

# Argentina

Estudio Molledo



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Estudio Molledo was founded by Mr. Rodolfo Molledo in 1925. Since then the firm has been advising local and foreign commercial, industrial, and service companies, acting in the most diverse multidisciplinary areas of law. The excellence of its services has led Estudio Molledo to become one of the most prestigious law firms in Argentina.

Our professionals have the necessary experience and knowledge to assist businessmen and their companies in diverse aspects of activities both in Argentina and abroad, so the third generation of lawyers in charge of the firm's management, today re-expresses the tradition of its founder in law practice.

From its foundation to date, Estudio Molledo has built a network of correspondents that allows it to assist its clients immediately in all jurisdictions of Argentina and the main business centers of America and Europe.

## OUR VISION

The business world today needs quick, concrete, and effective answers in all fields of action for the lawyer. Executives and businessmen increasingly require agile, participatory, and proactive action from lawyers, who must become more and more integrated into the business world.

This is our objective and our proposal. We offer a highly specialized legal team, willing to intervene and provide better guidance and execution of the work.

We have always aspired to forge transparent and enduring relationships with our clients and we seek results based on those guidelines.

### **GENERAL BUSINESS ADVICE**

Businesses today operate in an increasingly globalized world. It requires experience in structuring businesses that affect different legal regimes.

### **COMPANIES AND CORPORATE DISPUTES**

As companies develop their businesses, the complexity of the issues that present to them begins to affect corporate relations, which is why our service extends to assisting corporate bodies in handling corporate issues

### **FAMILY BUSINESSES**

Estudio Molledo has vast experience in the organization and management of family businesses, prevention and assistance in corporate conflicts, and issues of the succession of shareholders and officers in family businesses.

### **FUSIONS AND ACQUISITIONS**

The acquisition of businesses and assets is a constant in the business world. Estudio Molledo participates in this type of operation assisting the businessman.

### **CAPITAL MARKET, FINANCIAL, AND EXCHANGE LAW**

Estudio Molledo advises and represents different financial entities that carry out their activities in the country. He also advises his clients in the structuring of their financial operations.

### **ENGINEERING AND CONSTRUCTION PROJECTS**

Estudio Molledo assists its clients in matters related to engineering and construction projects in contractual, financial, tax, and regulatory matters.

### **REAL ESTATE BUSINESSES**

Real estate activity general and registration, in particular, is a matter of constant practice among the lawyers of Estudio Molledo.

**ADMINISTRATIVE LAW**

Legal relations of public law are booming given the frequent state intervention in economic activity and Estudio Moltedo has a group of professionals specialized in this matter.

**TAX AND CUSTOMS LAW**

Business activity and its profitability are closely related to taxation, so companies must control the legality of the taxes set by the national, provincial, and municipal governments.

**COMPETITION'S DEFENSE, COMMERCIAL LOYALTY, AND CONSUMER LAW**

Estudio Moltedo has actively intervened in transactions, advising its clients on issues related to the Competition's Defense,

**ARBITRATION AND MEDIATION. CIVIL AND COMMERCIAL LITIGATION**

The problems of the judicial system require a great display of energy to obtain satisfactory results for the client in the shortest possible time.

**COMPETITIONS AND BANKRUPTCY**

Estudio Moltedo regularly intervenes in different judicial and extrajudicial processes, assisting our clients in claiming their credits in preventive contests and agreements.

**INSURANCE AND REINSURANCE**

Estudio Moltedo has vast experience in insurance advice, an activity that is linked to all modern contractual forms.

**ENVIRONMENTAL LAW AND NATURAL RESOURCES**

This new practice that we incorporated, in addition to responding to the demand for services that we receive in this area, is consistent with our vision of being able to assist our clients in a multidisciplinary way, in all aspects of their business activity.

**INDIVIDUAL LABOR LAW**

Mainly oriented to accompany the client in the various aspects of the relationship with its employees, prioritizing permanent contact to develop a preventive task.

**COLLECTIVE LABOR LAW. HR AND COLLECTIVE BARGAINING**

We represent the client in collective negotiations with the various unions, to achieve the best benefits for the employer.

