

GMS Flash Alert

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Argentina – Program to Strengthen Economic Activity, Improve Families' Income

On 25 September 2023, Argentina's tax authorities released a series of General Resolutions to help stimulate economic activity and boost the personal income of families. The General Resolutions form part of a program that introduces tax reductions, benefits, and credits. These new measures include *Regimen de Monotributo* (Monotributo Tax) and *Regimen de Autónomos* (Social Security Contributions) benefits, VAT reimbursements, bonus payments for employees, income tax benefits, and the temporary suspension of judicial proceedings aimed at demanding payment of taxes and existing debts.

WHY THIS MATTERS

Changes introduced by this program and its constituent resolutions affect most taxpayers and gives them an opportunity to avail of certain benefits or tax reimbursements.

In terms of employees, those who are located in Argentina are directly affected by the VAT reimbursements for expenses incurred and paid for using debit cards. Many others may be positively affected by the income tax changes by stopping monthly tax withholdings or by receiving tax reimbursements. There are benefits that will accrue to employers that follow an equalization policy and are currently covering some employees' income tax withholdings.

Many companies – especially those with employees whose salaries are not considered high – may wish to capitalize on the reforms described in this newsletter to recalculate their costs and/or the employee's costs in respect of assignments, where applicable.

General Resolution 5418/2023: VAT Refund for Purchases at Merchants with a Debit Card

On 16 September 2023, General Resolution 5418/2023 was published, introducing the "Buy without VAT" program, that establishes a refund regime of 21 percent for purchases made in retail and/or wholesale stores, with a cap of up to ARS 18,800.¹ This new rule applies to purchases that are made with debit cards, account debit cards, or immediate transfers through QR codes, associated with accounts opened in financial institutions.

The beneficiaries of this VAT refund scheme will primarily be retired people, public programs beneficiaries, dependent employees (as long as they do not earn more than the equivalent of six minimum salaries), domestic services employees, and most people registered in Monotributo (unique tax regime).

Resolución General N° 5417/2023 - Decree 473/2023: Gross Salary Limit Increase to Pay Income Tax

The executive branch, through General Resolution 5417/2023 and Decree No. 473/2023, ordered modifications to the income tax so that workers with monthly gross salaries less than the equivalent of *15 salarios mínimos, vitales y móviles* (15 minimum, vital and mobile wages) in force, as of October 2023, stop paying the tax.² The *salario mínimo, vital y móvil* or SMVM (in English, vital and mobile wage) was raised to ARS 132,000, meaning those who earn a monthly gross salary less than ARS 1,980,000 will no longer pay income tax. This measure applies to salaries accrued as of 1 October 2023. To this end, withholding agents will compute, in the month in which it is settled, a special deduction that is increased, in an amount equivalent to the one that arises from subtracting the personal deductions from the taxpayer's net income, so that the resulting net income subject to tax is equal to zero.

(For related coverage, see [GMS Flash Alert 2023-209](#), 13 November 2023.)

Additionally, these new regulations established a tax reimbursement of the 13th Salary's (*Aguinaldo*) withholdings made from July 2023 on, for every employee whose monthly gross salary or the average of the second calendar semester, does not exceed the equivalent sum of 15 minimum SMVM – in force on 1 October 2023.

Income Tax Scales

Furthermore, these resolutions introduce new income tax scales applicable for monthly withholding calculations for salaries earned since October up through December 2023. Income tax on salaries earned until September 2023 have to be calculated using the scales in force prior to this new regulation.

Law 27.725 – Decree 508/2023: Non-Taxable Minimum Raised for Income Tax and a Cedular Tax Regime Created on the Highest Incomes

The legislative branch established through Law 27.725 the definitive and permanent increase of the income tax minimum non-taxable amount, so that dependent employees and retired individuals will only be taxed when their monthly gross salary exceeds the equivalent of 15 minimum vital and mobile wages (SMVM) in force at the moment of the tax determination; a value that, as of today, equals ARS 1,980,000.³ The measure will apply from fiscal year 2024.

Other Measures of the Program to Strengthen Economic Activity and Personal Income

- ✓ **Régimen de Autónomos** (social security "Autónomos Regime"): the tax authorities extended the due date for VAT payments and the personal contribution of *trabajadores autónomos* (self-employed workers). This is a measure instituted by the Ministry of Economy of the Nation, aimed at promoting the growth and development of small-

and medium-sized enterprises⁴. Deadlines from September to December 2023 have been delayed to March and April 2024. Additionally, new income tax scales will apply for Autónomos withholdings since October 2023 in order to lessen the tax burden⁵.

- ✓ **Monotributo Regime** (integrated tax): the tax component payment of categories A, B, C, and D was extended for six months. New due dates have been set, postponed by one semester; for the September and October payment, that date is 20 March 2024, for the November and December payment, it's 22 April 2024, for the January and February payment, it's 20 May 2024⁶. Meanwhile, small taxpayers shall only pay the social security component of the Monotributo Tax.

KPMG INSIGHTS

The changes in the rules concerning the taxation of income and indirect taxation can be complex and compliance can be tricky, even more so when dealing with globally-mobile employees who may be subject to the new rules.

Given that the changes to a large degree impact income from 1 October, employers and their employees may have questions about how the changes apply to them and what steps they might take in order to benefit from the tax relief – as well as to make sure they are in compliance – described in this newsletter. It is recommended they consult with their qualified professional tax adviser or a member of the GMS / People Services team with KPMG in Argentina (see the Contacts section) before taking any decisions.

[ARS 1 = EUR 0.0025 | ARS 1 = USD 0.00275 | ARS 1 = GBP 0.00218 | ARS 1 = BRL 0.0135 | ARS 1 = UYU 0.1078]

Source: www.xe.com

FOOTNOTES:

1 See *Resolución General 5418/2023* at: <https://www.argentina.gob.ar/normativa/nacional/resoluci%C3%B3n-5418-2023-389983/texto>.

2 See *Resolución General 5417/2023*, Decreto N° 473/23 at: <https://www.argentina.gob.ar/normativa/nacional/resoluci%C3%B3n-5417-2023-389980/texto> and <https://www.argentina.gob.ar/normativa/nacional/decreto-473-2023-389742/texto>.

3 See *Ley 27725* at: <https://www.boletinoficial.gob.ar/detalleAviso/primera/295606/20231006>.

4 See *Resolución General N° 5422/2023* at: <https://biblioteca.afip.gob.ar/search/query/norma.aspx?p=t:RAG|n:5422|o:3|a:2023|f:25/09/2023>.

5 See *Resolución General N° 5423/2023* at: <https://biblioteca.afip.gob.ar/search/query/norma.aspx?p=t:RAG|n:5423|o:3|a:2023|f:26/09/2023>.

6 See *Resolución General 5411/2023* at: <https://www.boletinoficial.gob.ar/detalleAviso/primera/293391/20230904>.

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Contact us

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