

Legal News is a biweekly publication that aims to provide for the benefit of our readers, a summary of the main legal developments in Argentina during the last fifteen days prior to distribution.

January 29, 2020

| TAXES |

The Argentine Federal Administration of Public Revenue (AFIP) regulated the application of the PAIS Tax through **General Resolution No. 4659/2020**, published on January 7 in the Official Gazette.

The regulation provides that the 30% tax will be applied to the purchase of foreign currency, the purchase of goods and services abroad; services provided by non-resident subjects; services hired abroad by travel and tourism agents; international passenger transport services; and digital services that bill in dollars.

Regarding the purchase of currencies, the tax will be charged according to the amount in pesos used at the time of the acquisition of the foreign currency. For the purchases of goods and services abroad made on credit cards, the tax will be charged according to the amount in pesos necessary for the acquisition of the good or service, calculated at the exchange rate of the previous day the debit is made in the respective bank account.

With respect to tourism or transport services abroad, if they are paid in cash, the tax will be calculated based on the amount in pesos paid at the time of the acquisition, but if they are paid with credit cards the tax will be included in the price.

Moreover, the regulation determines that transactions with a specific destination related to the payment of obligations will not be subject to the tax, in accordance with the guidelines established by the Central Bank of the Argentine Republic for such matter.

By means of the **General Resolution No. 4662/2020**, published on January 14 in the Official Gazette, the AFIP regulated the form and deadlines for determining and entering the additional fee required from permanent establishments for remittances sent abroad.

The Income Tax Law incorporated in article 22 the definition of “permanent establishment” and, in turn, in subparagraph b) of article 73 an additional rate of 13% was established that must be entered by permanent establishments when remitting profits to their parent company. Likewise, the Social Solidarity Law (Law No. 27,541) established that until the fiscal years beginning on January 1, 2021, the tax rate provided for in the second paragraph of subsection b) of article 73 of the Tax law will be reduced to 7%.

In that context, AFIP Resolution No. 4662/2020 provides that the charging of the tax will be made on the basis of an affidavit that permanent establishments will have the duty to submit monthly

through the AFIP website, informing remittances of profits made in said period. Taxpayers will not have the obligation to file affidavits in those periods in which no remittances have been made.

| IMPORT |

On January 9, **Resolution No. 1/2020** of the Ministry of Industry, Knowledge Economy and External Commercial Management was published in the Official Gazette, which modifies the procedure for processing automatic and non-automatic import licenses.

The Government stated that the implementation of an Import Licensing system, while providing statistical information that allows identifying disruptive behaviors of foreign trade, is a key tool for the management of external trade policy in the current context of international trade relations and can help to promote national production.

The validity of the licenses was reduced from 180 to 90 days and extensions will be accepted only at the request of the interested parties, 15 days in advance and for well-founded reasons.

From now on, when completing the LNA application, the importer must provide the information of the exporter, as well as that of the merchandise that is intended to be imported, including technical or commercial description, as well as certification requirements.

The import operations of goods destined for scientific research are excepted from the system.

| LABOUR |

Through **Decree No. 56/2020**, published in the Official Gazette on January 14, the Argentine Government regulated the salary increase for government employees.

The increase will consist of a fixed monthly non-bonus amount; the sum of up to \$ 3,000 will be paid on the salaries corresponding to the month of February 2020, and in the month of March 2020 the sum of up to \$ 1,000 will be added.

The increases will only correspond when the gross, monthly, regular and permanent remuneration approved effective January 31, 2020, does not exceed the sum of \$ 60,000. For such purposes, the amount of the said increases shall be determined in each case, so that, with its granting, the gross compensation does not exceed the sum of \$ 60,000.

These amounts will be paid on account of any increase that could be granted or agreed in the framework of collective bargaining, during the 2020 financial year.

| PAYMENT SERVICE PROVIDERS |

On January 9, the Central Bank of the Argentine Republic (BCRA) issued **Communication "A" 6859**, which regulates the performance of the Payment Service Providers (PSP).

The Communication defines PSPs as those legal entities that, without being financial entities, fulfill at least one function within a retail payment scheme, in the overall framework of the payment system, such as offering payment accounts -freely available accounts offered by a PSP to its customers to order and/or receive payments.

Moreover, it established that the client's funds accredited in payment accounts offered by PSP must be available, at all times, immediately upon the client's request, for an amount at least equivalent to the one accredited in the account. For this purpose, the systems implemented by the PSP must be able to identify and individualize the funds of each client. 100% of customer funds must be deposited -at all times- in deposit accounts in pesos in local financial institutions. Notwithstanding the foregoing, upon the express request of the client, the balances accredited in payment accounts may be transferred for the carrying out of operations with "common money funds" within Argentina, and the payment account must be debited. In the latter case, the invested balances must be reported separately.

It was also provided that for the realization of transactions on their own account (payment of suppliers, payment of salaries, etc.), the PSP must use an "operational" (freely available) deposit account other than the account where the client's funds are deposited.

Finally, in the event of non-compliance with the Communication, the application of the sanctions is envisaged in accordance with the provisions of articles 41 and 42 of the Law on Financial Institutions and concordant provisions, both for the PSP and for the members of its governing, administration and supervision boards.

The provisions set forth in the Communication must be operational on 1/31/2020.

**The citations of regulations in the above articles are from Government bulletins and therefore are in Spanish.
In case you need a translation, do not hesitate to request one.**

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