**SOCIAL SECURITY LAW**

Advice on the different regulations that, in terms of Social Security and Social Security, affect employers.

**FAMILY LAW**

Estudio Moltedo has developed a specialized Family Law department to assist clients facing a family conflict.

**SUCCESSION LAW**

Estudio Moltedo has a long and recognized track record in personal advice related to inheritance law.

**COMPLIANCE & TRANSPARENCY**

Estudio Moltedo is well-positioned to help clients around the world deal effectively and creatively with regulatory and compliance issues.

# Argentina Corporate

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## Principal types of business entities

Business entities are principally regulated by Argentine Civil and Commercial Code (hereinafter “CCCN” for its acronym in Spanish) and Argentine Companies Law no. 19,550 (Ley de Sociedades Comerciales, hereinafter “LGS” for its acronym in Spanish).

Any foreign company intending to conduct regular business in Argentina shall have two options, depending on its purpose: to set up a branch, agency, or representative office, as set forth in section 118 of the LGS; or to participate in the share capital of an existing company or a company to be established in Argentina according to the provisions of section 123 of the LGS. The difference between the types of businesses is mainly the kind of legal relationship with the foreign company and the applicable civil liability regime. Foreign companies interested in either incorporating local companies or owning equity in local companies must, in accordance with section 123 of the LGS, be registered with the Public Registry of Commerce.

The main investment vehicles used by non-resident individuals and foreign companies are the following: (i) corporation (Sociedad Anonima), (ii) limited liability company (Sociedad de Responsabilidad Limitada), (iii) single-shareholders corporations (Sociedad Anonima Unipersonal) and, (iv) branch. In addition, Law no. 27,349 (Ley de Apoyo al Capital Emprendedor) has introduced a new type of legal entity called the simplified corporation (Sociedad por Acciones Simplificadas or S.A.S). There are other kinds of entities created by statutory law, but with little practical use.

Requirements for the registration of foreign entities as shareholders of local entities substantially vary from jurisdiction to jurisdiction. Foreign companies incorporated abroad and registered in any jurisdiction of Argentina. Any company must be registered in the Public Registry of Commerce (in the City of Buenos Aires, this Public Registry is called Inspección General de Justicia-IGJ).

## 1. Corporation (Sociedad Anonima)

The corporation (hereinafter “S.A.” for its acronym in Spanish) is the most commonly used legal entity in Argentina. It is used for the development of all kinds of activities and businesses. Its main characteristics are the following:

### Shareholders and Capital

At least two shareholders are required to set up a S.A., which can be legal entities or individuals. Except for specific cases provided by law, there are no nationality or resident requirements. The stock capital is divided into shares. Shares must be nominative, non-endorsable, and may or may not be represented by certificates. The minimum capital required is AR\$ 100,000. At least 25% of the capital must be paid in at the time of incorporation, and the remaining amount within the next two years. When the consideration for the stock is other than cash, subscriptions must be paid-in in full.

### Shareholder Meetings

A shareholder meeting must be held at least once a year to consider the annual finance statement, the allocation of the results of the fiscal year, and the appointment of directors and status supervisors (section 234 of the LGS). Between ten (10) and thirty (30) days before the shareholders’ meeting is scheduled to be held, the board shall submit to the shareholders, at the corporate domicile or by electronic means, all relevant information regarding the shareholders’ meeting, the documents to be discussed and the proposals of the board. Shareholders may authorize another person who is not a director, employee or syndic of the relevant company to act on their behalf as a proxy at the meetings.

### Board of Directors

A board of directors elected at a shareholder meeting, manages the S.A. There is no requirement of a minimum number of members (could be one), except for certain corporations (i.e. section no. 299 of the LGS, for instance, those whose capital exceeds AR\$ 10M, publicly held companies or public utilities). Boards of section no. 299 of the LGS companies must be comprised of at least three members. There are no nationality requirements for being appointed as director, nor it is required that directors be shareholders. However, the absolute majority of directors appointed must reside in Argentina.

## Supervision

Argentine companies are subject to the external supervision of the Public Registry of Commerce, and the internal supervision of controllers (síndicos/comisión fiscalizadora) appointed by the shareholders, if required by law (i.e. those whose stock capital exceeds AR\$ 10M, are publicly held or public utilities).

