



Doing business in Argentina

2016

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Introduction

This guide to doing business in Argentina will provide foreign investors with an insight into the key aspects of undertaking business and investing in Argentina. The country's large, qualified and young workforce and its vast amount of natural resources make it especially attractive for overseas investors.

With a Gross Domestic Product of more than USD543.1 billion, Argentina is one of the largest economies in Latin America. The country is a member of the Latin American Integration Association and of the Southern Common Market; it enjoys good relations with most countries in the region and represents Latin America with Mexico and Brazil at the G-20.

Argentina's economy covers a wide spectrum of commercial and industrial activities. The country is characterised by its natural resources; indeed, it is one of the world's main producers of food thanks to its agriculture and cattle breeding. Argentina is at the top

of world producers of sunflower crops, mate, lemons and soya bean oil. Additionally the country has a very large automotive, textile and appliance industry.

Argentina has a large middle class that has increased from 34 per cent to 53 per cent of the population in the last ten years. The Argentine economy has faced some challenges in recent times; economic activity decelerated in 2014 but mildly recovered in 2015, reflecting a decline in external demand.

While the country has certain exchange control policies in place, foreign investors do not need

previous approval or licenses and receive the same treatment as local investors.

Investors should bear in mind that from 10 December 2015 a new government took office in Argentina for a four year period, which can be renewed once. With a market-friendly orientation and a promise of significant investment in the country's infrastructure and industrialisation, extensive measures are expected in legislative updates and economic sectors.

The information in this publication is current at December 2015 at the time of the change in Argentine's government.

Country profile

Capital City	Buenos Aires
Area	2 780 400 sq. km
Population	43.43 million
Language	Spanish
Currency	Pesos (ARS)
International dialling code	1+54
National Holidays 2016	<p>1 January – New Year</p> <p>8 February – Carnival</p> <p>9 February – Carnival</p> <p>24 March – Day of Remembrance for Truth and Justice</p> <p>25 March – Good Friday</p> <p>27 March – Easter</p> <p>2 April – Malvinas Day</p> <p>1 May – Labour Day</p> <p>25 May – May Revolution</p> <p>20 June – National Flag Day Argentina</p> <p>8 July – Touristic Bridge Holiday</p> <p>9 July – Independence Day Argentina</p> <p>15 August – San Martins Day</p> <p>10 October – Cultural Diversity Respect</p> <p>28 November – National Sovereignty Day</p> <p>8 December – Immaculate Conception Day</p> <p>9 December – Touristic Bridge Holiday</p> <p>25 December – Christmas</p>
Business and Banking hours	08.00 to 17.00 / 10.00 to 15.00
Stock exchanges	MERVAL (Mercado de Valores)
Political structure	24 autonomous provinces with their own political and economic administrations
Doing Business rank 2016	121

Ease of Doing Business

Topics	2016 rank	2015 rank	Change in rank
Starting a business	157	147	-10
Licenses and Permits	173	176	3
Getting Electricity	85	79	-6
Registering property	116	115	-1
Financing	79	71	-8
Protecting Investors	49	46	-3
Paying Taxes	170	169	-1
Trading Across Borders	143	143	No change
Enforcing Contracts	38	38	No change
Resolving Insolvency	95	79	-16

Source: World Bank Group (Doing Business)

Legal overview

Political and legal system

Argentina is a federal republic where representatives are directly chosen by the people. The federal government is divided in three branches: the Executive branch, led by the President, the Legislative branch, represented by the National Congress and the Judicial branch, represented by the Courts of Justice and headed by the Supreme Court. The governments of the different provinces share a similar organisation.

The President is elected for four years and can be re-elected for one additional term. Presidency is elected by direct vote through universal suffrage.

Presidential elections that took place in the second part of 2015 resulted in a change of the political party which had governed the country during the last 12 years. For the first time in Argentina's history, its three main jurisdictions, the national presidency, the Buenos Aires city and the Buenos Aires province will be governed by the same political alliance; this is expected to result in unseen levels of programmatic coordination.

The National Congress is formed by two chambers, the Senate and the Chamber of Deputies. All 257 members of the Chamber of Deputies are elected directly by proportional representation for a four-year period. The Senate is formed by representatives of all 23 provinces and the City of Buenos Aires. Each jurisdiction is entitled to three Senators, two for the majority political party and another from the minority political party. Senators are elected for a six-year period by direct vote. Both Deputies and Senators can be re-elected indefinitely. Every two years, half of the Deputies and



a third of the Senators are re-elected or renewed. Since 1991, at least one third of the electoral positions must be occupied by women.

The Judicial branch is formed by the Supreme Court of Justice, the National Council of the Magistracy and the lower courts. The Council of the Magistracy publicly calls for candidates and shortlists judges to be appointed by the President with the approval of the Senate. Judges can only be removed if they are

found guilty of serious crimes by a jury formed of national legislators, magistrates and lawyers.

The provinces each have their own constitution to organise their powers. The executive branch is led by a governor elected by the inhabitants of the province, the legislative branch has one or two branches depending on the province and the judicial branch is independent.

Data protection

In Argentina data protection is regulated by the Data Protection Act (DPA) of Argentina which entered into force in 2000. The Data Protection Agency is the regulatory body.

The Act defines personal data as 'information of any kind referring to certain or ascertainable physical persons or legal entities'. Processing personal data requires express consent from the data subject. The disclosure of personal data is only possible if it is in the legitimate interest of the database owner and the data subject has consented.

In Argentina, the creation of personal databases that directly or indirectly reveal sensitive personal data is strictly prohibited. Nevertheless, the Catholic Church, political parties and trade unions can keep a register of their members. Sensitive personal data can only be processed where there are circumstances of general interest authorised by law or for scientific purposes as long as the data owner cannot be identified from that information. Finally, data containing information about criminal offences can only be processed by competent public authorities for the purposes established by law.

When personal data is requested, the data subject is expected to get a prior notification of:

- The purpose for which the data shall be processed
- The recipients of the information
- The existence of the relevant personal database and the owner of that database
- Whether the provision of information is compulsory or discretionary
- The consequences of providing the information, the refusal to

do so or the inaccuracy of such information

- The data owner's right of data access, rectification and suppression

Non-compliance with the Data Protection Act can result in administrative and criminal penalties. Administrative sanctions can consist of a warning, suspension, closure of a database or a fine ranging between ARS1,000 and ARS100,000. The criminal penalties include:

- Imprisonment for up to two years for knowingly inserting false information into a personal data base
- Imprisonment for up to three years for anyone who knowingly provides a third party with false information contained in a personal database
- Imprisonment for up to two years for hacking into a personal data base
- Imprisonment for up to two years for disclosing confidential information from a database

The penalties can be higher if the offence is committed by a public officer in the exercise of his duties.

Exchange controls

After the US Dollar – Peso parity was abandoned in 2002, the Argentine government adopted a set of emergency measures regarding foreign transactions. The country operates a complex foreign exchange control regime. The transfer of funds, both in and out of the country, must be made according to the Argentinean Central Bank rules.

