

GMS Flash Alert

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Argentina – Key Social Security Incentives Affect Hiring and Equity Compensation

Argentina has introduced new regulations that significantly reduce employer Social Security costs, both for new hires and for equity-based compensation structures.

WHY THIS MATTERS

Argentina has implemented a new Labor Formalization Incentive Regime (RIFL), allowing employers to reduce Social Security contributions to approximately five percent (representing a reduction of 13 to 15 percentage points) for certain new hires during their first 48 months of employment. This benefit applies to private sector employers that hire eligible employees within a limited window and can materially lower the cost of expanding headcount.

In parallel, recent regulatory changes confirm that certain equity-based compensation (such as stock options, RSUs, or share plans) may be excluded from the Social Security contribution base, subject to conditions and caps. This creates a significant opportunity for employers to structure compensation packages more efficiently, particularly in multinational environments where equity incentives are widely used.

More Details

- Through Decree 315/2026,¹ the government implemented the RIFL, which reduces employer Social Security contributions for eligible new hires from standard rates (generally above 20 percent) to a flat five percent during the first 48 months of the employment relationship.
- The regime applies to hires registered between May 1, 2026, and April 30, 2027, making timing a critical factor for employers planning workforce expansion.
- The benefit is available to most private sector employers and applies to specific employee profiles, including individuals previously unemployed, informal workers, monotributistas, or those transitioning from the public sector. While broadly accessible, certain limitations apply; for example, newly registered employers may only include up to 80 percent of their workforce under the regime.
- In parallel, Decree 407/2026² provides further operational guidance on the labor modernization framework and introduces a significant incentive for equity compensation structures. It establishes that certain

benefits derived from stock options, share grants, or similar instruments may be excluded from the Social Security contribution base, provided that specific regulatory conditions are met. Notably, the exemption is capped at five percent of each employee's annual gross remuneration, setting a quantitative limit on the portion of equity compensation eligible for this treatment.

- From a practical perspective, this creates an opportunity to deliver competitive incentives without triggering full Social Security costs, although it also raises implementation challenges. In many cases, equity income is recognized at a specific point in time (vesting or exercise), when the employee's total annual remuneration may not yet be fully determined, which may require further regulatory clarification.
- Additionally, the exemption is not automatic and only applies if the applicable legal requirements are met, affecting Social Security contributions exclusively and not the income tax treatment, which remains in force. Companies could therefore carefully assess the structure of their equity plans to help support eligibility and avoid potential recharacterization risks.

KPMG INSIGHTS

KPMG in Argentina states that:

These measures create a meaningful opportunity for companies to optimize workforce cost structures in Argentina, particularly when combined with strategic hiring and compensation planning. The RIFL regime can significantly reduce the cost of onboarding new employees, driving the need to analyze the possibility of including expatriates or impatriates hired locally. Additionally, the equity benefit enables companies to deliver part of total compensation through more cost-efficient incentive structures commonly used in global mobility frameworks, subject to the applicable conditions and limitations.

From a Global Mobility standpoint, these changes are especially relevant for companies expanding operations, implementing regional hubs, or aligning local compensation with global policies. At the same time, they introduce additional layers of complexity in cross-border scenarios. In particular, the application of the five percent annual cap on equity-related exemptions may pose challenges in shadow payroll arrangements, when compensation is split across jurisdictions. It may also interact with tax equalization policies, when reductions in employer Social Security costs do not necessarily translate into adjustments in hypothetical tax calculations.

Companies could assess whether current or planned hires and equity plans could qualify for these benefits and proactively structure their approach.

KPMG in Argentina (see Contacts section) is available to review specific cases and help identify opportunities to leverage these incentives while adhering to full compliance with local regulations.

ENDNOTES:

- 1 Presidencia de la Nación, República Argentina (in Spanish), "[Decreto 315/2026](#)," published on 30 April 2026.
- 2 Argentina.gob.ar (in Spanish), "[Decreto Reglamentario 407/2026](#)," published on 29 May 2026.

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Contacts

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