## 2. Limited Liability Company (Sociedad de Responsabilidad Limitada)

The limited liability company (hereinafter “S.R.L.” for its acronym in Spanish) is the second most commonly used legal structure after the corporation. Its principal characteristics are:

### Quotaholders and Capital

There must be a minimum of two and a maximum of 50 partners (also, a single quotaholder cannot own more than 98% of the stock capital). No nationality or residency requirements apply. Their liability is limited to the full payment of the equity subscribed.

Stock capital is represented by “quotas”. There is no minimum capital requirement. The stock capital must be fully subscribed upon incorporation. The 25% of the capital shall be paid up at the time the incorporation is formed. The balance must be paid within two years thereafter. If the quotas are paid by means of contributions of property other than cash, then all the quotas must be paid in full, at the time of incorporation.

### Management

The management of the S.R.L. may be performed by one or more managers, acting individually or jointly as set forth in the section of incorporation. There is no nationality requirement. In case the managers act jointly, or in case there is only one manager appointed, then the absolute majority of all managers must reside in Argentina.

### Quota Holders’ Meetings

Resolutions are adopted as set forth in the by-laws. For amendments to the by-laws, if a sole partner represents the majority vote, it is required that an additional partner affirms the vote.

### 3. Branch

Foreign companies can set up a branch to perform businesses or activities in Argentina. The branch is a mere administrative decentralized office of the headquarters with no legal independence, which means it is not a different legal entity.

This implies that the headquarters must answer directly for the obligations and commitments assumed by the branch, though initially, the creditors may execute the capital stock assigned to the branch by the foreign company. Only a legal representative duly authorized to operate the branch must be appointed.

The branch is subject to supervision by the Public Registry of Commerce office corresponding to their jurisdiction.

From a tax viewpoint, however, branches must keep separate accounting registries from their parent companies, and file annual financial statements with the Public Registry of Commerce.

From a tax perspective, there is no difference between branches of foreign companies or Argentine corporations. Argentine corporations and Argentine branches of foreign companies are subject to income tax at a 35% rate applicable in the net income derived on the fiscal year. Costs and expenses are tax-deductible to determine the net taxable income. e tax deductible to determine the net taxable income.

# Argentina Tax Law

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There are three levels to the Argentine tax system: federal, provincial, and municipal. The National Constitution sets forth the taxation powers of the federal and local governments, as well as the general tax principles and limitations. The main taxes are the following.

## 1. Federal Taxes

### Income tax

#### a) Taxable event

This tax is governed by Law no. 20,628 and Decrees nos. 824 and 826/2019. The taxable event of the tax is given by the obtaining of profits (income) by individuals, legal entities or other subjects indicated by this law.

For resident individuals and undivided estates, the income, yields, or enrichments that are subject to this tax are those deriving from i.- a periodicity that implies the permanence of the source and if qualified. ii.- the alienation of depreciable movable property. iii.- the alienation of shares, quotas and social participants, digital currencies, titles, bonds, and other securities. iv.- the alienation of real estate and the transfer of rights of this.

For taxpaying companies - including permanent establishments, companies, and sole proprietorships - the profits subject to the tax are income, enrichment, and income which may or may not be subject to the periodicity or permanence of the source producing such income. Residents are taxed on their worldwide income. To avoid international double taxation, they are granted credit for similar taxes actually paid abroad on foreign source income, up to the amount of the increase in tax liability resulting from the inclusion of such income.

Foreign beneficiaries are taxed exclusively on their Argentine source income, in general, through the withholding procedure as a single and definitive payment.

#### b) Types of taxpayers

Three types of taxpayers may be distinguished:

- A. Individuals and undivided estates resident in the country.
- B. Capital companies incorporated in the country and permanent establishments located in the country.
- C. Beneficiaries abroad: individuals, undivided estates, or companies in general, and sole proprietorships not included in the preceding points.

#### c) Fiscal year

The fiscal year coincides with the calendar year. Except in the case of companies - direct taxpayers or not - that keep accounting records (the fiscal year coincides with the business year); and the partners of companies that do not pay the tax directly and the owners of companies and sole proprietorships - in relation to the results obtained by them - must allocate the results of the annual business year to the calendar year in which said year ends.