Proceeds of exports must be repatriated within the pre-established terms and foreign currency brought into Argentina

will be immediately exchanged for Argentinean pesos at the official exchange rate.

With the new Administration, foreign exchange payments controls are more flexible. While the regulatory framework remains, a lot of previous Central Bank authorisations for payments abroad have been eliminated. The "interest free" 365 days' time deposit for loans for 30 per cent was also eliminated (the Executive Order 616/2005 is still in place but the 30 per cent rate was reduced to zero).

All Federal Tax Authority (AFIP) foreign exchange controls and authorisations are no longer in place.

Non-compliance with the exchange regulation set forth by the competent authorities can result in administrative and criminal liabilities.

Money laundering regulations

In Argentina, money laundering and terrorist financing are regulated by law 25.246, laws 26.683 and 26.268 on Terrorist Criminal Associations and Financing of Terrorism, (passed by the Congress of the Nation on 13 June 2007, and sanctioned by the National Executive Branch on 4 July of same year), which amended Law 25246. This extended the Financial Information Unit's mandate to the analysis of suspicious terrorist financing transactions. Law 26.734 added anti-money laundering provisions to the Argentine Criminal Code. Decree 825/2011 Penal Code. Additional guidelines have also been provided in a series of Resolutions issued by the Financial Information Unit, most recently Resolution 460/2015. The money laundering offence is regulated in Article 303 of the Argentine Criminal Code. The offence includes the conversion, transfer, administration, sale, concealment and any other method of putting on the market

the proceeds of crime to make their origin appear as lawful. Additionally, it is an offence to receive money or any other goods arising from a criminal offence even if the original offence took place outside Argentina (as long as the original act was a punishable offence in the foreign jurisdiction).

Money laundering offences are punishable with prison sentences of between three and ten years and a fine of two to ten times the amount of the transaction. The penalties can be higher when the money launderer commits the offence habitually or as part of a group and when the offence is committed by a public official when performing his duties. However, if the value of the assets does not exceed ARS300,000, the offence is punishable with a prison sentence of between six months and three years.

In a money laundering case, the property object of investigation can be confiscated during the proceedings even without a criminal conviction as long as the unlawful origin of the goods has been proven. Additionally, magistrates can order a variety of precautionary measures from the beginning of the proceedings.

Argentina's Financial Intelligence Unit (UIF) is the main authority charged with the prevention of, and investigation into, money laundering and terrorist financing. This special unit is in charge of the analysis and transmission of information for the prevention of money laundering and terrorism financing. It is also a member of the Egmont Group and it is housed within the Ministry of Justice and Human Rights. In November 2011, Resolution 388 announced the creation of a new FIU housed within the government's federal tax agency (AFIP). Other authorities such as Argentina's Central

Bank, the Securities Exchange Commission and the National Superintendence of Insurance also regulate money laundering.

The powers of the Financial Intelligence Unit include:

- Request any type of information that it considers useful to fulfil its anti-money laundering and terrorist financing duties
- Receive voluntary reports and analyse suspicious transactions
- Inform the Public Prosecutor's office if it considers there is a suspicious transaction
- Ask the Public Prosecutor's Office to request a search warrant, precautionary measures or the seizure of any documents necessary for the investigation
- Act as a claimant before the court in money laundering and terrorist financing cases
- Request assistance from other governmental agencies or ask for international cooperation

Individuals or business entities that fail to comply with their obligations in relation to the Financial Intelligence Unit can be punished with fines that can amount to one to ten times the value of the goods or the operation to which the violation is related (as long as the act does not constitute a more serious crime).

Multiple resolutions from the Central Bank and the Financial Intelligence Unit have increased due diligence requirements.

Some obligations banks and individuals have to comply with:

- Financial institutions must take 'reasonable measures' to identify beneficial owners
- Financial institutions in the broadest sense are required to report all suspicious transactions,

regardless of value, to the UIF within 150 days of the transaction taking place; and within 48 hours in the case of terrorist financing. Requests for further information from the UIF must be responded to within 48 hours

- All banks are required to maintain a database of all transactions exceeding ARS10,000 which is periodically submitted to the BCRA and must be made available to the UIF on request
- All individuals entering or leaving Argentina with currency and/or monetary instruments over USD10,000 are required to declare this to the customs authorities
- Records of all information related to client transactions including suspicious or unusual transaction reports must be kept for at least 10 years

Intellectual Property Rights

Argentina recognises the importance of protecting Intellectual Property Rights (IPR), which include patents, trademarks, copyright and industrial designs. The National Institute of Intellectual Property (INPI) is the authority responsible for the registration of intellectual property.

Argentina is a member of the World Intellectual Property Organisation and the World Trade Organisation. Additionally, Argentina is part of various international treaties concerning intellectual property rights:

- WIPO Treaty on Copyright of 1996
- WIPO Treaty on Performance and Phonograms of 1996
- The Agreement on Trade Related Aspects of Intellectual Property Rights
- The Paris Act of 1971
- The Universal Copyright Convention
- The Rome Convention

COPYRIGHT

In Argentina, Copyright is regulated by Law No 11,723 which protects all scientific, literary, artistic or didactic works. It 'expressly' protects computer software, data compilations and other materials irrespective of the means of reproduction.

Protection granted	<p>Copyright protection exists from the origin of the work. While registration is not necessary, it does establish a presumption of ownership.</p> <p>While foreign works do not need to be registered to be protected, they need to comply with the formalities set forth in the international treaties to which both the Argentine Republic and the country of origin of the work are parties. If there is no treaty applicable to both parties, the author must prove that he has complied with the formalities in the country of initial publication.</p>
Infringements	<p>The author and his successors may petition any court for permanent injunctions, damages and publication of rectifying remarks.</p>
Duration	<p>As a general rule, the rights are granted for life. The author's successors have rights for 70 years from 1 January following the author's death.</p> <p>Anonymous works published by legal entities are protected for 50 years from their publication date.</p> <p>Cinematographic work is protected for 50 years from the date of the last author's death. Unless otherwise agreed, the law considers the following individuals as authors: scripter, producer, director and soundtrack composer.</p> <p>Copyright of photographic work lasts 20 years from the date of publication of the work.</p>

PATENTS

Patents protect inventions which can be applied in an industrial environment. For a patent to be granted, the invention must be new, have an inventive step which is not obvious to someone with experience in the subject and capable of being used in some kind of industry. Patents and Utility Models are currently governed by Law No 24,572.

