A country’s tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions. This handy reference guide provides clients and professional practitioners with comprehensive tax and business information for over 90 countries throughout the world.

As you will appreciate, the production of the WWTG is a huge team effort and I would like to thank all tax experts within PFK member firms who gave up their time to contribute the vital information on their country’s taxes that forms the heart of this publication.

I hope that the combination of the WWTG and assistance from your local PFK member firm will provide you with the advice you need to make the right decisions for your international business.

Richard Sackin
Chairman, PKF International Tax Committee
Eisner Amper LLP
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PREFACE

The PKF Worldwide Tax Guide 2013 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world’s most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2013, while also noting imminent changes where necessary.

On a country-by-country basis, each summary addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country’s personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

In addition to the printed version of the WWTG, individual country taxation guides are available in PDF format which can be downloaded from the PKF website at www.pkf.com

PKF INTERNATIONAL LIMITED
MAY 2013

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ABOUT PKF INTERNATIONAL LIMITED

PKF International Limited (PKFI) administers the PKF network of legally independent member firms. There are around 300 member firms and correspondents in 440 locations in around 125 countries providing accounting and business advisory services. PKFI member firms employ around 2,270 partners and more than 22,000 staff. PKFI is the 11th largest global accountancy network and its member firms have $2.68 billion aggregate fee income (year end June 2012). The network is a member of the Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

Services provided by member firms include:

- Assurance & Advisory
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PKF member firms are organised into five geographical regions covering Africa; Latin America; Asia Pacific; Europe, the Middle East & India (EMEI); and North America & the Caribbean. Each region elects representatives to the board of PKF International Limited which administers the network. While the member firms remain separate and independent, international tax, corporate finance, professional standards, audit, hotel consultancy and business development committees work together to improve quality standards, develop initiatives and share knowledge and best practice cross the network.

Please visit www.pkf.com for more information.
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I. TREATY AND NON-TREATY WITHHOLDING TAX RATES
## INTERNATIONAL TIME ZONES

**AT 12 NOON, GREENWICH MEAN TIME, THE STANDARD TIME ELSEWHERE IS:**

| A | Algeria .................. 1 pm |
|   | Angola .................. 1 pm |
|   | Argentina ................ 9 am |
|   | Australia -             |
|   |   Melbourne ............. 10 pm |
|   |   Sydney ................ 10 pm |
|   |   Adelaide ............... 9.30 pm |
|   |   Perth .................. 8 pm |
|   | Austria .................. 1 pm |
| B | Bahamas .................. 7 am |
|   | Bahrain .................. 3 pm |
|   | Belgium .................. 1 pm |
|   | Belize ................... 6 am |
|   | Bermuda .................. 8 am |
|   | Brazil ................... 7 am |
|   | British Virgin Islands ... 8 am |
| C | Canada -               |
|   |   Toronto ............... 7 am |
|   |   Winnipeg .............. 6 am |
|   |   Calgary ............... 5 am |
|   |   Vancouver ............. 4 am |
|   |   Cayman Islands ....... 7 am |
|   |   Chile .................. 8 am |
|   |   China - Beijing ...... 10 pm |
|   |   Colombia .............. 7 am |
|   |   Cyprus ................. 2 pm |
|   |   Czech Republic ....... 1 pm |
| D | Denmark .................. 1 pm |
|   |   Dominican Republic ... 7 am |
| E | Ecuador .................. 7 am |
|   | Egypt .................... 2 pm |
|   | El Salvador ............. 6 am |
|   | Estonia .................. 2 pm |
| F | Fiji ..................... 12 midnight |
|   | Finland .................. 2 pm |
|   | France ................... 1 pm |
| G | Gambia (The) ............ 12 noon |
|   | Germany .................. 1 pm |
|   | Ghana .................... 12 noon |
|   | Greece ................... 2 pm |
|   | Grenada .................. 8 am |
|   | Guatemala ............... 6 am |

