

# GMS Flash Alert

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## Argentina - Wealth Tax Changes Encompass Real Estate Valuation

Argentina's tax authorities published on 10 March 2022, Dictum Law N° 1/2022, which introduces new modifications to the country's Wealth Tax (Law 27.667).<sup>1</sup> (For related coverage, see [GMS Flash Alert 2021-027](#) (15 January 2021) and [GMS Flash Alert 2022-006](#) (12 January 2022).)

The new rules implement a new real estate valuation for properties in Ciudad Autónoma de Buenos Aires (Argentina's capital) to bring such properties into the tax base.

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### WHY THIS MATTERS

These changes will affect many taxpayers who are subject to the Wealth Tax for FY 2021 if they own real estate properties; in particular, taxpayers who owned any real estate which they acquired a considerable time ago will be affected.

This Dictum only applies to real estate located in Ciudad Autónoma de Buenos Aires (C.A.B.A.).

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### More Details

#### Wealth Tax: Changes to C.A.B.A. Real Estate Valuation Criteria

As a result of the Dictum, the previous valuation criteria for real estate are being replaced by new criteria. Consequently, real estate located in C.A.B.A. will experience a significant increase for Wealth Tax valuation purposes and that will probably lead to a higher tax base for many taxpayers.

Under the new criteria the tax base is determined by the product of the Homogeneous Fiscal Valuation and the Tax Sustainability Unit (the Tax Sustainability Unit is the unit of measure that the fiscal authorities use to value real estate for Wealth Tax purposes). The fiscal valuation necessary to calculate the tax base for real estate is calculated in terms of the economic value of the property, and it can never be more than 20 percent of the property's market value. The Tax Sustainability Unit equals 4.<sup>2</sup>

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## KPMG NOTE

### Changes As Compared with Last Year

It is anticipated that in most cases the taxable base comprised of the real estate owned by an affected taxpayer will increase considerably with respect to the value established for fiscal period 2020 (according to the Dictum, the new criteria cannot be applied to fiscal periods whose deadline has already passed).

### Considerations for Employers

Wealth Tax issues that would have been discussed during tax briefings held in 2021 have changed with Law 27.667 and with this Dictum Law. Tax providers and global-mobility program managers may wish to update assignees who own real estate in C.A.B.A. on the change in Argentina's rules.

We encourage companies to review their tax equalization policies to determine whether revisions would be appropriate in light of the new rules.

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## FOOTNOTES:

1 Dir. Asesoría Legal Impositiva y Recursos de la Seguridad Social, "Dictamen N° 1/2022," Bienes Personales. Valuación de Inmuebles en CABA (10 Marzo 2022).

For more on Argentina's tax system as it impacts international executives, including the Wealth Tax, see [Taxation of International Executives: Argentina](#), a publication of KPMG International.

2 For more details regarding the Homogeneous Tax Valuation (VFH) and Contributory Sustainability Unit (USC), see "Nuevo Tributo Inmobiliario y ABL" and the section on "Valuación Fiscal Homogénea (VFH)" by clicking [here](#).

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## Contact us

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