Protection granted	<p>Patents can only be granted upon registration with the federal agency for industrial property (INPI). Some of the exclusive rights granted to the patentee consist of excluding third parties from the manufacture, use, offer to sell, sale and importation of the patent.</p>
Infringements	<p>Infringing a patent means manufacturing, using, selling or importing patented products or processes without the owner's permission.</p> <p>In case of infringement, the owner of a patent is granted protection by the federal courts against third parties: using the invention, manufacturing the invention, marketing the invention, importing the invention. Some of the remedies offered by the courts include: a permanent injunction, damages and accounting for profits. Violation of a patent may carry criminal penalties including imprisonment.</p>
Duration	<p>20 years from the filing date and cannot be renewed. Three years after the grant of the patent or four years from the filing, individuals are entitled to request an authorisation to use the invention without the patentee's authorisation if it has never been used or the use has been interrupted for more than one year.</p> <p>Utility models are protected for a 10-year term.</p>

TRADE MARKS

A trade mark must be a sign capable of distinguishing goods and services of one undertaking from those of another undertaking. Those signs can be: words, personal names, designs, letters, numeral slogans, sounds, smells, signs and distinctive colours.

Protection granted	<p>The owner can obtain protection in Argentina by registering the trademark at the federal agency for industrial property (INPI).</p> <p>Before registration a trade mark is published so third parties can oppose. Trademarks are subject to examination by the Trademark Office examiners.</p> <p>While unregistered trademarks are not legally protected, certain rights have been recognised by the courts to avoid fraud and bad faith.</p> <p>Prominent trademarks have been granted special protection by law and court decisions. A trade mark is considered to be null and void when it is registered by anyone who, when applying for registration, knew or should have known that the trademark belonged to a third party.</p>
Infringements	<p>A trade mark infringement action can be brought in the following grounds:</p> <ul style="list-style-type: none"> • Counterfeiting or fraudulent imitation of a registered trade mark or trade name • Use of a counterfeit or a fraudulently imitated registered trade mark • Offer for sale or sale of a counterfeit imitated registered trade mark <p>In the case of infringement, the owner of a trade mark can request before the federal courts remedies that include: a permanent injunction, damages, accounting for profits and forced sale or destruction of infringing products. Infringement of marks can carry criminal penalties, including imprisonment.</p>
Duration	<p>10 years (registration can be renewed for further periods of 10 years provided the mark was used during the second half of the term).</p>

DESIGNS

In Argentina designs are protected by Executive Order No 6,673/63. Registered designs include two dimensional industrial designs and three dimensional industrial models. The protection is given to the appearance or shape of an industrial product. To be able to register a design, it must have an ornamental character to it.

Protection granted	<p>Registering a design gives the owner a property right over the design. Holding a design right provides the owner the exclusive right to use it and to prevent any third party using it without consent.</p> <p>The filing must be made with the INPI.</p>
Infringements	<p>In the case of infringement, the owner of a design right can request before the federal courts remedies that include: a permanent injunction, damages, accounting for profits and forced sale or destruction of infringing products. Infringement of design rights can carry criminal penalties including imprisonment.</p>
Duration	<p>Once obtained, design rights are protected for a period of five years from the date of filing of the application. It can then be renewed twice for periods of five years.</p>

Conducting business in Argentina

Business entities

Foreign companies or individuals wanting to do business in Argentina will need to decide under which form they want to operate. Businesses can be established as sole proprietorships, general partnerships and cooperatives; however, the most common forms of business are corporations, limited liability companies and branches of foreign companies. These entities are regulated by Business Companies Law 19,550 and the Civil and Commercial Code; corporations and listed companies are subject to additional rulings.

A new Civil and Commercial Code was implemented on 1 August 2015. The new Civil and Commercial Code includes 2,671 articles and contemplates a significant review of the legal framework such as civil and commercial matters, including the regulation of sole partner companies, an entity type previously not admitted. Sole partner companies must fully integrate their stock capital at the time of their constitution.

Foreign companies can be shareholders of Argentine corporations or quota holders of Argentine limited liability companies as long as they are registered with the Public Registry of Commerce.

Limited Liability Company (LLC) Formation

Organisations wishing to set up a Limited Liability Company in Argentina need to execute a partnership contract deed, publish a summary of the contract in the Official Gazette and register it in the Public Registry of Commerce.

Quota holders

Limited liability companies need a minimum of two partners and

can have a maximum of 50. Their liability is limited to their capital contributions. There are neither nationality nor residence restrictions to become a partner.

Capital requirements

While there are no minimal capital requirements, capital contributions must be deemed appropriate for conducting the company's business activity. The Superintendence of Corporations can decide that the company needs to have a higher capital than the one initially decided by the partners. The capital must be totally subscribed at the time of incorporation; 25 per cent must be paid at the same time with the balance due in the two following years. Although contributions in kind are permitted, they must be fully paid at the time of incorporation. The capital stock must be divided into quotas of equal value.

Management

A Limited Liability Company can be managed by one or more managers who do not necessarily need to be partners. When there is more than one manager, the company by-laws must explicitly explain how they should exercise their powers; that is, individually, alternatively or indistinctly. There are no nationality restrictions for managers; nevertheless, the manager or the majority of the managers must be residents in Argentina.

The method to adopt company decisions must be set by the by-laws; nonetheless if one of the partners has the majority of votes, at least two partners need to vote to amend the bylaws.

The appointment of a syndic is mandatory when the capital of the entity exceeds ARS10 million.

Corporation Formation

Organisations wishing to set up a Corporation in Argentina need to hold an inaugural meeting of shareholders to approve the draft of the statutes, nominate a board of directors and elect a syndic, if applicable. A summary of the statutes needs to be published in the Official Gazette. Additionally, the deed of the inaugural meeting and the mentioned publication must be registered at the Public Registry of Commerce.

Shareholders

Corporations may now have any number of shareholders. Shareholders' responsibility is limited to their capital contribution. Shareholder/s must attend the inaugural meeting to set up the corporation and subscribe the capital.

Capital requirements

Corporations must have a minimum capital of ARS100,000. Capital contributions must be deemed appropriate for conducting the company's business activity. The Superintendence of Corporations can decide that the company needs to have a higher capital than the one initially decided by the partners. The capital must be totally subscribed at the time of incorporation; 25 per cent must be paid at the same time with the balance due in the two following years, except from the sole partner companies which must fully integrate their stock capital at the time of constitution. Although contributions in kind are permitted, they must be fully paid at the time of incorporation. The capital stock must be divided into nominative shares and non-endorsable of equal value.

Management

A board of directors is the body responsible for the management of



the Corporation. Many corporations only have one director; however, a three-member board is required for certain types of corporations such as listed companies or those with a capital that exceeds ARS10 million. There are no nationality restrictions for directors; nevertheless, the director or the majority of directors must be residents in Argentina. All directors need to establish a special domicile in Argentina.

The board of directors must appoint a President; decisions must be adopted by the absolute majority of the board or by special majorities set forth in the company's bylaws.

Directors must act honestly and in good faith in the best interest of the company. They can be held personally, criminally or civilly liable if they fail to comply with their legal duties.