Guernsey .................. 12 noon
Guysey ..................... 12 noon

| H | Hong Kong ................. 8 pm |
|   | Hungary ................... 1 pm |

| I | India ..................... 5.30 pm |
|   | Indonesia ................ 7 pm |
|   | Ireland ................... 12 noon |
|   | Isle of Man ............... 12 noon |
|   | Israel .................... 2 pm |
|   | Italy ..................... 1 pm |

| J | Jamaica ................... 7 am |
|   | Japan .................... 9 pm |
|   | Jordan ................... 2 pm |

| K | Kenya ..................... 3 pm |

| L | Latvia ................... 2 pm |
|   | Lebanon ................... 2 pm |
|   | Luxembourg ............... 1 pm |

| M | Malaysia ................ 8 pm |
|   | Malta .................... 1 pm |
|   | Mexico ................... 6 am |
|   | Morocco .................. 12 noon |

| N | Namibia .................. 2 pm |
|   | Netherlands (The) ...... 1 pm |
|   | New Zealand ............. 12 midnight |
|   | Nigeria .................. 1 pm |
|   | Norway ................... 1 pm |

| O | Oman ..................... 4 pm |

| P | Panama ................... 7 am |
|   | Papua New Guinea ....... 10 pm |
|   | Peru ..................... 7 am |
|   | Philippines ............. 8 pm |
|   | Poland ................... 1 pm |
|   | Portugal ................ 1 pm |

| Q | Qatar .................... 8 am |

| R | Romania .................. 2 pm |
Russia -  
  Moscow .................. 3 pm  
  St Petersburg ............ 3 pm  

S  
  Singapore .................. 7 pm  
  Slovak Republic .......... 1 pm  
  Slovenia ................. 1 pm  
  South Africa .......... 2 pm  
  Spain .................. 1 pm  
  Sweden .................. 1 pm  
  Switzerland .......... 1 pm  

T  
  Taiwan .................. 8 pm  
  Thailand ............... 8 pm  
  Tunisia .................. 12 noon  
  Turkey .................. 2 pm  
  Turks and Caicos Islands . 7 am  

U  
  Uganda .................. 3 pm  
  Ukraine .................. 2 pm  
  United Arab Emirates ..... 4 pm  
  United Kingdom ...... (GMT) 12 noon  
  United States of America -  
    New York City .......... 7 am  
    Washington, D.C.... 7 am  
    Chicago ............... 6 am  
    Houston ................ 6 am  
    Denver ................ 5 am  
    Los Angeles .......... 4 am  
    San Francisco ........ 4 am  
    Uruguay .............. 9 am  

V  
  Venezuela ................. 8 am  

Z  
  Zimbabwe .................. 2 pm
ARGENTINA

Currency: Peso (P)  
Dial Code To: 54  
Dial Code Out: 00

Member Firm:  
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A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES

COMPANY TAX

Companies domiciled in Argentina are subject to income tax on all their income, whether sourced in Argentina or in a foreign country. Non-resident companies are subject to tax on Argentine source income. Income from export of goods situated in Argentina is deemed to be fully taxable and, for other specific international activities (eg news agencies, insurance, commercial use of films produced abroad, international transport etc), the tax law establishes a certain percentage as presumed income.

The tax rate for corporations (Sociedades Anónimas, Sociedad de Responsabilidad Limitada – Limited Liability Corporation – en Comandita) and branches of foreign companies domiciled in Argentina is 35%. For other partnerships, the tax is charged to each partner according to a progressive tax rate scale ranging from 9% to 35% depending on the amount of the taxable income.

Foreign recipients not qualifying as a permanent establishment in Argentina are subject to withholding tax at source. The rate is 35% on the applicable presumptive net income percent, depending on the type of payment made (ie interest, fees, royalties, rentals, etc).

For companies organised or incorporated in Argentina, any income tax (or similar tax) paid abroad on a foreign source income is creditable against Argentine income tax, up to a limit (see paragraph C).

Company income is taxed on an accrued basis during the company’s business year. The tax is assessed annually within five months after fiscal year end. Advanced payments must be paid monthly on the basis of the tax amount paid the previous year. Moreover, the AFIP (Tax Authority) has enforced several withholding tax regulations that involve almost all kind of activities. The income tax withheld during the fiscal year is creditable against the income tax assessed, as well as the advanced payments. The balance can be paid at due date or filing an instalment plan (up to six instalments) accruing interest at a monthly 2% rate.

