



GMS Flash Alert

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Argentina - FATCA Agreement Signed with United States

On December 5, officials from Argentina and the United States signed an intergovernmental agreement (IGA) to facilitate implementation of the U.S. Foreign Account Tax Compliance Act (FATCA) through domestic reporting and automatic exchange of information.¹ This IGA, which covers both individuals and corporate entities, will enable the reciprocal exchange of certain financial account information between the United States and Argentina, while helping to ensure appropriate data protection.

The Argentine tax administration (*Administración Federal de Ingresos Públicos (AFIP)*) and the U.S. Internal Revenue Service (IRS) will have to create data sharing systems and protocols for implementing them. Argentina plans to issue new regulations implementing the agreement, which is expected to become effective January 2023.

WHY THIS MATTERS

Nonresident executives and international assignees who have accounts in financial institutions in Argentina or the United States need to be aware that their information will be reported to the tax authorities of their home jurisdiction.

More About the Agreement

The December 5, 2022 agreement signed by Argentina's Minister of Economy and the United States ambassador in Argentina, is an automatic and reciprocal exchange of information on deposit accounts, custody accounts, investment accounts, among others, opened in financial institutions and whose holders are residents of the other jurisdiction.

Once in force, the Argentine tax administration will receive from its U.S. counterpart – the IRS – information on accounts opened in financial institutions in the United States belonging to individuals that are residents in Argentina. The IRS will receive from the Argentine tax administration information related to accounts opened in Argentine financial entities belonging to U.S. residents.

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It is expected that the United States will collect and send to Argentina the name, address and tax identification of any person resident of Argentina who is the holder of an account opened in U.S. financial institutions to the extent that interest (at least USD 10 in the year), dividends or other income from United States sources have been received in the accounts.

Additionally, the information received will also include the account number, the name and identification number of the financial institution in the United States and the gross amount of income received (interest, dividends, other income).

Under the terms of the IGA, the agreement will enter into force on January 1 of the calendar year following the date of Argentina's written notification to the United States confirming completion of the internal procedures necessary in Argentina for the entry into force of the agreement. That written notification is expected to happen by the end of 2022.

KPMG NOTE

It is possible that the Argentine government will issue a tax-amnesty project that is still pending discussion in its congress. The aim is to allow individuals to voluntarily "regularize" their tax situation before the Argentina tax authorities obtain the information through the exchange. The regularization entails Argentine residents paying a percentage of their unreported U.S. assets (20 percent, 35 percent, depending on the date of regularization).

If, through the information exchange, Argentina tax authorities detect accounts not reported (both for income tax and wealth tax) they could assess the omitted tax for the open years retroactively with fines and interest among other legal consequences.

FOOTNOTE:

1 Agreement between the U.S. and Argentine to Improve International Tax Compliance and Implement FATCA, November 18, 2022; Memo of Understanding, December 5, 2022.

See "[United States and Argentina Sign Agreement to Share Financial Account Information](#)" on the website of the U.S. Embassy in Argentina. Also see "[Remarks by Ambassador Stanley at signing of Agreement to Share Financial Account Information](#)" on the same website.

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Contact us

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