Branch of a foreign corporation/ Registration of foreign legal entities

Foreign entities can conduct business in Argentina through a branch. The application to register a branch of a foreign company must be made by the appointed representative in Spanish. It needs to be notarised and filed locally. It must include the following documents:

- A copy of the deeds and rules that created and govern the corporation
- Minutes of the parent company meeting where it was decided that a branch was to be established, its capital and the appointment of its legal representative
- A power of attorney authorising the applicant to represent the corporation

The branch is the same legal entity as the parent company; therefore, the parent company is liable for the obligations of the branch with its worldwide assets. As a general rule, branches do not need to have a minimum amount of capital.

Branches must keep separate accounts from the parent and are required to file accounts annually with the Public Registry of Commerce.

Foreign companies can be registered as foreign shareholders or can be registered as a branch as long as they provide the following documents:

- A certified copy of the company's articles of incorporation
- A certificate of good standing
- A certified copy of its bylaws
- A certified document that

evidences that the foreign company is permitted to conduct business in the jurisdiction of incorporation

- A certified document that evidences that the foreign company meets at least one of the following conditions:
 - That it has one or more branches outside Argentina
 - That it holds equity holdings or interest in companies incorporated or registered outside Argentina
 - That it owns fixed assets at its place of incorporation or registration

The value of fixed assets and of equity holdings should be evidenced by means of the company's financial statements or a certification signed by the officer of the company.

Foreign companies wanting to become shareholders of Argentine corporations or quota holders of Argentine limited liability companies need to be registered with the Public Registry of Commerce. Additionally, they need to comply with two requirements:

- Perform a significant business activity outside Argentina
- Not be banned from carrying out that business at the place of registration

Tax system

Foreign investors are likely to be affected by the following main taxes:

- Corporate Income Tax
- Value Added Tax
- Personal Income Tax
- Tax on personal assets
- Import and Export Duties
- Other transactional taxes

Corporate Income Tax (CIT) Scope

Companies resident in Argentina, including branches of foreign companies, are liable to income tax on a worldwide basis regardless of the source of income. A company is resident in Argentina if it is incorporated in Argentina. Non-resident companies only pay CIT on their Argentine source of income.

The corporate income tax rate is 35 per cent.

In addition, there is an annual Tax on Minimum Presumed Income (TMPI). The tax is imposed on resident companies and branches of foreign companies at a rate of one per cent (although the tax base differs for certain activities). The TMPI is payable to the extent it exceeds regular CIT for the year and can offset regular income tax for the following 10 years.

Taxable income

Taxable income is defined as the difference between the accounting profit and deductible expenditures. Dividends received from another resident company are exempt from income tax.

Deductions

Taxpayers are allowed to deduct from their taxable income expenses incurred when producing taxable

income subject to certain limits and restrictions. Some examples of deductible expenses include:

- Directors' fees up to 25 per cent of accounting profit after tax or ARS12,500 per individual (whichever is higher)
- Donations made to certain entities: up to five per cent of the donor's net taxable profits
- Representation expenses if they are documented up to 1.5 per cent of the amount of salaries paid during the fiscal year
- Taxes levied on goods and activities that generate taxable income
- Royalties for patents and trademarks paid to non-residents (limited to 80 per cent of the amount paid)
- Rental payments and automobile expenses (with some restrictions)
- Interest paid on loans used in the normal course of business is generally deductible subject to thin capitalisation rules

Depreciation

Depreciation is generally computed on a straight-line basis over the estimated or standard useful lives of the assets. The following rates apply:

- Two per cent for buildings
- 10 per cent for machinery and equipment
- 20 per cent for tools and vehicles (with a cap for vehicles)

Intangible assets without a definite life may not be amortised for income tax purposes.

Tax losses

Net operating tax losses may be carried forward for up to five years. However, losses carry-backs are not





permitted. Certain types of losses such as foreign source losses and losses on shares or derivatives transactions can only be offset against profits of the same kind.

Administration

The tax year is the accounting year which normally ends on the 31 of December. Taxpayers subject to CIT are obliged to make 10 advance payments; the first one amounts to 25 per cent of the preceding year tax and the rest of the payments to 8.33 per cent. The tax payments shall be made on a monthly basis from the sixth month after the end of the accounting year. The payment date depends on the company's taxpayer registration number. Companies must file their tax returns and pay any balance due on the fifth month after the end of the accounting year. Companies must pay interest on any late payments. Advanced payments of TMPI may be required.

Capital gains

Argentina does not operate a separate 'capital gains tax' regime. Capital gains will therefore form a

part of a firm's taxable income and will be taxed at the standard CIT rate. Gains derived from the sale of shares by an Argentinian entity are subject to income tax.

Gains derived from the sale of listed shares by an individual resident in Argentina are exempt of tax. Gains derived from the sale of non-listed shares by an individual resident in Argentina are subject to a 15 per cent tax.

There are specific rules for the gains derived from the sale of shares of an Argentine company by a non-resident; they are subject to a 15 per cent tax. The seller can calculate the tax on 90 per cent of the gross proceeds or on the real gain.

Groups

There are no provisions within corporate tax law addressing the concept of group consolidation. The filing of consolidated returns is not allowed and there are no provisions for relief of group losses.

Thin capitalisation rules

Thin rules apply as a restriction on the deductibility of interest arising from financial debts contracted by the company subject to income tax with controlling non-resident companies. Except for banks and other financial institutions and companies which withhold the 35 per cent of the interests, all other companies are subject to thin rules. This means that when loans have been granted by controlling foreign entities, interest is not deductible if the resident company's debt-to-capital ratio exceeds 2:1. The excess interest is treated as a dividend payment.

Withholding tax

Withholding tax is charged on dividends, interest and royalties paid to non-residents.

Royalties and technical services fees

- Royalties for the exploitation of copyright paid to a non-resident are subject to a 35 per cent withholding tax on 35 per cent of the gross payment as long as

the work is registered with the National Copyright Bureau

- Royalties for the exploitation of patents to non-residents are subject to a 35 per cent withholding tax on 80 per cent of the gross payment as long as the agreement under which the royalties are paid is registered with the INPI
- Film and television royalties paid to non-residents are subject to a 35 per cent withholding tax on 50 per cent of the gross payment.
- Fees for technical assistance, engineering or consulting services paid to a non-resident are subject to a 35 per cent withholding on 60 per cent of the gross payment if the agreement is registered with the INPI and the services cannot be obtained in Argentina. If these conditions are not met, the 35 per cent rate is applied to 90 per cent of the final payment

Dividends

Dividends paid to local individuals or foreign individuals and entities are subject to a 10 per cent withholding tax, irrespective of the 35 per cent withholding tax, if dividends exceed the payer company's taxable income.

Interest

A withholding tax rate of 15.05 per cent applies to the following type of interest payments:

- Interests on loans obtained by a national financial institution
- Interests on loans granted by foreign financial institutions located in jurisdictions not considered as tax-havens under the Argentine regulation
- Interests on loans related to imports of movable depreciable assets, except vehicles, granted by suppliers

If the conditions above are not met, the withholding tax rate applicable

for interests paid to non-residents is 35 per cent.