CAPITAL GAINS TAX

There is no separate tax levied on capital gains for companies organised in the country or for branches as they fall under the scope of income tax. For foreign corporations, capital gains are also included under withholding at source income tax regime at the time payment is made.

For foreign resident companies that hold shares issued by an Argentine company, gains derived from the alienation of those shares are not levied on income tax, provided that the holding corporation’s shares (issued by the foreign resident company) are registered (not issued to the bearer). The same exception is applicable on the alienation of shares and bonds that are quoted on the Stock Exchange.

On the other hand, for foreign holding companies residing in tax havens (offshore companies) that are shareholders of an Argentine company, gains derived from the alienation of those Argentine shares are levied with income tax. The applicable withholding tax rate is 17.50%.

VALUE ADDED TAX (VAT)

This tax is applied to all stages of the production and sales processes (output tax), and the tax amount of the immediately preceding stage is deductible (input tax). The tax is imposed on the following transactions:

• sale of personal property situated in Argentina
• leases and services, including financial and insurance services
• real estate leases
• work performed on third-party real property
• work performed on owned real property, in the case of constructors
• production of personal property commissioned by a third party
• procurement of natural goods commissioned by a third party
• permanent import of personal property
• services provided from abroad and used in Argentina (including interest). In this case, input tax must be paid by the local company and it automatically becomes ‘input tax’ for VAT purposes in the following month.

VAT is assessed on a monthly basis. The inception of the taxable event is to issue the invoice, deliver the goods, render the service or the receipt, whichever is the earliest.

The standard tax rate, currently 21%, is charged on the net price of the transaction. There are some leases and services levied at 27% (electricity, telecommunications, etc). Some goods and services are levied at 10.50% (bovine meat, fresh vegetables, lodgings, interests on loans received from Argentine financial institutions, property plant and equipment as specified in a list provided, newspapers and magazines, transportation for individuals etc).

Exports are levied at a zero rate (destination country method). Exporters can apply input tax (incurred in making exports) against output tax arising from other taxable transactions. In case of a net input tax (internal charge), exporters are entitled to a refund (under a special procedure established by the tax authority). Foreign tourists are also entitled to a VAT refund (cash or in credit card account) included in personal property purchases and lodging services in some tourist areas.

There are several withholding and ‘collection at source’ regimes in force. The VAT withheld or collected at source is creditable against the internal charge. In case of a reminding tax credit, it can be offset against any other federal tax liability.

FRINGE BENEFITS
No tax is levied specifically on fringe benefits, since they are levied with income tax and social security contributions.

MINIMUM PRESumptive INCOME Tax (MPIT)
This tax is levied on all assets located in Argentina or in foreign countries owned by companies domiciled in Argentina or branches of foreign companies located in Argentina.

The Tax Act sets out how to value the assets to which, in general, the current market value must be given. Some assets are not levied, e.g. shares of other companies domiciled in Argentina, dividends earned, investment in construction (for two years), and new personal property purchases (for two years). Companies having less than $200,000 of assets are not levied. Field Real Estate property is levied allowing a special deduction of up to $200,000.

The tax rate is 1%. Financial institutions and insurance companies, subject to the control of state entities, are subject to MPIT on 20% of their assets value.

Although this is an ‘assets tax’, the spirit of the law is to set a company’s minimum income tax liability (for example, in the case of tax losses). Income tax assessed by the company may be creditable against MPIT for the same fiscal year.

If, in the same fiscal year, the income tax assessed is higher than the MPIT assessed, the net will not generate a tax credit. On the other hand, if in the same fiscal year the MPIT assessed is lower than the income tax assessed, the net of the MPIT may be carried forward and offset against income tax in the following ten fiscal years.

Despite this tax credit, the company must pay effectively at least the amount of MPIT assessed every fiscal year. Therefore, every year the company must assess both taxes, yet pay either income tax or MPIT, whichever is the higher.

SINGLE SIMPLIFIED Tax
Single simplified tax is a volunteer tax applicable to individuals and small partnerships that perform little activity and where income does not exceed a threshold set by the Act. The taxpayer can choose whether to pay income tax and VAT or substitute both by paying a monthly single simplified tax. The tax is determined considering a scale of income.