#### d) Method of determining the tax

- I. For individuals, the tax is determined on the basis of the real gross income, from which the expenses necessary to obtain, maintain and preserve the source in productive conditions are deducted. In addition, certain items may be deducted, such as compulsory contributions to retirement and social security systems and, subject to certain limits: life insurance premiums, funeral expenses, contributions or subscriptions to medical coverage institutions, health, medical and paramedical care expenses, interest on mortgage loans for the purchase or construction of new or used real estate for residential use up to \$ 20,000 per year, 40% of the rents of real estate used for housing, mobility, and travel expenses are up to 40% of the non-taxable income and contributions to private retirement insurance plans.

Deductions for non-taxable income, family expenses, and special deductions are subtracted from the net income to obtain the net income subject to tax (the amounts of these deductions are established annually by the AFIP).

The tax is determined by applying a progressive rate to the net taxable income -net income minus personal deductions- according to a scale of 9 income brackets, with minimum and maximum rates of 5% and 35%, respectively.

There are also special and fixed rates ranging from 5% to 15% for certain types of gains related to transactions on dividends and similar profits, alienation, and transfer of real estate rights and alienation of Argentine financial instruments. These types of transactions are covered by the concept of “schedular tax”, the particular analysis of which is beyond the scope of this paper.

- II. For corporations, companies, and permanent establishments, the taxable base is determined on the basis of the actual gross profit - excluding dividends received as a result of distributions made by companies subject to the tax resident in the country - from which are deducted the expenses necessary to obtain, maintain and preserve the source in productive conditions.

The applicable rates are progressive depending on the accumulated net taxable income, ranging between three categories of 25%, 30%, and 35%, according to the scales detailed in the table below. It should be noted that permanent establishments must pay the additional rate of 7% when remitting profits to their parent company.

Taxable Income		Tax Due on Lower Limit	Marginal Rate on excess	On the amount that exceeds \$
From \$	To \$			
0	5,000,000	0	25%	0
5,000,000	50,000,000	1,250,000	30%	5,000,000
50,000,000	Onward	14,750,000	35%	50,000,000

*\*Amounts are in Argentine Pesos.*

The amounts established in the scale are adjusted annually considering the annual variation of the Consumer Price Index (“CPI”).

- III. Finally, foreign beneficiaries are taxed by means of withholding at source as a single and definitive payment.

The taxable base for companies that are not considered taxpayers, with respect to foreign partners, is the net income determined according to the general tax rules. It is worth mentioning that the tax must be withheld whether or not the respective profit is remitted.

For the rest of the Argentine source profits attributable to foreign beneficiaries: the taxable base is given by a presumed net profit, equivalent to a percentage of the amounts paid, which the law establishes for each type of income. The applicable rate in both cases is 35%.

### Personal property tax

This tax is governed by Law no. 23,966 and its amendments. The taxable event is given by the possession of the personal property at 31 December of each year.



The taxpayers subject to this tax are:

- A. Individuals domiciled in the country and undivided estates located in the country and,
- B. Individuals domiciled abroad and undivided estates located abroad.

Individuals domiciled in the country and undivided estates domiciled in the country are taxed on assets located in the country and abroad, as in the case of income tax.

Individuals domiciled abroad and undivided estates domiciled abroad are taxed on assets located in the country.

The tax is calculated on the number of assets exceeding \$9,126,600 for this year (updated value).

The rate varies according to the total value exceeding the non-taxable amount. They are composed of a fixed amount to be paid, plus a percentage that varies according to the increase in the total value. Such percentages vary from 0.5% to 1.75%.

To avoid international double taxation, individuals domiciled in the country and undivided estates domiciled in the country may compute, as a payment on account, the amounts effectively paid abroad for similar taxes that consider taxable base on the net worth or assets in global form, up to the amount of the increase in the tax liability originated by the incorporation of the assets permanently located abroad.

Notwithstanding the above, there are certain variable rates that are applicable to certain particular situations related to the types of assets involved in each case and the location of such assets. The analysis of these particular situations is beyond the scope of this paper.

