences arising from their publication. The contents disclosed do not reflect the opinion of PwC. PwC does neither state nor guarantee that the information be accurate, complete or up-to-date. It does not provide any guarantees or statements relating to the use of the material distributed as regards the accuracy, precision, usefulness, timing, reliability, etc. The images included in the material are referential, non-contractual and for illustrative purposes only.

PwC guarantees the right of access, information, rectification, update, elimination and/or portability of data in accordance with Law No. 25326. For further information about the gathering, collection and processing of your personal information, or, should you need that it be eliminated or updated from our records, please send an e-mail to [ar\\_datospersonales@pwc.com](mailto:ar_datospersonales@pwc.com) or go personally to Hipólito Bouchard 644, PB, C.A.B.A. For consultations, suggested topics and/or comments to be addressed in the next edition, please send us an e-mail to the above e-mail account.

© 2024. All rights reserved. In Argentina, the member firms of the global network of PricewaterhouseCoopers International Limited are the firms Price Waterhouse & Co. S.R.L., Price Waterhouse & Co. Asesores de Empresas S.R.L., PwC Legal S.R.L. and PwC Servicios de Argentina S.R.L., which either jointly or separately are identified as PwC Argentina. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.



**pwc**