LOCAL TAXes
The different Provinces and Jurisdictions within the territory of Argentina apply local taxes. A brief description is provided as follows:

Turnover tax: This is a provincial tax levied on the various stages of production and selling processes but no input tax is deductible from the tax amount of the immediately preceding stage (waterfall effect).
In general, it applies to gross revenues accrued during each fiscal period (month). The tax rate is approximately 3% to 5% for commercial activities, 1.5% to 4% for industrial activities, and 1% - 3% for primary activities, according to the taxpayer turnover and other regulations enforced by each provincial Tax Act.

Under an agreement signed between the National Administration and the Provincial Administrations, several exemptions to some productive activities have been established and the tax scheme will be reshaped gradually until this tax becomes ineffective and replaced by a ‘neutral’ tax. In general, small industrial activities are not levied in the jurisdiction where the factory is located.

Stamp tax: The duty is levied in each of the country’s jurisdictions on juristic acts and instruments entailing a flow of wealth between the parties involved in the legal relationship. Thus, stamp tax is applicable inter alia to acts whereby for profit transactions on Real Estate, personal property, services rendered and civil, commercial or financial obligations are documented. Rates vary according to the jurisdiction and the type of instrument involved, the most common one being 1.00% of the contract value. Under the aforesaid fiscal agreement, stamp tax is also to be phased out in the future but it currently is still in effect.

Land and car taxes: These taxes, typically ‘ad valorem’, are levied on land and automobiles located or registered within any of the country’s 24 provinces. The fiscal assessment value of the assets and the applicable tax rate vary according to each jurisdiction.

Rates: These are municipal levies applied on a range of taxable bases in the various jurisdictions, in consideration of services provided by each township. The taxable event is the performance of an activity for profit in a town. The tax rate, set by each Municipal Act, is applicable on the turnover and depends on the activity performed.

OTHER TAXES

Excise tax: This is a federal tax on specific goods and services, levied on a variety of items such as cigarettes, tobacco, alcoholic beverages (whisky, other spirits, liquor, etc), soft drinks, beer, automobiles, ships and aircraft, mobile phone services, insurance premiums, luxury items (jewellery, stones, pearls, furs, etc), some electronic products (microwave oven, television set, radio, several home appliances, etc). Excise tax is levied on the sale price. The tax rate varies depending on the item. This tax is generally levied on the production or importing stage (first stage).

Furthermore, a fuel and gas tax is levied on the sales of some of these products.

Social security contributions: These are federal taxes levied on both employers and employees. The taxable base is the salary. The employer assesses the tax and files the tax return with the official authority on behalf of both, including self-assessment plus the tax withheld to employees.

Employee contributions on salaries are 17% of salary and employers’ contributions are set at 23% for small and medium sized companies and 27% for large companies. Employers’ social security contributions can be partially considered an input tax for VAT purposes in some provinces. The amount that can be offset depends on the employer’s location, ranging from nil in Buenos Aires up to 10.75%.

Tax on checking account debits and credits: This tax is levied on financial transactions. The taxable event is not only each debit and credit in a checking account but also a large variety of financial transactions (money remittances, money orders, cheque deposit on saving accounts, etc). The law sets out several exceptions (i.e. saving accounts, stock exchange agents, non-profitable associations, etc), and provides for reduced rates for certain transactions such as time deposits.

To prevent tax avoidance, any amounts over $1,000 must be paid by cheque as a binding procedure.

The tax rate applicable is 0.60% on each debit and 0.60% on each credit on checking account. Thus the whole transaction is levied at a 1.2% rate. For specific activities performed by some taxpayers (who might use checking accounts to make payments on behalf of third party) a 0.075% rate is applicable.

17% of the tax amount paid each month is creditable against income tax or minimum presumptive income tax. The remaining 83% of the tax is a non-recoverable expense. The idea is that Financial Institutions act as withholding agents in order to ensure the revenue of the most important taxes.
B. DETERMINATION OF TAXABLE INCOME

Deductions for income tax assessment purposes include expenses incurred necessarily to obtain, maintain and preserve such income. The Income Tax Act lists specific regulations for dealing with the cost of products, fixed assets, real estate, or securities sold, as well as deductible bad debts, and property plant and equipment depreciation.