### Tax on credits and debits in bank accounts and other operations

Tax regulated by Law no. 25,413 and Decree no. 380/2001.

The tax shall be levied on:

- A. Credits and debits made in accounts -whatever their nature- opened in the entities governed by the Financial Entities Law.
- B. Transactions carried out by the entities mentioned in the preceding paragraph in which their payers or beneficiaries do not use the accounts indicated therein, whatever the denomination given to the transaction, the mechanisms used to carry it out -including through cash movements- and its legal instrumentation.
- C. All movements of funds, whether their own or those of third parties, even in cash, which any person, including those covered by the Law on Financial Institutions, carries out for their account or the account and/or on behalf of others, whatever the mechanisms used to carry them out, the denominations have given to them and their legal

instrumentation, including those intended for crediting in favour of establishments adhering to credit and/or debit card systems.

In the cases provided for in subparagraphs b) and c) above, it shall be understood that such transactions and/or movements replace the credits and debits referred to in subparagraph a), and therefore, for this purpose, double the rate in force shall be applied to the amount thereof.

The tax shall be determined, on the gross amount of debits, credits, and taxable transactions, without any deduction or increase for commissions, expenses or similar items, which are indicated separately in the respective vouchers.

The general rate is 0.6% for credits and 0.6% for debits. 1.2% for movements or deliveries of funds, whether their own or those of third parties -even in cash- that any person, including those included in the Financial Entities Law, carry out on their account or behalf of and/or in the name of another, whatever the mechanisms used to carry them out, the denominations have given to them and their legal instrumentation, including those destined for credit in favour of establishments that adhered to credit, purchase, and/or debit card systems.

There are also reduced and duplicated rates for certain cases. The payment of the respective amount shall be made exclusively by bank deposit, and no compensation with other taxes shall be allowed.

### Value-added tax VAT

Tax regulated by Law no. 23,349 Text ordered by Decree no. 280/1997 and Law no. 27,430. The tax is levied on all stages of the production and distribution cycles and is imposed in a generalized manner on the provision of services.

The tax is levied on those who habitually sell movable property, lease, or provide taxable services, make definitive imports of movable property, and provide services abroad to be used in the country.

Those residents or domiciled in the country who are lessees and/or borrowers of persons resident or domiciled abroad and those who carry out such transactions as intermediaries or on behalf of such persons from abroad shall be deemed to be liable as substitutes for the taxed rentals and/or services provided that they carry them out in their name, regardless of the form of payment and of the fact that the foreign person receives payment for such transactions in the country or abroad.

### Rates

- A. General rate 21%.
- B. Higher differential rate of 27%, for sales of gas, electricity (except public lighting), provision of running water, sewage, and drainage services and services provided by telecommunications service providers -with certain exceptions-, when the sale or provision is made outside domiciles intended exclusively for homes, recreational or summer houses or vacant land and the buyer or user is a taxable person, classified as a registered or unregistered taxpayer.
- C. Reduced differential rate 10.5%, applicable to - Work carried out directly or through third parties on someone else's property, intended for housing, excluding those carried out on pre-existing constructions that do not constitute work in progress. - Interest and commissions on loans granted to persons responsible registered by entities subject to the Regime of Law No. 21,526 or by foreign banking entities that meet the requirements established by the Basel Committee of Banks. - Interests and commissions of loans granted by the entities mentioned in the preceding section to companies that provide the public service of land automotive transport of short, medium, and long distance. - Live cattle, sheep, camelids, goats, poultry, rabbits, and pigs, their meat and edible offal, fresh, chilled or frozen. - Fruit, vegetables, fresh, chilled, or frozen. - Grains -cereals and oilseeds, excluding rice- and dried pulses -beans, peas, and lentils-. - Certain works, rentals, and services related to the procurement of live bovine and ovine animals, fruits, vegetables, fresh vegetables, grains -cereals and oilseeds, excluding rice- and dried vegetables -beans, peas and lentils- - Bovine hides and skins, fresh or salted, dried, in the openwork state, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared, whether or not dehaired or split, falling within certain tariff positions. - Honey bees in bulk. - Passenger transport services, whether by land, water, or air, carried out in the country, except taxis and minicabs for journeys of less than 100 km (exempt). - Medical and paramedical health care services provided or contracted by cooperatives, mutual entities, and prepaid medicine systems, which are not exempt. The provision of these services to a private patient directly and without the right to reimbursement is taxed at the rate of 21%. - Capital goods are included in a specific list. - Services carried out by Worker Cooperatives, promoted and registered in the National Register of Local Development and Social Economy Agents of the Ministry of Social Development, when the buyer, lessee, or borrower is the National State, the provinces, the municipalities or the Autonomous City of Buenos Aires, their respective departments, and centralized or decentralized entities, excluding the entities and bodies included in section 1 of Law no. 22,016. - Propane, butane and liquefied petroleum gas. - Chemical fertilizers for agricultural use. - Wheat flour (included in heading 11.01 of the Common Nomenclature of MERCOSUR). - Bread, biscuits, bakery and/or pastry invoices and biscuits, and biscuits, made exclusively with wheat flour, not previously packaged for marketing, (included in sections 726, 727, 755, 757, and 760 of the Argentine Food Code). - Services of distribution, classification, distribution and/or return of newspapers, magazines, and periodicals that are rendered to subjects whose activity is the publishing production. - Solid waste resulting from the industrial extraction of soybean oil, as well as any other solid waste or product resulting from the industrial processing of soybeans, in both cases, whatever their commercial form (expellers, pellets, cakes, flours, granules, etc.). - Denatured, deactivated, roasted, broken soya beans, any product resulting from the sifting and cleaning of soya beans, soya hulls or husks, any mixture of the above products, whatever their commercial form.