Transfer pricing

Related party transactions must be conducted at arm's length and must comply with the transfer pricing rules and documentation requirements. In Argentina, transfer pricing rules apply if:

- A related company is located abroad
- A non-related company is located in a non-cooperative country (issued by tax authorities)
- The prices agreed in the transaction do not reflect normal market prices

Indeed, any transaction between related companies or unrelated companies located in a non-cooperative country (issued by tax authorities) is presumed not to be at arm's length unless the contrary is proved. If the tax payer is unable to prove that the price paid is one they would have paid in an arm's length transaction, tax authorities can make transfer pricing adjustments to the income and expenses allocated between the parties.

Argentina has adopted the Organisation for Economic Co-operation and Development (OECD) transfer pricing guidelines. These include the acceptable methods of determining the "arm's length principle", such as, comparable uncontrolled price, cost plus, resale price, comparable profits and profit split. Taxpayers are required to use the method that best reflects the economic reality of the transaction.

Controlled foreign companies (CFC)

In Argentina, the CFC regime requires resident shareholders to include in their taxable income any passive income derived

from a company resident in a non-cooperative country in which they have direct or indirect participation. The CFC regime only applies to passive income that comprises at least 50 per cent of the income of the foreign company concerned.

Personal income tax (PIT) Individuals liable to Argentine tax

Resident individuals are subject to personal income tax on their worldwide income, non-resident individuals are liable to personal income tax only on income arising in Argentina.

Any individual is considered a resident for tax purposes if he satisfies one of the following conditions:

- Individuals that are native and naturalised Argentine citizens
- Foreign individuals that have been granted residence in Argentina
- Foreign individuals that remain in the country for 12 months or longer under temporary authorisation

Individuals belonging to the third category can be considered as non-resident if they have not been granted permanent residence and they can prove that they do not intend to stay in the country permanently.

Additionally, those individuals that are in Argentina for work-related reasons and stay in the country for less than five years are also considered to be non-resident. The same rule applies to the members of their family that travel with them.

Taxable income

Taxable income generally comprises various types of income: self-employment income, salaries and wages and income from investments.

Deductions

When computing the tax that needs to be withheld from their employees' salaries, Argentine employers are entitled to deduct the following expenses:

- Social security contributions
- Medical insurance payments within certain limits
- 40 per cent of invoiced medical expenses (up to a maximum of five per cent of the taxpayer's annual net income)
- Travel expenses incurred by salespeople (they need to follow estimates published by the tax authorities)
- Donations to charities and to the government (up to a maximum of five per cent of the taxpayer's annual net income)
- Burial expenses up to ARS996,36 per year
- Life insurance premiums up to ARS996,36 per year
- Mortgage interest for the main residence up to ARS20,000 per year
- Employer contributions related to domestic help personnel up to the non-taxable threshold amount per year
- Taxes on bank debits and credit
- Contributions made to mutual guarantee companies

There are special family deductions and allowances; for which individuals can deduct varying amounts:

- For a spouse
- For each child residing in Argentina for longer than six months during the tax year. To qualify, the dependant must not earn more than the non-taxable threshold amount
- For any other dependant residing in Argentina for longer than six months during the tax year as long as he does not earn more than the non-taxable threshold amount
- An additional annual non-taxable deduction is granted to those individuals that live in Argentina for more than six months during the calendar year (that increases 380 per cent if they are employees).

All the deductions listed above are also applicable to self-employed individuals. Self-employed individuals can also deduct any expenses incurred in producing income. Business losses of self-employed persons may be carried forward for five years; however, foreign-source business losses can only offset foreign-source income.

Tax rates and bands – 2015

Argentina applies a progressive tax rate that ranges from nine per cent to 35 per cent. Non-residents living in the country for less than six months are subject to final withholding tax at a tax rate of 24.5 per cent and they are not required to file tax returns.

Residents – employment and business income			
Annual taxable income			
Exceeding ARS	Not exceeding ARS	Tax on lower amount ARS	Rate on excess %
0	10,000	0	9
10,000	20,000	900	14
20,000	30,000	2,300	19
30,000	60,000	4,200	23
60,000	90,000	11,100	27
90,000	120,000	19,200	31
120,000	–	28,500	35

Tax returns

The tax year is the calendar year, returns must be filed between 15 and 21 April (in particular cases May) of the following year. No extensions are granted to file the returns. Individuals who only have employment income that does not exceed ARS144,000 annually do not need to file an income tax return given that tax is held at source by their employer.

Self-employed individuals must register with the tax authorities and file their returns annually in April for the previous calendar year.

Individuals with income other than wages (including self-employment income) have to make payments every two months from June to February based on the amounts paid on the previous tax year. Any amounts withheld are treated as advanced payments.

Married couples are taxed separately on income derived from personal activities, on assets acquired before marriage and assets acquired after marriage with income earned from personal activities.

Resident tax-payers are entitled to tax credits for income tax paid abroad; Argentina has double tax treaties (applicable for legal entities and individuals) with the following countries: Australia, Belgium, Bolivia, Brazil, Canada, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Russian Federation, Sweden and the United Kingdom, Spain and Switzerland (since 2016).



Tax on Personal Assets

This tax is applicable to:

- Individuals domiciled in Argentina (over assets located in Argentina and in other countries)
- Individuals domiciled in other countries (only over assets located in Argentina)

Individuals domiciled in Argentina with total asset of more than ARS305,000 are required to pay the net wealth tax at the rates listed below:

Total value of taxable assets		
Exceeding ARS	Not exceeding ARS	Rate on excess (%)
305,000	750,000	0.50
750,000	2,000,000	0.75
2,000,000	5,000,000	1.00
5,000,000	–	1.25

Deposits (except in current accounts) in local banks and public bonds are exempt from this tax.

With regards to non-residents, the Law establishes that whoever has possession, use, eligibility, disposition, deposit, hold, management or store of any asset or property, subject to the Tax on Assets and that belongs to individuals established abroad, should pay the tax as a local substitute at the rate of 1.25 per cent.

The tax is not applicable to the following:

- Government securities
- Corporate bonds issued under law 23576
- Equities
- Mutual Funds
- Cooperatives quotes

In addition, this applies for certain assets and certain legal entities that are located in countries without a system of nominative shares, where the applicable rate elevates to 2.50 per cent.

There is finally another regime for non-residents, applicable over the value of securities at a rate of 0.5 per cent that applies over the difference between the assets and liabilities of the company, as at 31 December of the corresponding year, related to each stockholder.

The share issuer (a corporation) is responsible for the tax paying and he will have the right to recover the amount paid to the Fiscal Authorities.

It must be noted that foreign individuals moving to Argentina for less than five years for work reasons are not considered domiciled in the country.

Real estate tax

Sales of real estate by individuals are subject to a transfer tax of 1.5 per cent on the sale price.

