



Status update on bill for the voluntary disclosure of assets and other tax amendments

After a session of more than 17 hours, the Lower House of the Argentine Congress approved by a wide majority (67%) the bill for the voluntary disclosure of assets and other tax amendments proposed by the President. Now, the bill has passed to the Senate for its approval.

The bill of law, as it was approved by the Lower House, was modified from the original project sent by the Administration to Congress.

- ❖ The Original Bill foresaw the creation of a Special Reserve to guarantee Argentina's pension system, administered by ANSES (the Special Reserve). The Original Bill established which kinds of investments were allowed for the Special Reserve. During last Wednesday's session, the Lower House modified the investment alternatives, eliminating the possibility of investing in bonds or other securities issued by foreign governments, international organisms and foreign companies (the previous version allowed a 20% of the Special Reserve to be invested in such kind of funds)
- ❖ Regarding the listed shares and other securities issued by Argentine corporations owned by the Special Reserve, both the Original and the New Bill foresee the possibility of selling a portion of them. Currently (according to the parliamentary debate), approximately 12% of the Special Reserve's assets are composed of such kind of assets. The New bill foresees that such percentage may be reduced to not less than 7%. The New Bill foresees that the Special Reserve may sell this kind of assets in excess of the aforementioned limits only in case Congressional approval be obtained or in case a public offering of shares directed to all shareholders with a price authorised by the Argentine SEC (the Comisión Nacional de Valores) exists
- ❖ The New Bill foresees that individuals will be able to include assets in the tax amnesty regime if they own the assets as of the date of the publication of the bill (the Original Bill foresaw that assets had to be in the individual's patrimony as of 31.12.2015)
- ❖ The New Bill allows to include in the amnesty regime cash deposited in a banking institution at the date of the publication of the amnesty bill but that was used to acquire real estate or other registrable assets, or that was contributed to the capital of a corporation, provided that the money had been deposited in the banking institution for three months prior to the publication of the law
- ❖ The New Bill permits to enter the tax amnesty program "late" (after 01.01.2017) and still pay a 10% special tax (the same that would be paid if entered "early": before 13.12.2016), if the payment of such tax is made in kind with certain Argentine public



bonds (BONAR 17 and/or GLOBAL 17). The Original Bill foresaw a 12% rate for this alternative

- ❖ The New Bill modified the conditions of one of the public bonds to be issued by Argentina as a result of the tax amnesty program. Taxpayers that invest funds declared through the tax amnesty program (in total or in part) in this kind of bonds do not have to pay the special tax for the funds invested. The New Bill created a bond with a 7 year duration, non-negotiable and non-transferable for the first 4 years, with a 1% interest rate. Funds invested in this new bond count three times for the purpose of the special tax exemption (i.e., investing \$100 in the bond exempts the invested funds -\$100- plus \$200 more of other declared funds from paying the special tax)
- ❖ The New Bill softens the obligation contained in the Original Bill regarding cash held in Argentina and deposited in a banking entity (so as to enter it in the tax amnesty). Under the Original Bill, such funds were immobilised in the bank account for at least 6 months. The New Bill foresees a similar obligation, but allows the taxpayer to withdraw the funds to use them for the acquisition of real estate or registrable movable assets
- ❖ The Personal Assets Tax (which taxes individual's assets) would not be eliminated after a three year period (as foreseen in the Original Bill). Instead, the tax would remain in force at a reduced rate (0.25%).
- ❖ Regarding the regularisation regime, the new bill offers more instalments (90) to pay debts regularised through the regime. The 1.5% monthly interest rate still applies
- ❖ The Original Bill contained certain amendments to the existing income tax exemption for the sale of listed shares and securities by Argentine resident individuals. The New Bill eliminated such amendments and maintains the existing exemption unchanged

For any concerns or questions, please contact:

Matías Olivero Vila
matias.olivero.vila@bfmyl.com

Liban Angel Kusa
Liban.kusa@bfmyl.com

Ezequiel Lipovetzky
ezequiel.lipovetzky@bfmyl.com

Daniela C. Rey
daniela.rey@bfmyl.com



Juan Pablo Baumann Aubone
juan.baumann.aubone@bfmyl.com

Maximiliano Yudica Bartels
maximiliano.yudica.bartels@bfmyl.com

Pablo M. Muir
pablo.muir@bfmyl.com