The tax is settled by means of a monthly tax return. The tax return must be filed and the resulting tax paid during the month following the month to which the tax return corresponds. There are withholding, collection, and payment on account regimes. Exporters may recover the tax invoice for goods, services, and rentals effectively destined to exports or any stage of their achievement by offsetting it.

## 2. Local (provincial) Taxes

### Gross Income Tax (Impuesto sobre los ingresos brutos)

The gross income tax is the most important provincial tax in Argentina and is applied by all provinces.

#### a) Taxable event

The taxable event of this tax is given by the exercise of any trade, industry, profession, trade, business, or usual lucrative activity carried out within the jurisdiction of the province concerned in each case and even within the Autonomous City of Buenos Aires. The tax is proportional to the gross income, being understood as such the sums accrued for sales of products or goods, for remuneration or compensation of services, or payments of retribution for the lucrative activity exercised.

#### b) Taxpayers

Taxpayers of this tax are individuals or legal entities engaged in business, commercial or civil activities, including sole proprietorships, for-profit; those who exercise professions, trades, and intermediary operations.

#### c) Fees

The provinces apply variable rates, but, in general, they respond to a uniform scheme: a basic rate and then reductions or increases for certain activities. In general, the average basic rate is 3%.

#### d) Determination and payment

In general, the tax is determined by means of a sworn declaration to be submitted by the taxpayer, drawn up in accordance with the gross income accrued during the tax period, which is generally the calendar year, and monthly advances are paid.

#### e) Exemptions

The activities exempted from having to pay this tax vary in the provincial legislations, according to the tax policy adopted by each province. For this reason, some industrial activities may be exempted. For activities carried out in more than one provincial jurisdiction, there is a distribution system common to all of them, called Multilateral Agreement.

### Stamp Tax

This tax is levied for the formal execution of public and private instruments that have a pecuniary interest executed in Argentina or, if executed abroad, are deemed to have effects in one or more relevant jurisdictions within Argentina. The tax rate may depend on the province, but it is usually between 0.8% and 1.5% of the economic value of the transaction.

### Real Estate Tax

This tax is also one of the most common provincial taxes and is levied on the value of the property held. Rates vary according to each jurisdiction. In some provinces this tax is collected by municipalities.

### 3. Local (municipal-council) Taxes

The local municipalities established in each province are authorized to levy municipal taxes for the provision of certain public services (e.g. lighting, sweeping and cleaning, health and hygiene inspections in private premises, road maintenance, etc.).

