



GMS Flash Alert



2021-027 | January 15, 2021

Argentina - Taxpayers' Wealth Will Be Subject to Mandatory and Extraordinary Contribution

Argentina's Congress has approved a new tax that applies to wealth above ARS 200,000,000 owned by resident and nonresident individuals as of 18 December 2020.¹ (For prior coverage, see GMS [Flash Alert 2020-445](#), 3 November 2020.) This tax is in addition to and different from the existing Wealth Tax, and is a mandatory and extraordinary (i.e., one-time) assessment. Its proceeds will be used to fund efforts to combat the coronavirus pandemic and incentivize specific areas of the economy.

WHY THIS MATTERS

Taxpayers who are subject to this new form of wealth taxation could see their tax liability significantly increase. Many individuals and their tax and legal service providers are analyzing its constitutionality. The new tax requires some additional information gathering, record-keeping, and declarations.

Other Details

Progressive rates would range from 2 percent to 3.5 percent for Argentinian assets, however, fixed rates from 3 percent to 5.25 percent would be applicable for foreign assets. Foreign assets may be exempted from the increased tax rate if individuals repatriate at least 30 percent of their investments/cash located abroad before 18 February 2021, and deposit them in a special account until 31 December 2021.

The new tax controversially does not consider any assets exempted and includes other structures, such as trusts.

At this point, the tax authority's regulation will be crucial for providing details on several pending issues.

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Key Dates:

- Exchange rate and taxed assets: the regulation will determine if it will be 18 December 2020.
- For repatriation: 18 February 2021.
- Tax authority would be entitled to audit assets provisions from 21 June 2020.

KPMG NOTE

The KPMG GMS team in Argentina is working closely with the legal advisers to prepare proper legal claims to the Argentinian tax authority.

Our team will endeavor to keep readers of GMS *Flash Alert* apprised as additional regulation is put into force.

FOOTNOTE:

1 *Administración Federal de Ingresos Públicos, Resolución General 4885/2020* approved by Arentina's Congress (in Spanish): <https://www.boletinoficial.gob.ar/detalleAviso/primer/238931/20201221> .

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ARS 1 = EUR 0.0096
ARS 1 = USD 0.012
ARS 1 = GBP 0.0086
ARS 1 = BRL 0.062
ARS 1 = UYU 0.497

Contact us

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