Other Taxes

Value Added Tax (VAT)

The Argentine VAT is due on the sales value of products, most services and on the import of goods and services. While the general rate is 21 per cent, certain items are exempt and others are subject to a reduced rate of 10.5 per cent or an increased rate of 27 per cent.

VAT administration

All businesses making taxable supplies in Argentina through a permanent establishment are required to register for VAT. Registration is also mandatory for individuals if their annual turnover from the supply of goods exceeds ARS600,000 and the annual turnover from the supply of services exceeds ARS400,000. If the amount is lower taxpayers can choose to register a simplified tax regime instead of VAT.

Tax payers are required to submit VAT returns on a monthly basis. Returns and payment in full are due between the 18th and the 22nd day of the month following the end of the return period. Return liabilities must be paid in ARS. VAT payments can be offset by a credit balance arising from another tax collected by the Federal Administration for Public Revenues. Penalties apply for errors and omissions in VAT accounting.

Applicable rates

Rate (%)	Applicable to
0	<p>The goods exempt from VAT are: books, newspapers, shares, bonds and securities, planes for the transportation of passengers, commercial activities and defence and security, export of goods and services.</p> <p>The services exempt from VAT are: medical services, transportation of persons and freight including international transportation, transport by taxi (if the travel is less than 100 km), cash deposits with financial institutions, negotiable bonds publicly offered, services of directors, controllers and members of the board of listed companies, the letting of property when the monthly rent is less than ARG1,500 or when the property is let for meetings, conferences or similar services.</p>
10.5	<p>Medical services in certain cases, supply of newspapers, transport services by taxi if the distance travelled is more than 100 km, the supply of certain services related to dwelling houses, the supply of certain services related to soil and farming activities, construction of housing, interests and commission on loans granted to registered taxpayers by financial institutions.</p>
27	<p>Telecommunication services (except radio broadcasting and services rendered by news agencies), the supply of gas and electrical power (except illumination), the supply of current water and sewage services including draining and cleaning of wells when the service is provided outside of households for housing and the user is registered.</p>

Excise taxes

The excise tax is a federal tax on specific goods and services such as: cigarettes, tobacco, alcoholic beverages, soft drinks, automobiles, ships and aircraft, mobile phone services, insurance premiums, jewellery, precious stones and some electronic products. The tax is levied on the sale price and the rate depends on the category of good.

Tax on bank accounts credits and debits

This tax is levied on financial transactions. A large variety of financial transactions are taxable, these include: money remittance, money orders, each debit and credit, cheque deposit on savings account, etc. The applicable rates are:

- 0.6 per cent of deposits and withdrawals in banks checking accounts opened in local financial entities
- 1.2 per cent of any credits on savings accounts
- 1.2 per cent of any transactions made in a bank without using a bank account

34 per cent of the credit tax or 17 per cent of the tax amount paid each month can be offset against income tax, depending on the type of account.

Stamp tax

This tax is levied in each one of the country's jurisdictions. It is levied on juristic acts that involve a flow of wealth between the individuals involved in the legal relationship. It applies to acts such as contracts and agreements, deeds, mortgages and other obligations and other financial obligations documented in writing and loans not documented as granted by national financial institutions. The rates normally vary depending on the jurisdiction and the type of instrument involved. The average rate is one per cent of the economic value of the contract.

Turnover tax

Each one of the Argentine jurisdictions imposes a tax on the various stages of production and selling processes. It generally applies to gross revenues accrued each month and while the rates and assessment procedures vary depending on the jurisdiction, the approximate rates are:

- 3 - 5 per cent for commercial activities
- 1.5 - 4 per cent for industrial activities
- 1 - 3 per cent for primary activities

The export of goods is generally excluded and certain industries, especially small industrial activities are exempt or subject to a reduced tax rate.

Import and export duties

Argentina is a member of Mercosur which has a Common External Tariff that ranges from zero to 35 per cent. In addition to the free trade agreements with a range of countries under Mercosur, Argentina grants certain duty breaks to countries members of the Latin America Integration Association (ALADI). Finally Argentina applies minimum specific import duties on a range on imports from all destinations apart from Mercosur countries.

Exports of all goods are subject to export duties, the rate varies from five per cent to 45 per cent depending on the merchandise.

Labour

In Argentina, employment law applies to all workers regardless of their nationality as long as the employment relationship is conducted in the country. There are several sources of employment law, including: the Constitution, the Employment Contract Act, the Workday Act, the Employment Injuries Act, the Mandatory Pensions Act and the Collective Bargaining Act.

These laws govern all employment relations in Argentina regardless of the place of incorporation of the employer or the place in which the contract was concluded. The relevant labour authority is the Ministry of Labour, Employment and Social Security. Depending on the circumstances, provincial labour authorities may also be competent.

Employment contract

Written employment contracts are not required for permanent, full-time employment relationships. Unless the parties agree otherwise, the Employment Contract Law establishes the presumption that the employment relationship is established for an indefinite term with an initial three months' trial period. However, certain categories of contracts need to be in writing.

Minimum wage

The minimum wage is defined by the National Council for Employment, Productivity and Adjustable Minimum Living Wage. This body is formed by representatives from the private sector, unions and the executive branch of the national government.

The Argentine Constitution provides that under no circumstances may the total monthly remuneration received by an employee working full-time be less than the minimum living wage.



Leaves

Annual leave

Employees that have worked for an employer for more than six months are entitled to two weeks' annual leave. The holiday entitlement increases with the length of continuous employment to a maximum of five weeks per year.

Additionally, there are 17 public holidays in 2016. As many of these holidays are catholic, there are special provisions for employees belonging to other religions.

Paid leave

Female employees get 90 days of paid maternity leave. As a general rule, employees take 45 days before giving birth and 45 days afterwards; however, they can choose to just take 30 days before giving birth. The cost is covered by the social security system.

While certain CBAs may provide for longer periods, male employees are entitled to ten continuous days of paid paternity leave after the birth.

There are other circumstances under which an employee receives paid leave, these include: marriage, death of a child, death of a sibling and a high school or university exam.

Social security

In Argentina there is a single social security system, both employers

and employees must contribute to the social security system in accordance with the employee's wage level.

In addition to the social security costs, the employer has some other costs such as life insurance and work risk insurance.

Healthcare and benefits

Health care

Basic health care is covered by the Social Security through the contributions made by employees and employers.

Thirteenth salary Bonus

All employers must pay an annual bonus called 'thirteenth salary'. The bonus is paid in two instalments in June and December. Each payment must be at least 50 per cent of the highest monthly salary received in the previous six months.

Employees' compensation

Employees that have an accident, injury or a work-related illness get the cost of treatment, rehabilitation and sick pay covered for up to 12 months thanks to the compulsory employment risk insurance.

Termination

The employment relationship may be terminated by mutual consent, employee's resignation, employee's dismissal, redundancy or termination of a fixed-term contract.

Audit

Accounting standards

In Argentina, accounting standards are developed by the Argentine Federation of Professional Council in Economic Sciences (FACPCE).

