

MBPartners

Newsletter

*Palliative and Relevant Tax Measures
Law No. 27,743*



Introduction


On July 8th, 2024, the "*Palliative and Relevant Tax Measures Law*" No. 27,743 (the "**Law**") was published in the Official Journal of the Argentine Republic.

Although the Law provides relevant tax measures, its regulation by the National Executive Authority ("**NEA**") is pending, which opportunely will determine significant aspects of its implementation.

Throughout its 105 articles, the Law proposes modifications to the Income Tax and Personal Property Tax. Furthermore, it contemplates rules that will modify the billing to final consumers and that will require internal operative adjustments for those affected.

Finally, the Law contemplates a regime for the regularization of tax, customs and social security obligations and a regime for the externalization of assets.

This document is a brief overview of legal news in Argentina; it is not intended to be an exhaustive analysis or to provide legal advice.



A summary of the most relevant aspects of the Law, especially those with a significant impact on business and corporate aspects, is provided below.

Principal aspects

- Personal Property Tax
- Income Tax
- Consumer Tax Transparency Regime
- Tax, Customs and Social Security Obligations Regularization Regime
- Asset Regularization Regime



Personal Property Tax (i)

The approved Law contemplates multiple adjustments to the tax. The main aspects are:

- It provides **the expiration of the tax as from December 31, 2027**. In this effect, unless a subsequent law modifies the expiration date or reinstates the tax after its expiration, the tax will become ineffective as from that date.
- The **rates are updated** and the treatment for assets in the country and abroad is unified.
- The **non-taxable minimum** is increased to \$100,000,000 and to \$350,000,000 in relation to the residential house.
- **Compliant taxpayers** (who do not regularize assets and who have filed their tax returns for 2020, 2021 and 2022 before December 31, 2023) **will benefit from a tax rate reduction** of 0.5 percentage points for tax years 2023, 2024 and 2025.



Personal Property Tax (ii)

A special tax payment regime ("STPR") is described below:

- It is an **advance and unified payment** of the tax that would be payable for the tax years 2024 to 2027, both inclusive.
- The **taxable equity is fixed in the assets, –and their valuation–, as of December 31, 2023**. This, unless the taxpayer receives assets free of charge before 2027.
- The **option period** is established **until July 31, 2024**, but the NEA may extend the date until September 30, 2024.
- A special tax rate of 0.45% will be applied.



Personal Property Tax (iii)

- The goods externalized for the **Asset Regularization Regime** also provided by the law may also opt for this payment, but the rate will be 0.5%.
- At the time of exercising the option, 75% of the tax must be paid. No time limit is established for the payment of the 25% remaining balance.
- If after exercising the option it is determined that the payment did not reach the corresponding 75%, the taxpayer may remain in the STPR but completing the balance and paying an additional tax of 100% of the corresponding tax (the rate is doubled). Alternatively, the taxpayer may choose to allocate the payment made to the cancellation of any tax collected by AFIP.



Income Tax

- The Law provides a **significant update on the family allowance and the minimum non-taxable income**, being both fixed at \$3,091,055.
- In addition, self-employed persons who qualify as "new entrepreneurs" or "new professionals" will see their minimum taxable income increased by 2.5 times.
- **the values for the application of the fourth category tax are readjusted.** Surprisingly, the liquidation values are readjusted for the fiscal year 2023, which will probably generate questions in its implementation.
- **Special provisions are contemplated for the "down-hole personnel" associated to the oil activity.**
- Finally, all values and scales of the Monotax have been increased.



Consumer Tax Transparency Regime

- The Law establishes a radical change in the documentation of sales to final consumers.
- From the date of enforcement of the law, sales, rentals or services taxed by VAT to taxpayers must specify in the **invoice**:
 - ✓ The corresponding tax rate or the exempt treatment of the sale, and
 - ✓ The net amount excluding VAT and other national indirect taxes affecting the prices, under the legend: "PRICE WITHOUT TAXES".



Tax, Customs and Social Security Obligations Regularization Regime

- The Regularization Regime created aims to encourage the **voluntary payment** of expired obligations as of December 31, 2023.
- The benefit granted consists of the remission of penalties and partial remission of interests, which varies between 40% and 70% depending on the moment of adhesion and payment method.
- The possibility of **payment through a payment plan is contemplated**, requiring a initial minimum payment of between 15% and 25% depending on the type of taxpayer.
- As a news, the fees accrued on regularized debts but which were under administrative or judicial discussion, will be reduced by 50%.



Asset Regularization Regime (i)

- The Asset Regularization Regime allows the externalization of undeclared assets both in the country and abroad, paying a special tax.
- The **term of adhesion** established by law ends on **April 30, 2025**, but AFIP may extend it until July 31, 2025.
- The externalized assets must have been in the taxpayer's equity as of December 31, 2023 and the regularization of assets located in jurisdictions listed by FATF in its Black List or Gray List is not allowed.

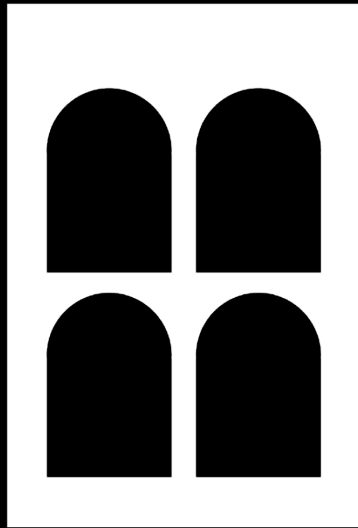


Asset Regularization Regime (ii)

Special Tax and taxable income:

- Three adhesion stages are established, which determine the applicable special tax rate, which varies between 5% and 15% of the value of the externalized assets
- When the taxable base of regularized assets does not exceed the value of USD100,000, the tax will be 0%.
- The taxable base of the Special Tax is based on the US\$ value of the assets according to the exchange rate of the day prior to the date of regularization.
- Funds that are transferred or deposited in special regularization accounts and that remain deposited, including their dividends, until January 1, 2026 will not be computable in determining the base of the Special Tax.
- The early withdrawal of funds will generate the application of the tax, which will be withheld on the amount of the withdrawal.
- The accounts may be opened either in financial entities or in ALyCs.





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