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Legal News

Taxes on financial income and capital gains.

On April 9th, 2018 the Executive Power of Argentina issued National Decree 279/18 (the “Decree”). It regulates taxation on capital gains and revenues (including interests) derived from the holding (portfolios) and trading of equity, private and public bonds, ADR’s, CEDEAR’s, virtual currency, participation certificates in investment funds, private and public debt certificates and other financial instruments (the “Instruments”). The Decree, which became effective on April 10th, 2018, completes the amendment to the National Income Tax Law 20,628 (the “ITL”) provided by Law 27,430, passed on December 2017, which includes several amendments on Instrument’s taxation.

As a consequence of the general amendment to the ITL, different rules were established to determine the applicable taxation scheme over both the income derived from the holding of Instruments in a portfolio, as well as the capital gain obtained from its sale. As provided by the Decree, the terms and conditions of each Instrument shall determine the corresponding taxation rule to be applied, including taxable base and rates.

For local residents (both individuals and estates), a special tax known as “*impuesto cedular*” has been established. Such special tax sets lower tax rates for the holding and trading of Instruments in comparison with the regular income tax rates. Particular rules about costs and deductions are also introduced by this special tax.

Regarding foreign residents, the Decree establishes certain rules in order to determine the taxable base for potential income, using the scale provided by Section 93 of the ITL. In addition, higher rates shall be applied to foreign residents, either companies or individuals, having its tax residency in jurisdictions considered as non-cooperative from a tax standpoint. The Decree considers a non- cooperative jurisdiction, any jurisdiction not included within the Cooperation List published by Decree 589/2013.