The Technical Standards issued by this body are then approved by Professional Councils of Economic Sciences in each province. Additionally, the Central Bank and the National Insurance Superintendence supplement the accounting standards with rules specially created for the entities they supervise.

The Technical standards are based on IFRS ruling; however there are multiple differences with current IFRS. On the other hand, FACPCE issued a resolution in 2010 for the full adoption of IFRS for financial years beginning on or after 1 January 2012 for public companies quoted in local capital markets. This ruling did not apply to banks, financial institutions, insurance companies and other industry subject to special regulation.

Private companies can voluntarily adopt full IFRS, IFRS for small and medium-sized enterprises or local professional accounting standards.

In February 2014 the BCRA issued a rule establishing that financial entities which are subject to the BCRA supervision shall be bound by the convergence of the Reporting and Accounting Regime to the IFRS.

In September, the BCRA issued a Communication, including the detailed contents and formalities to be met by the Implementation Plan in order to begin application of the international financial reporting standards.

Starting in March 2015, all entities should present a half-yearly plan establishing the appointment of

coordinators, creation of the working group, planning of training, planning of IT adjustments, within other requirements.

In December 2015, the Central Bank of Argentina through Communication "A" 5844 established the guidelines to be followed by financial institutions for the purpose of presenting the reconciliation of assets and liabilities applying IFRS. The due date of the first presentation is on 31 March 2016 and thereafter semi-annually in September and March to final implementation. This presentation requires an external audit report.

Also in this context, Internal Audit shall issue a biannual report informing the progress of the plan.

Accounting records

According to Article 44 of the Commerce Code and Law No 19550, all Corporations domiciled in Argentina must keep accounting records of their transactions. There are two mandatory sets of books: A Journal and an Inventory and Balance Sheets Book. These books should be kept for up to 10 years after the cease of operations of the company.

A special book must be kept to record company meetings' minutes. Additionally, firms must have a Register of Shares which should contain information such as the kind of shares, rights and obligations, status of capital integration, the votes granted, etc. Finally, the shareholders or representatives attending the company meetings need to sign the Attendance Book, certifying their address, identity card number, number of shares held and the corresponding number of votes.

Businesses subject to the control of the General Justice Inspection or



Shareholders or representatives attending the company meetings need to sign the Attendance Book, certifying their address, identity card number, number of shares held and the corresponding number of votes.



to the Securities Commission can be authorised by these entities to use modern mechanised records to replace or supplement the Journal book.

Filing and submission of statutory financial statements

Public companies must file quarterly and annual financial statements with the National Securities Commission and the Buenos Aires stock exchange. They must file consolidated and separate financial statements. These must include any supplementary information required by IFRS.

An additional document called the 'summary of financial information' must be included in the quarterly and annual statements. The

document includes a summary of comparative financial statements, certain defined financial ratios and general comments on the operations for the period. Annual filings must include the board of directors' report to the shareholders and an annex reviewing certain aspects of corporate governance.

Private companies must file their annual financial statements with the Corporate Inspection Department of the relevant jurisdiction. This filing also includes consolidated and separate financial statements. These must include: a statement of the financial position, a statement of income, a statement of the evolution of shareholder's equity and statement of cash flow.

Banks, financial institutions and insurance companies must file quarterly financial statements with the Central Bank and the National Insurance Superintendence, respectively.

Audit requirements

All companies must have their statutory financial statements audited. For accounting periods starting on or after 1 July 2013, the International Standards of Auditing (ISAs) must be applied when auditing financial statements that are required to be issued under the IFRS. All other statutory financial statements can be audited using either the Technical Resolution No.37 issued by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPE) or the ISAs.

Trade

Foreign Direct Investment

Foreign companies wanting to invest in Argentina are permitted to do so without previous registration or governmental approval, in accordance with the same terms as investors domiciled in Argentina. Foreign investors can enter Argentina's market through mergers, acquisitions, joint-ventures or by participating in publicly financed research and development programmes.

Over the past few years the government has taken various actions to improve the foreign investment attractiveness of the country. Foreign Direct Investment is essential to enhance the country's productive capacity and GDP. The Argentine government has settled outstanding international arbitral awards, engaged with the International Monetary Fund to improve economic reporting data and addressed legacy debt issues.

Local legislation provides foreign investment with protection and an arbitration process for disputes with Argentina. Moreover, the country has signed Bilateral Investment Treaties (BITs) and is a member of the Multilateral Investment Guarantee Agency (MIGA), the Overseas Private Investment Corporation and the International Centre for the Settlement of Investment Disputes (ICSID).

Imports and exports

Individuals or companies wanting to import or export goods from or into the country must be registered in the Importers and Exporters' Registry before the Customs Service. Those importers or exporters that only wish to make sporadic transactions do not need to comply with the registration requirements, they can simply

ask for authorisation from the Customs Service.

Before registration with the Importers' and Exporters' Registry, the individual or corporation wanting to make these type of transactions must be registered as a taxpayer with the Federal Revenue Service. Additionally, business entities must prove their creditworthiness or financial standing. Gross sales carried out during the previous year need to be equal to at least ARS300,000. If this creditworthiness cannot be proved, the entity must post a performance bond to the Customs Service for ARS30,000.

Exports are generally subject to export duties which vary from five per cent to 45 per cent of the value of the goods. However, it must be noted that oil and certain petrol derivatives can be subject to higher duties. As a general rule, exporting goods is exempt from VAT and gross receipts tax. Exporters must bring foreign currency proceeds from exports into Argentina under the mandatory terms prescribed by the Central Bank. They are subject to Exchange Control Regulations and to the Criminal Exchange Control Regime. There are certain tax incentives to promote exports:

- Exporters are entitled to additional reimbursements for exports made through ports located down the south Colorado River
- VAT refunds of up to 21 per cent of the FOB value of the exports
- Reimbursement regime: inland taxes and other taxes paid when imported goods are sold for export are totally or partially refunded
- Refunds regime: inland taxes paid for the goods sold for exportation (or services related to those



Exporters must bring foreign currency proceeds from exports into Argentina under the mandatory terms prescribed by the Central Bank.

goods) are totally or partially reimbursed).

Goods imported on a permanent basis must comply with all tariff and non-tariff regulations and prohibitions. Import duties vary from 0 to 35 per cent depending on tariff classification of the goods. The customs value for the calculation of import duties is the transaction value. In addition to import duties there are certain other taxes that importers must pay:

- VAT (for more information see tax section)
- Statistic fee: levied on the transaction value of the imported goods at a rate of 0.5 per cent. This fee is subject to maximum amounts depending on the value of the imported goods
- A three per cent on income tax advance payment (the rate is 11 per cent when the importer is not the final user)

Goods imported on a temporary basis (either to be exported in the same condition they entered the country or to undergo a process of transformation to be re-exported) are not subject to import duties except for certain service fees. Importers must provide the Customs Service with a guarantee to ensure they will pay any applicable duties or potential penalties.