Currently, the municipal tax has the greatest impact on the commercial activity of companies is the so-called “health and safety inspection tax”. In general, this tax covers inspection services aimed at preserving safety, and hygiene in shops, industries and similar activities carried out in premises, establishments, or offices within the jurisdiction of the municipality in question in each case.

The municipalities do not adopt a uniform basis for quantifying the tax base. Therefore, there are wide variations in the methods applicable for this purpose, depending on the rules in force in each municipality. Furthermore, the applicable rates are also variable and depend on the type of activity carried out in the municipality. In general, on average, the minimum rate is 3‰ (three per thousand) and the maximum rate is 10‰ (ten per thousand).

# Argentina Labor Law

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Employer-employee relationships in Argentina are governed by the Argentine Constitution and international treaties and conventions, as well as Labor Contract Law no. 20,744 (hereinafter LCT for its acronym in Spanish), as subsequently amended, collective bargaining agreement and the individual terms of labor contracts between the parties.

The LCT establishes a trial period of three months, during this, both parties are subject to the rights and obligations inherent to an employment relationship, with the exception that both employer and employee may terminate the relationship without need for justification and without the employee receiving severance.

Remuneration is defined as retribution received by the worker as a consequence of the work contract (section 103 of the LCT). This may consist of a sum of money, or part of money, and up to 20% of the total value in kind, accommodation or food.

All workers are entitled to a thirteenth month of salary, known as the “Aguinaldo” in Spanish. The Aguinaldo is paid annually in two installments: the first on June 30 and the second on December 18. Law no. 23,041 and its Regulatory Decree no. 1078/84 establish that each installment should be calculated on the basis of 50% of the highest monthly salary paid in the last six months.

The Occupational Risks Act establishes a system of protection against contingencies that may occur at work or the resulting thereof, either by accident or occupational illness. They can be the cause of temporary or permanent disability, or death. This system foresees the existence of an Occupational Risks Insurers (“Aseguradores de Riesgos del Trabajo” or “ARTs” for its acronym in Spanish) to indemnify injured workers.

Employees cannot waive this coverage. ARTs are obligated to not only provide insurance for occupational accidents or illnesses but also to prevent their occurrence by implementing periodic health and safety controls within insured companies. Ordinary annual leave (vacation) is the amount of paid leave given by the employer to employees. The number of days depends on seniority: 14 consecutive days for less than five years and more than six months; 21 consecutive days for over five and less than 10 years; 28 consecutive days for over ten and less than twenty years and 35 consecutive days for over twenty years.

The conditions for retirement are that the employee reaches the age of sixty (women) or sixty five (men) having contributed a minimum of 30 years to the system. Employees may also obtain special retirement as a result of disability and the deceased employee’s family members may receive pension payments if the employee supported his or her family.

Any foreign person wishing to reside and work in Argentina must obtain a residence permit from the Argentina National Immigration Department.

### Social security contributions

The modality of taxation of labour taxes varies depending on whether the work is carried out as a dependent or self-employed worker.

The laws that regulate the modality of taxation in the case of a dependent relationship are Laws nos. 24,241, 27,430, and 27,541. Several regimes that must be taxed a) Integrated Argentinean Pension System (SIPA). (Law no. 24,241) b) National Institute of Social Services for Retired and Pensioners (Law no. 19,032) c) National Regime of Family Allowances (Law no.24,714) d) National Employment Fund (Law no. 24,013) e) National Health Insurance Regime (Law no. 23,661). f) National Regime of Social Works (Law no. 23,660).

Contributions are the amounts to be paid by the employer while contributions are the amounts withheld or paid by the employee.

There is a minimum taxable base (except for the social security system) and a maximum taxable base for contributions to the Integrated System of Retirement and Pensions Law no. 24,241. “Instituto de Servicios Sociales para Jubilados y Pensionados” Law no. 19,032. Régimen Nacional de Obras Sociales Law no. 23,660. National Health Insurance System Law N° 23,661.

It is worth mentioning that there is a monthly deduction from the taxable base for contributions on which it is appropriate to apply the rate provided for, an amount of \$ 7,003.68 will be deducted monthly for each of the workers, as gross remuneration, whatever the hiring modality adopted under the LCT, the National Regime of Agrarian Work (Law no. 27,727) and the Regime of the Construction Industry (Law no. 22,250).