INVESTMENT ALLOWANCE

At present, there is no income tax incentive scheme in force allowing additional deductions, in whole or in part, for investment on facilities and equipment.

DEPRECIATION OF FIXED ASSETS

For real estate, the law establishes a depreciation rate of 2% annually on the portion attributable to the building. The Tax Act indicates that fixed assets may be depreciated over their estimated useful life on a straight-line basis. Assets subject to depletion (mines, quarries etc.), may be depreciated, not on the straight-line method, but proportionally to the units extracted in each period.

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STOCK/INVENTORY

In the case of resale goods and raw materials, inventories should be valued for tax purposes at the end of each business year at acquisition cost (last purchase value). For self-manufactured items, the inventory value is determined on the basis of the sales price at the end of the fiscal year after deducting any direct expenses associated with the sale and the net profit margin. In special cases, where cost accounting systems are maintained, own-production goods could be valued at their production cost.

CAPITAL GAINS AND LOSSES

Capital losses are deductible, subject to the limitations noted in the paragraph under ‘Losses’ below.

DIVIDENDS

In general, dividends between two Argentine resident companies are tax exempt in the hands of the recipient.

However, equalization tax applies to dividends paid to residents and non-residents when commercial profits (i.e. the profits before tax as reported in the company’s financial statements) exceed taxable profits. If the dividend passed does not exceed the taxable profit, dividends are not levied, whoever their recipients are, provided that the dividend is distributed on nominative (registered) shares. If the dividends outnumber taxable profit, a withholding tax at 35% is payable on the difference (equalization tax). No tax credit is derived from the tax withheld because dividends are not levied as income for the recipient (the whole tax was withheld).

INTEREST DEDUCTION

Interest is generally deductible provided that it is incurred on loans taken out for business purposes. Otherwise the deduction is denied. Notwithstanding this, there is a threshold set on deductible interest. Under thin capitalization rules, interest is disallowed where all the following conditions take place all together:

- the company’s financial debt/equity ratio exceeds 2:1
- the loan is granted by a foreign resident who controls the Argentine company (directly or indirectly)
- the withholding tax rate applicable on the interest paid abroad is reduced to 15.05% (that is 35% tax rate on 43% presumptive net income). See paragraph F.

Where the conditions do not apply simultaneously, no limitation is applied and interest is fully deductible. This is logical because when the withholding tax rate applicable is 35% (35% tax rate on 100% presumptive net income), the full tax was already withheld and the deduction is therefore allowed. (See paragraph F for more details about withholding tax on interest.) If the limit is applicable, interest is not deductible on the percentage of two times Net Worth over total liabilities. The remaining percentage of interest is deductible.

LOSSES

Income tax losses made in a given fiscal year may be carried forward for five years but taxpayers may only offset losses against the same kind of income. Thus, stocks and foreign-sourced losses may only be offset against income of the same kind.

FOREIGN CAPITAL INFLOWS

No special regulations exist to control incoming funds disclosed as capital contributions, as the current policy is designed to encourage inflows of foreign capital. However, foreign companies should pay personal assets tax (see below).
because Argentine Law deems that the stock belongs to a resident individual. Other kind of incoming funds may be subject to a time deposit (see paragraph G).

On the other hand, there are specific regulations in force to control outgoing funds set by the Central Bank.

INCENTIVES
Promotional tax schemes are available for new investments in agricultural transactions and tourism in certain areas of Argentina. Approval of new industrial investment projects has been suspended.

CORPORATE MERGERS
Corporate reorganisations (de-mergers and mergers/consolidations) are to be considered ‘tax free’ provided that certain legal requirements and proceedings are met. These relate, in particular, to maintenance of the shareholders’ interest and continuance of the business activity carried out (two years after and before the reorganisation process). In such cases, any outstanding tax loss may be carried forward and other existing allowances and liabilities may be passed on to the successor companies.