Tax-exempt areas

Argentina has a number of Free Trade Zones and Special Customs Areas.

Free Trade Zones are areas where goods are not subject to

the ordinary customs controls and where duties or taxes are not levied on imported or exported goods. The purpose of these areas is to promote trade and export-orientated industries by reducing both costs and administrative procedures. There are 11 Free-Trade Zones in Argentina located in the following provinces: Buenos Aires, Cordoba, Chubut, La Pampa, Mendoza, Misiones, Salta, San Luis, Tucuman and Entre Rios. Under the current law the government is only authorised to create one Free Trade Zone per province except for sparsely populated areas.

The Special Customs Area covers the Tierra del Fuego province and the benefits only apply to firms already established there.

Government incentives

Argentina has a series of incentives to promote investment by both foreign and local investors:

- **General incentives:** instruments and measures to encourage investment applicable to all regions and all areas of economic activity. General incentives include measures such as the export promotion measures mentioned above, regulations to reduce initial investment costs and measures to boost competitiveness by reducing operating costs
- **Sectorial incentives:** these incentives target specific sectors of the economy including mining, forestry, tourism and the automotive industry
- **Regional incentives:** they include provincial investment promotion regimes and investment support infrastructure. Regional incentives

normally include exemption from certain provincial taxes, reduced public utility rates, support for infrastructure and equipment projects and facilities for the purchase, rental or lease without charge of public property

Trade agreements

Argentina is a member of the Southern Common Market (Mercosur), a customs union formed with Brazil, Paraguay, Uruguay and Venezuela. Associate member countries Chile and Bolivia grant Mercosur member countries preferential access to their markets. The main provisions of the treaty establishing Mercosur were:

- Free circulation of goods and services between member states
- The coordination of macroeconomic policies
- The establishment of a common external tariff
- The development of accords for specific sectors

To be considered as a Mercosur good, the products need to meet the Mercosur rules of origin, the exporter must provide the importer with the Mercosur certificate of origin.

Additionally, Argentina is a member of the Latin American Integration Association (LAIA) which includes Mexico and all Latin American countries in South America. The long-term objective of this organisation is to establish a common market in a gradual and progressive manner. Indeed, duty concessions have been extended to many products shipped to other LAIA countries.

Finance

Capital markets

The main equity exchange in Argentina is the Buenos Aires Stock Exchange (BCBA) which works with an associate market, the Buenos Aires Securities Market (MERVAL).

In Argentina, each regulated market or exchange (except the BCBA) has its own regulations and requirements, including:

- Reporting systems
- Administrative procedures
- Registry and customer information
- Transaction records
- The nature of the assets that can be traded
- The scope of the transactions
- The requirements to be fulfilled by each of the agents involved in market transactions

The regulatory body responsible for regulating the equity exchange is the National Securities Commission which supervises:

- Companies authorised to issue and offer securities in Argentina
- The trading of securities in the Secondary Market
- Individuals and legal entities involved in the public offering of securities and secondary market transactions involving securities

In addition to the regulations issued by each regulated market or exchange, the public offering of securities is regulated by Law 26,831.

Those companies wanting to be listed in any exchange need previous authorisation from the National Securities Commission and for the market itself. Generally, they need to supply regulatory authorities with certain information such as:





- A risk rating report
- A prospectus
- Corporate approval and modification of the by-laws in accordance to the public offer regulations

Listed companies are subject to on-going reporting requirements

Banking system

Argentina has a dynamic banking system; more than 64 banking institutions operate in the country, of which 30 per cent are owned by foreign banks, mainly from the United Kingdom, Spain and the United States. The banking sector has over 4,300 branches and more than 16,000 automatic teller machines (ATMs).

While access to financial services in Argentina is higher than the regional average; the government has adopted some measures to further facilitate the access to banking services across the country. Some of the key measures were intended to increase the geographical coverage and infrastructure of the ATM and the use of e-commerce payment systems through universal free accounts. Additionally, the Central Bank has implemented various measures to expand the National Payment System and guarantee more security and efficiency in banking transactions.

The Central Bank conducts the government's monetary policy, regulates foreign currency

reserves and controls financial institutions. There are certain restrictions that banking institutions need to comply with:

- They cannot run companies engaged in commercial, industrial or farming activities or any other activities without the Central Bank authorisation
- They need authorisation from the Central Bank to encumber their assets
- They are not allowed to accept their own shares as collateral security for any sort of transaction
- They cannot enter into any type of transaction with their directors, officers, managers or any other person related to the institution under conditions more favourable than those offered to independent third parties

Until the enactment of order 146/94, the Central Bank only considers applications of financial foreign financial institutions from countries that granted the same treatment to Argentine financial institutions. However, this reciprocity principle is no longer in place. Additionally, financial institutions in which more than 30 per cent of their corporate capital is held by individuals or entities domiciled abroad enjoy the same treatment as domestic financial institutions. Nevertheless, the Central Bank still has discretionary powers to reject applications to establish new financial institutions.

Insurance industry

Argentina is Latin America's fourth largest market for non-life business after Brazil, Mexico and Venezuela.

The Argentine Superintendence of Insurance (SSN) is the main regulatory body responsible for supervising the insurance industry; its jurisdiction is limited to the companies doing business in Argentina. Insurance companies operating in Argentina can be subject to the jurisdiction of other government authorities such as the Public Registry of Commerce and the National Institute of Social Economy.

The main legislations governing the Argentine insurance market are:

- Insurance Law 17,418 which regulates insurance contracts
- Insurance Undertaking law 20,091 which regulates insurance undertakings
- Law 22,400 which governs insurance broking activity
- Resolution SSN 38,708 (Reglamentation of the Law 20,091)

Argentine law prohibits insuring abroad interests falling within Argentina's jurisdiction. Institutions offering insurance coverage or offering insurance contracts without being authorised could be subject to fines or other penalties.

Infrastructure

Argentina has an advanced communications network which has placed the country as the third Latin American country in the World Bank's Logistics Performance Index. The infrastructure network includes: over 39,322 kilometres of national highways and 195,837 kilometres of provincial roads as well as one of the largest railway networks in the world. It has 53 airports, 21 of which are international with more than 30 air carriers offering direct flights from Argentina to more than 40 destinations.

Argentina has 43 ports, seven of which are sea ports. Buenos Aires is the country's main port and the main point of access and departure for most of the country's foreign trade. Other big ports include: La Plata, Bahia Blanca, Neuquen, San Antonio Oeste and Puerto Madryn.

The country also has an extended telecommunications system with the highest density of fixed and mobile lines in Latin America but with limited infrastructure investment in the last few years.

Similarly, Internet penetration is increasing rapidly above the region's average. Argentina has 64 internet users per 100 people and Buenos Aires is considered as the Wi-Fi capital of Latin America with the highest concentration of wireless hotspots per inhabitant.

Finally, thanks to the abundance of natural resources, the country is able to meet most of its energy requirements with its own resources. The government is seeking to promote the use of renewable energies.

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