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Recent developments in international taxation: Argentina

Introduction

Over the past year, there have been significant developments in the field of international taxation in Argentina, including the expansion of its tax treaty network and the approval of the multilateral instrument (MLI) agreement.

At the domestic level, the National Executive Branch, led by President Javier Milei, has continued to implement substantial reforms to several regulations, including those related to taxation. The main objectives of these reforms are to create a more attractive business environment for investment and to simplify the current tax system.

This report outlines the most relevant changes that may impact international taxation and foreign investors.

Expansion of tax treaty network and approval of the MLI agreement

Tax treaties concluded with China and Turkey have been approved.

Tax treaties with Austria and Luxembourg, as well as an amendment to the current agreement with France, have been signed but have not yet entered into force. Agreements with Colombia and Israel are under negotiation, as well as amendments to the current tax treaty with Germany.

Although Argentina signed a tax treaty with Japan, it is important to note that the Senate agreed to the National Executive Branch's request to withdraw the bill that would have ratified this treaty. The treaty with Japan contained a definition of 'royalties' that excluded technical assistance services, which contrasts with the approach taken in most of Argentina's existing tax treaties. Had the treaty been approved, the exclusion of technical assistance services from the definition of royalties would have meant that such payments would not be subject to tax in Argentina under the treaty. This, in turn, could have triggered the application of the most favoured nation (MFN) clause present in many of Argentina's other tax treaties, potentially obliging Argentina to extend similar benefits to other treaty partners. Consequently, the approval of the treaty could have entailed a significant fiscal cost for the country.

Additionally, the law approving the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting signed within the framework of the Organisation for Economic Co-operation and Development (OECD) has also been enacted.

Amendments to the 'non-cooperative jurisdictions' list

The list of jurisdictions considered 'non-cooperative' for tax purposes has been amended. Burkina Faso, the Independent State of Papua New Guinea, the Republic of Rwanda, the People's Republic of Benin and the Socialist Republic of Vietnam have been removed from the list.

It should be noted that, according to the applicable rules, non-cooperative jurisdictions are defined as those countries or jurisdictions that do not have an agreement for the exchange of information on tax matters with the Argentine government, or a treaty to avoid international double taxation with a broad clause for the exchange of information. Likewise, those countries that have an agreement of this type in force and do not effectively comply with the exchange of information will be considered non-cooperative. The aforementioned treaties and agreements must comply with international standards of transparency and exchange of information on fiscal matters, to which Argentina has committed itself.

New procedure related to the issuance of tax residence certificates

The Federal Tax Authority has issued a new resolution establishing a revised procedure for requesting and issuing tax residence certificates for Argentine tax residents. The aim of this new regulation is to make the process faster and entirely online.

Ley de Hojarasca

The National Executive Branch has submitted to Congress a bill known as the ‘Leaf-litter Law’ (*‘Ley de Hojarasca’*), which aims to repeal and/or amend obsolete and unused legislation.

Among other provisions, the bill proposes the repeal of the Technology Transfer Law (Law No 22,426), which establishes the obligation to register agreements related to technology transfer (eg, technical assistance, trademark licences, etc). If enacted, this would have a direct impact on many tax treaties signed with Argentina, as compliance with registration obligations provided for in domestic legislation (such as the aforementioned) is a requirement that taxpayers must meet in order to apply reduced withholding rates to certain royalty payments.

Implementation of the Ultimate Beneficial Owner Registry

The Federal Tax Authority has issued a general resolution implementing the Ultimate Beneficial Owner Registry, which was created by Law No 27,739. This registry will contain information originating from the information regimes currently in force, as well as information arising from information exchange agreements entered into with other public agencies.

Non-renewal national tax and repeal of tax reporting regimes

As part of the significant tax reform currently underway, it was decided in December 2024 not to renew the extension of the so-called Impuesto PAIS. This was a federal tax created on an emergency basis, which applied to the purchase of foreign currency and other foreign exchange operations carried out by Argentine residents (either individuals or Argentine entities). The general tax rate was set at 30 per cent; in addition, a tax collection regime at the same rate was also applicable to these operations. Currently, the tax collection regime applicable to these operations remains in force.

Recently, the National Executive Branch ordered the simplification and deregulation of all procedures involved in investment and the acquisition of goods. Several tax reporting regimes have been repealed (for example, those related to purchases made through debit and credit cards and digital wallets for personal consumption, real estate operations, and the consumption of electricity, water, gas, and telephone services).

Additionally, financial entities – amongst others – are now prohibited from requesting copies

of taxpayers' national tax affidavits. Furthermore, the minimum threshold above which certain financial operations and information must be reported to the federal tax authority by financial entities, payment service providers, digital platforms and other entities has been increased.