SHARES AND BONDS
For corporations domiciled in Argentina, the income produced by share holding is levied when share alienation takes place (not just because of holding them). On the other hand, bonds must be valued at their current value. Therefore, the income produced by bond holding is levied whether they are sold or not. For foreign residents domiciled in any country but tax havens, the disposal of shares (issued by an Argentine Company) is not levied with Income Tax.

C. FOREIGN TAX RELIEF
Any overseas income taxes paid on foreign-sourced income may be creditable against Argentine income tax up to the limit of the increase in the tax liability resulting from aggregating the foreign-sourced income.

D. CORPORATE GROUPS
Companies belonging to the same group or holding, but having separate legal status, should pay their taxes separately and the transfer of losses from loss-making to profit-making members of the same group of companies is not permitted. Nevertheless, payment is waived in the case of taxes arising from corporate reorganizations (de-mergers and mergers/consolidations) which comply with established legal requirements (particularly, maintenance of the shareholders’ interest and continuance of the business activity carried out) for two years after and before the reorganisation process.

E. TRANSFER PRICING AND RELATED PARTY TRANSACTIONS
Under Argentine Law, transactions between Argentine companies and related parties domiciled abroad are deemed to take place at arm’s length rates for tax purposes.

When the pricing used agrees with normal market practices as between non-related entities, no adjustment is required for tax purposes.

For income tax assessment purposes, Argentine law provides for the traditional methods generally used for transfer pricing (comparable uncontrolled price, resale price, cost plus, profit split, transaction net margin) to demonstrate that an arm’s length price has been used in transactions performed with related parties residing abroad, or any parties residing in tax havens. The related parties test is broad and includes not only transactions between a local subsidiary and its parent company but also other relationships, (e.g. local company and foreign subsidiary, local permanent establishment and foreign head office, local company and foreign permanent establishment, local company and related or not related party residing in a tax haven, among others).

F. WITHHOLDING INCOME TAX FOR FOREIGN TRANSACTIONS
When Argentine-source income is paid to foreign recipients who do not have a permanent establishment – branch, office, etc - in Argentina, such income is subject to withholding tax of 35%.

For each activity, the law establishes a percentage of presumptive net income on
which 35% withholding tax is applicable, thereby reducing the effective tax rate. The following chart shows the presumptive net income percentages:

<table>
<thead>
<tr>
<th>Income</th>
<th>Presumptive net income % A</th>
<th>Effective withholding tax rate % 35% × A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans granted by overseas banks only on condition that the lender bank: a) is domiciled in a jurisdiction not considered a “tax haven”, and, b) has supervision on financial activity provided by the Central Bank (Federal Reserve). Offshore banks domiciled in any territory are not included in this category.</td>
<td>43%</td>
<td>15.05%</td>
</tr>
<tr>
<td>Interest on debt arising the importation of property plant and equipment subject to depreciation (except cars) provided that the exporter is the creditor.</td>
<td>43%</td>
<td>15.05%</td>
</tr>
<tr>
<td>Interest on time deposits made by foreign residents (either companies or individuals) in financial institutions located in Argentina, provided the interest is not chargeable to income tax in the country of residence.</td>
<td>43%</td>
<td>15.05%</td>
</tr>
<tr>
<td>Other interest. This category includes: a) interest on loans granted by overseas corporations or individuals; b) interest on loans granted by offshore banks domiciled in any territory considered a “tax haven” or whose Central Bank (Federal Reserve) does not apply supervision on financial activity.</td>
<td>100%</td>
<td>35.00%</td>
</tr>
<tr>
<td>Royalties arising from technical assistance or consulting not available in Argentina under specific regulations (the contract must be duly registered with the official authority).</td>
<td>60% – 80%</td>
<td>21% – 28%</td>
</tr>
<tr>
<td>Copyright (must be registered with the National Copyright Bureau)</td>
<td>35%</td>
<td>12.25%</td>
</tr>
<tr>
<td>Other royalties</td>
<td>90%</td>
<td>31.50%</td>
</tr>
<tr>
<td>Salaries of technicians, professionals, sportsmen, and artists for temporary work in Argentina (individuals only – not applicable when the provider is a corporation).</td>
<td>70%</td>
<td>24.50%</td>
</tr>
<tr>
<td>Personal property leases</td>
<td>40%</td>
<td>14.00%</td>
</tr>
<tr>
<td>Real Estate property leases</td>
<td>60%</td>
<td>21.00%</td>
</tr>
<tr>
<td>Disposal of assets situated in Argentina</td>
<td>50%</td>
<td>17.50%</td>
</tr>
<tr>
<td>Other incomes</td>
<td>90%</td>
<td>31.50%</td>
</tr>
</tbody>
</table>

