

GMS Flash Alert

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Argentina - Taking Steps to Tax Foreign Currency Purchases Made Abroad

On 12 October 2022, Argentina's tax authorities published General Resolution 5272/2022 which adds a new Wealth Tax levy (*Percepción*) of 25 percent for purchases and expenses abroad that exceed a limit of USD 300 dollars per month with credit and debit cards. This duty is separate from and on top of new rules and tax rates for foreign currency purchases of goods and services overseas (*Percepción de Ganancias*).

This new measure is added to the increase from 35 percent to 45 percent imposed in General Resolution 5232/2022 regarding some purchases made abroad.

WHY THIS MATTERS

This new tax levy plus the increased tax rates for overseas purchases directly affect many taxpayers, especially Argentinian employees that are currently on international assignments, and still subject to Argentine tax law, because it represents a considerable extra cost tied to their expenses made abroad.

This change could also give impetus to taxpayers to seek refunds, through the new measures' refund mechanisms, from the fiscal authorities for the taxes/duties paid.

International assignment tax service providers should communicate the new rules to their clients as soon as possible. Global-mobility program managers should communicate these rules to their Argentina-outbound and Argentina-inbound assignees.

General Resolution 5232/2022: New Tax Rates for Foreign Currency Expenses Abroad

On 14 July 2022, General Resolution 5232/2022 was published, introducing an increase rate of tax, 35 percent to 45 percent, that applies to the purchase of goods and services overseas, as stipulated in Argentina's Law 27,541 of Social Solidarity.¹

35-Percent Tax Rate:

- Purchases of items billed in a foreign currency and purchases of foreign currency for saving purposes or without a specific destination linked to the payment of obligations under the terms of the regulations in force in the exchange market, made by residents of Argentina.

45-Percent Tax Rate:

- Currency exchange carried out by financial entities on behalf of and by order of the acquiring tenant or borrower to pay for the acquisition of overseas goods or services locations made abroad, which are canceled through the use of credit cards, or purchase or debit cards, and any other equivalent means of payment.
- Currency exchange carried out by financial entities intended for the payment, on behalf and order of the contracting party resident in the country, of services provided by nonresident parties in the country, which are canceled through the use of credit, purchase, and debit cards, and any other equivalent means of payment.
- Acquisition of services abroad contracted through travel and tourism agencies in Argentina.
- Acquisition of land, air, and water transport services for passengers travelling to destinations outside Argentina, to the extent it is necessary to obtain foreign currency for said acquisition.

General Resolution No. 5272/2022: New 25-Percent Tax Levy on Purchases Made Abroad (*Nueva Percepción de Bienes Personales*)

For certain transactions covered by the Tax on the Acquisition of Foreign Currency, AFIP added a new collection regime with a duty rate of 25 percent applied to the acquisition of foreign currency for certain payments under the terms of the Resolution.²

- Human persons and undivided successions: reimbursement can be sought through their Wealth Tax Returns. Other human persons who are not registered or do not have Wealth Tax obligations, may request their refund by other means stipulated in the Resolution.
- Any other taxable persons: reimbursements obtained via their Income Tax Return.

KPMG NOTE

The government has taken these steps to help protect the country's level of currency considering the official exchange rate is considerably lower than the market exchange (Dollar MEP and Dollar CCL for investments).

Companies with globally-mobile employees, especially Argentine citizens situated abroad, should consult with their tax service professionals about the new taxes, levies, and the new rates, and how to recover such taxes via Argentina's fiscal authorities.

FOOTNOTES:

1 See (in Spanish) *Resolución General 5272/2022* published in the *Boletín Oficial* at: http://biblioteca.afip.gob.ar/dcp/REAG01005272_2022_10_12 .

2 See (in Spanish) *Resolución General 5232/2022* published in the *Boletín Oficial* at: argentina.gob.ar/normativa/nacional/resolución-5232-2022-368005/texto .

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