Employers with a payroll of up to 25 employees, in addition to the deduction for each worker, shall enjoy a deduction of \$ 10,000 per month.

From the employer's contribution effectively paid, the amount resulting from applying the points that depend on the jurisdiction to the same taxable bases may be computed as a tax credit for Value Added Tax. In CABA and Greater Buenos Aires these points are 0%, so no tax credit is generated.

The self-employed worker's regime is regulated by Law no. 24,241. It applies to people who carry out an activity independently. It is divided into categories according to the work performed and the gross annual income.

Self-employed workers shall pay the mandatory social security contributions per month accrued, based on a presumed monthly taxable income per category and updated quarterly, due to the month immediately following the month in which it is accrued.

There are two items that have to be taxed which are the Integrated System of Retirement and Pensions - Law no. 24,241, section II, for a total of 27% and the National Institute of Social Services for Retirees and Pensioners - Law no. 19,032 for a total of 5%.

# Argentina Real Estate

Estudio Moltedo

Real property rights are governed by the CCCN. There is no restriction for foreign individuals or companies to acquire title to real estate in Argentina, except rural lands and border areas.

Under section no. 1945 of the CCNC, ownership over land extends to the underground and airspace, to the extent their uses are possible, except as provided by special provisions and laws that may restrict the owner's rights (e.g. provisions on treasures, mining law, airspace law). All buildings, crops, and plantations belong to the landowner, with the exception of surface rights. According to the above-referenced legal provision, real estate property cannot be distinguished from land ownership and the same deed includes both, except for surface rights.

Title to real estate is conveyed through the granting of a public deed authorized by a public notary, the delivery of possession to the land, and the record of the deed before the Public Registry of the relevant jurisdiction (Registro de la Propiedad Inmueble) to make the transaction enforceable vis-à-vis third parties. The Public Registry's records are publicly available.

As for protection to the buyer and before authorizing the execution of the deed of transfer, the public notary must study the seller's title to the real estate to establish any possible imperfection and ask the Public Registry to inform on existing attachments and encumbrances. The public notary must also check that all local taxes levied on real estate are paid until the date of the closing. The State and public notary will be held liable in case of damages arising out of the Public Registry's inaccuracies and professional malpractice. Title insurance is not available in Argentina.

Further to the above, the CCCN grants buyers of real estate an eviction guarantee (section no. 1034 of the CCNC), entitling the buyer to recover damages against the seller if the buyer loses the real estate acquired due to the existence of a third party's better title to the property (section no. 1040 of the CCNC). The seller is also responsible to the buyer for certain hidden defects in the real estate property (section no. 1051 of the CCNC).

Local stamp taxes apply to the conveyance of real estate, their rates varying according to the jurisdiction the real estate is located in (around 3% of the purchase price). The purchase of a family's only residence is exempt from stamp tax in some provinces.

The Protection of National Control of Property Possession or Tenure of Lands Law, known colloquially as the Land Law (Law no. 26,737) and Degree-Law no. 274/2012, modified by Degree-Law 820/2016, set out certain limits on foreign ownership of rural lands. This Law regulates matters of public policy; its provisions can not be altered by provisions or agreements between individuals. In that sense, the enforcement authority -the National Register of Rural Lands- is empowered to examine any relevant legal activity.

Any purchase, transfer, or assignment of possession rights of rural lands in favor of foreign persons must be previously authorised by the National Register of Rural Lands.

Foreign persons (whether individuals or entities defined in section 3 of Law no. 26,737) must not own more than 15% of the total rural land in the whole country, the percentage also applies to each province, municipality department, and administrative agency (section 8 of the Law no. 26,737). Also, natural persons or legal entities of the same foreign nationality can not hold more than 30% of the preceding 15% limit.

The same foreign owner must not have more than a specified number of hectares in so-called core zones or “zonas nucleos” (section 10 of Law no. 26,737), which varies according to location (for example, 1,000 hectares for the principal agriculture area in the north of the province of Buenos Aires).

In addition, foreign persons must not own land that:

- I. comprises or is located beside permanent and significant bodies of water and,
- II. is located in security zones unless authorized by the federal government or within 150 km. of a border.