G. EXCHANGE CONTROL

Exchange controls are currently in effect. Foreign currency can be transferred into Argentina provided that the sender files a disclosure with the official authority. In some cases, the transfer is subject to a one year time deposit (with no interest accrued) for the 30% of the amount transferred (especially financial loans). Capital contributions are not subject to the time deposit. To transfer out, the reason must be proved by filing forms with the Central Bank (i.e. dividends, loans, etc).

H. PERSONAL TAX

Two taxes are currently levied on individuals:
- income tax
- personal assets tax (wealth tax).

INCOME TAX

The tax is levied on income earned in Argentina and abroad by individuals residing in Argentina.
It is payable on an annual basis with five advanced payments (every two months). Any expenses incurred in generating such income may be deducted from gross income. The law establishes fixed deductions: non-taxable minimum, special tax free amount, dependant allowance, etc.

Capital gains not related to income-generating activity are not subject to tax. In the case of the disposal of real property not assigned to such activity, a 1.5% real estate sales tax is charged on the selling value of the property, regardless of whether a loss or a profit is made.

Under the Income Tax Act, some exemptions are provided for the financial and capital markets, whereby interest on time deposits, government securities, and income from stocks and bonds that are quoted on the Stock Exchange are not subject to tax. Similarly, the sale of stocks (issued by an Argentine company) is not levied on income tax provided that the activity of buying and selling stocks is not performed on a regular (trading) basis.

Employees are subject to withholding tax at source, for which the employer is responsible (withholding agent).

Resident individuals are liable to the tax on the basis of a progressive tax rate scale ranging from 9% to 35% of annual taxable net income.

**PERSONAL ASSETS TAX (WEALTH TAX)**

This tax is levied on:

- all assets located in Argentina or in foreign countries that belong to individuals resident in Argentina
- all assets located in Argentina that belong to individuals resident in foreign countries
- shares issued by Argentine companies. In this case, the company pays the tax on behalf of the shareholders.
- trusts (excluding financial trusts). In this case, the trustee pays the tax on behalf of the beneficiaries.

**INDIVIDUALS RESIDING IN ARGENTINA**

This tax is levied on all assets located in Argentina and in foreign countries. Similar tax paid arising overseas in respect of assets located in foreign countries is creditable against personal assets tax.

The only deduction allowed is the amount of liabilities arising from the purchase or construction of the taxpayer’s home.

Investments in shares issued by an Argentine company are not to be included in the taxable base because the company pays this tax on behalf of the shareholders (a situation that does not mean shares are exempted).

The tax is assessed on the value of property that exceeds the tax free amount of $305,000. If the taxable base is higher than $305,000, the tax is assessed on the total and it is calculated on a progressive tax-rate-scale basis. The applicable rate ranges from 0.5% to 1.25% on the taxable base.

**INDIVIDUALS AND COMPANIES RESIDING IN A FOREIGN COUNTRY**

The tax is also charged on assets located in Argentina and owned by individual foreign residents at a 1.25% rate. Neither deductions nor taxable minimum are allowed.

In the case of certain assets (i.e. securities, non-exploited real estate property, etc) located in Argentina and owned by foreign companies, these are deemed to belong to individuals and are levied with personal assets tax at a 2.50% rate.

Shareholders of an Argentine company who reside in foreign countries are liable to personal assets tax. The tax liability is not assessed directly but is paid by the company on behalf of its shareholders (see the next paragraph).

**SHARES ISSUED BY AN ARGENTINE COMPANY**

Shares whose holders are foreign resident companies are deemed to belong to foreign resident individuals and the tax is levied on those shares.

