



BILL FOR THE VOLUNTARY DISCLOSURE OF ASSETS AND OTHER TAX AMMENDMENTS

A bill drafted by the National Executive Branch, which among other aspects creates a Voluntary and Extraordinary Disclosure Regime and in addition intends to introduce significant changes to the personal asset tax, income tax and minimum presumed income tax, was filed before the Congress on 05/31/2016. The referred bill proposes several amendments, being the most relevant those outlined below:

1. Disclosure Regime

a) Voluntary and extraordinary disclosure program for holding of foreign and local currency and assets located in Argentina and abroad.

- The voluntary disclosure program enables the regularisation of the holding in the country and abroad of: (i) foreign or local currency, (ii) real estate, (iii) movable assets (including shares, equity interests, trust beneficiary rights, any kind of financial instruments or securities, such as bonds, negotiable obligations, American Depositary Receipts (ADRs), unit shares in common funds and similar assets), and (iv) any other asset (including credits and rights for valuable consideration) with substantive tax and other sort of benefits. Declared currency or securities that were held abroad would not have to be brought into Argentina.

- The voluntary disclosure program applies: (i) in case of assets declared by individuals, for assets existing before January 1st 2016, and (ii) in case of assets declared by Argentine entities, for assets existing before the close of the last financial statement closed before January 1st, 2016.

- Under the voluntary disclosure program it will not be allowed to disclose holdings of currency or securities located abroad and deposited in financial institutions or custody agents established or located in jurisdictions or countries identified by the Financial Action Task Force (FATF) as High Risk or Non-Cooperative.

- The adhesion to the voluntary disclosure program can be made until March 31st, 2017.

- The adherents to the voluntary disclosure program would be liable for the payment of a special tax (unless certain investment requirements are fulfilled) over the value of the declared assets. The applicable rate would be determined in accordance with the provisions of section 39 of the bill (rates vary from 0% to 15%).

- The abovementioned special tax would not apply if the declared funds are used to (i) acquire, as an original investor, securities nominated in US Dollars, issued for different periods and subject to different conditions, and/or (ii) subscribe or acquire, during a five year term period, units in open or closed Argentine common funds which purpose is the investment in financial instruments aimed at financing investment projects related to the real economy.

The investment alternatives listed in points (i) and (ii) of the preceding paragraph could involve a yield of 0% or lower than market rates.



- Certain public officers, convicted persons for tax offenses or prosecuted for other crimes, etc. are excluded from this voluntary disclosure program.

b) Extraordinary regularisation regime.

- Enables the regularisation of tax, custom and/or social security liabilities (with few exceptions) expired before May 31st, 2016.

- The regularisation implies the partial waiver of interests and the full pardon of penalties in accordance the guidelines of the bill of law.

- The regularisation suspends and would extinguish any tax, social security and custom criminal actions.

- Convicted persons for tax offenses or prosecuted for other crimes, etc. are excluded from this regularisation.

- The adherence to the regularisation regime can be made until March 31st, 2017.

II. Benefits for compliant taxpayers.

- An exemption of personal asset tax for fiscal periods 2016, 2017 and 2018 is foreseen for taxpayers that qualify under the bill of law as “compliant taxpayers”.

III. Changes to personal asset tax.

- Establishes: (i) a non-taxable minimum threshold of AR\$800,000 and a reduction of the maximum tax rate from 1.25% to 0.75% over the exceeding amount for fiscal period 2016, (ii) a non-taxable minimum threshold of AR\$950,000 and a maximum tax rate of 0.50% over the exceeding amount for fiscal period 2017, and (iii) a non-taxable minimum threshold of AR\$ 1,025,000 and a maximum tax rate of 0.25% over the exceeding amount for fiscal period 2018.

- Reduces from 0.5% to 0.25% the personal asset tax rate for the holding of capital stock of Argentine companies.

- Reduces the tax rate to surrogate taxpayers of foreigners to 0.75% for fiscal year 2016, 0.5% for fiscal year 2017 and to 0.25% for fiscal year 2018.

- Abrogates Personal Asset Tax for fiscal years beginning on or after January 1st, 2019.

IV. Changes to income tax and abrogation of the minimum presumed income tax.

a) Capital gain tax

- Establishes that the results derived from the transfer of shares, quotas and other equity interests, ADRs, bonds and securities of any kind issued by Argentine entities, obtained by individuals and undivided estates resident in Argentina (with the exclusion of those subjects 3 foreseen under



subsection c) of section 49 of the income tax law), that are listed in the Argentine stock market or in foreign stock markets and/or have public offering authorisation are exempted from income tax.

- Provides that results derived from the transfer of goods listed in sections 152 and 153 of the income tax law (e.g. shares of foreign companies) that are subject to income tax shall be determined in foreign currency and converted into Argentine pesos at the date of disposal of said assets.

b) Dividend Tax

- Abrogates the 10% withholding tax on dividends declared, whether in cash or in kind – except in fully paid shares (acciones liberadas), in respect of both Argentine individuals and non-Argentine resident shareholders.

c) Minimum presumed income tax

- Abrogates minimum presumed income tax for fiscal years beginning on or after January 1st , 2019.

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