



  ALTERNATIVE
  EmergingInvestor

Issue 2 - July / August

LatAm's China
Correlation

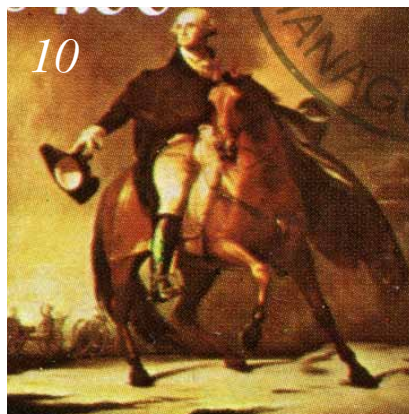
Mauritius
Africa's Gateway

Understanding
African
Exchanges
Nigeria and
South Africa

The Reality of
CHINESE PRIVATE EQUITY

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Another Voluntary Disclosure Program in Argentina

■ **Javier Canosa**

In March 2013 the Argentine tax authorities launched the New Voluntary Disclosure Program, aiming to produce “counter-cyclic measures for the structural development of companies, job growth, maintain the sources of jobs and strengthen the acquisition power of Argentine citizens, and with those tools, consolidate supply and the Argentine domestic market.”

The main advantage of the New Voluntary Disclosure Program compared with the permanent disclosure program (established in March 2010) is the number of installments allowed and the reduction of the financing interest, which provides an incentive for financing through the new program due to the current high inflation rates in Argentina (between 25 and 30% per

year). The maximum term is 120 monthly installments of AR\$150 or more, with payments due on the 16th of each month, and the applicable rate is 1.35% per month.

The New Voluntary Disclosure Program applies to taxes, social security charges and fines and customs charges, along with fines and interest due up to February 28, 2013. In addition, tax debt that was being restructured under another program can be restructured under the New Voluntary Disclosure Program because of its more attractive terms.

However, the New Voluntary Disclosure Program specifically excludes amounts due for taxes on non-registered payments, liabilities that originated as part of tax inspections, withheld taxes, down

payments, health insurance contributions, labor insurance contributions, contributions to the registry of workers and employers, taxes on cigarettes, income and minimum presumed income pertaining to fiscal years of companies or individuals as of October 1, 2012, tax on personal assets for fiscal periods after 2011, VAT for import of services, and certain custom charges for declaring the holding or acquisition of agricultural goods, among others. Subjective exclusions include media companies, individuals with criminal tax and customs charges.

Application to the New Voluntary Disclosure Program is possible until July 31, 2013, and it is a very simple procedure to do through the website of the Argentine tax authorities.



Unlike the previous voluntary disclosure program implemented in Argentina in 2009 through law No. 26,476, the “Former Program,” the new voluntary program provides no waiver of fines or interest. The Former Program, also called the “Anti-crisis Plan,” was intended to aid companies and individuals affected by the economic crisis, and to promote capital repatriation.

The Former Program provided for a significant moratorium. Obligations under

the scope of the Former Program included those in administrative or judicial litigation, provided that the defendant unconditionally acquiesced, and, if necessary, ceased and renounced any right or action, assuming the payment of costs. The law also suspended the term for criminal actions.

The Former Program provided for a scaled reduction of interest depending on when parties signed on to the pro-

gram. If this was done in the first or second month following the law taking effect, the reduction was 70%, in the third or fourth month 60%, and in the fifth or sixth month 50%.

Many Argentine taxpayers applied to the Former Program, and it is expected that many will also apply before July 2013 to the New Voluntary Disclosure Program.

About the Author

Javier Canosa is a partner in the BA firm Canosa Abogados. Mr. Canosa's practice covers corporate law issues, advising several national and foreign companies in various corporate matters, including investment vehicles, corporate management, directors' duties and responsibilities, audits, risk detection and distribution, documents, policies and corporate contracts, and design and implementation of a suitable corporate form for each business.



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