The taxable base is the Argentine company’s equity value assessed in the company’s last financial statements. The tax rate is 0.5%.
In all such cases, the tax is assessed and paid by the Argentine company on behalf of the shareholders. The tax paid is not deductible for income tax purposes because the company is allowed to claim the tax paid to the shareholders.

A foreign company’s branch (a permanent establishment in Argentina) will be levied on personal assets tax in respect of the capital assigned to the branch.

For foreign companies’ shareholders of an Argentine company who reside in Treaty Countries (for the avoidance of double taxation), it is important to analyse each Tax Treaty to understand whether shares are levied in Argentina or in the country where the holder has their fiscal residence.

In the case of trusts (excluding financial trusts), the trustee pays the tax on behalf of the beneficiaries.

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

<table>
<thead>
<tr>
<th></th>
<th>Dividends (%)</th>
<th>Interest (%)</th>
<th>Royalties (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Treaty Countries:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil/35</td>
<td></td>
<td>15.05–35</td>
<td>21–31.50</td>
</tr>
<tr>
<td><strong>Treaty Countries:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>10/15 (1)</td>
<td>12</td>
<td>10/15 (7)</td>
</tr>
<tr>
<td>Austria (10)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Belgium</td>
<td>10/15 (1)</td>
<td>12</td>
<td>3/5/10/15</td>
</tr>
<tr>
<td>Bolivia</td>
<td>– (4)</td>
<td>– (4)</td>
<td>– (4)</td>
</tr>
<tr>
<td>Brazil</td>
<td>– (4)</td>
<td>– (4)</td>
<td>– (4)</td>
</tr>
<tr>
<td>Canada</td>
<td>10/15 (1)</td>
<td>12.50</td>
<td>3/5/10/15</td>
</tr>
<tr>
<td>Chile (11)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>10/15 (1)</td>
<td>12</td>
<td>3/5/10/15</td>
</tr>
<tr>
<td>Finland</td>
<td>10/15 (1)</td>
<td>15 (3)</td>
<td>5/10 (8)</td>
</tr>
<tr>
<td>France</td>
<td>15 (1)</td>
<td>20 (3)</td>
<td>18 (5)</td>
</tr>
<tr>
<td>Germany</td>
<td>15 (1)</td>
<td>10 (2)</td>
<td>15/15 (3)</td>
</tr>
<tr>
<td>Italy</td>
<td>15 (1)</td>
<td>20 (3)</td>
<td>10/18 (5)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>10/15 (1)</td>
<td>12</td>
<td>3/5/10/15</td>
</tr>
<tr>
<td>Norway</td>
<td>10/15 (1)</td>
<td>12.50</td>
<td>3/5/10/15</td>
</tr>
<tr>
<td>Russia</td>
<td>10/15 (1)</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Spain (12)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>10/15 (1)</td>
<td>12.50</td>
<td>3/5/10/15</td>
</tr>
<tr>
<td>Switzerland (13)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10/15 (1)</td>
<td>12</td>
<td>3/5/10/15</td>
</tr>
</tbody>
</table>

1 This is the percentage ceiling set under the agreement. However, it is only applicable when the conditions set under (B) are met (Dividends).
2 The rate applies to interest loans associated with the sale of equipment, bank loans and public works financing.
3 This is the ceiling set by the treaty. However, when the effective rate for non-treaty countries is lower, this latter rate is applicable.
4 Under the agreement no ceilings were set but the jurisdiction where the tax should be levied was established. Therefore, applicable rates are those for non-treaty countries.
5 The 10% rate applies to copyright royalties.
6 Varies according to contract purpose and terms.
7 A 3% rate applies to the use of news, a 5% rate applies to copyright, a 10% rate applies to trademarks, patents and technical assistance, and a 15% rate applies in other cases.
8 A 5% rate is appropriate only where the payment relates to copyright.
9 See withholding taxes description at (F) above.
10 The Treaty with Austria was rendered ineffective as of 01 January 2009.
11 The Treaty with Chile was rendered ineffective as of 01 July 2012.
12 The Treaty with Spain was rendered ineffective as of 01 January 2013.
13 The Treaty with Switzerland was rendered ineffective as of 01 January 2013.
14 The Treaty with Uruguay was signed but it is not yet effective for the year 2013.