Argentina

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What's new?

Summary of updates/Changes to R&D and government incentives from 1 January 2019 through 31 October 2020

A new Knowledge Economy Law was enacted on 26 October 2020 and applies retroactively as from 1 January 2020. The main objective of the law is to promote economic activities that utilize knowledge and the digitalization of information, supported by scientific and technological advancements, to obtain goods, the provision of services, and/or process improvements.

Featured government incentives

Incentive name	Description	Maximum percentage	Qualification standards	Key exclusions or issues
Mining industry incentives	Range of federal and provincial incentives for mining projects including in respect of fiscal stability, income tax, VAT, fuel taxes, royalties, and import duties	• Fiscal stability for 30 years; • 100% income tax deduction for certain pre-trading expenses; • VAT refund after 12 months or optional accelerated depreciation; • Tax revaluation of mining assets; • Additional deduction of up to 5% of extraction and operational expenses; • 3% cap on royalties paid to the provincial government; and • Exemption from import duties/taxes on imports of capital goods	Projects must qualify under Law No. 24.196 related to mining activity	• Special registration required • Certain activities are excluded
Knowledge Economy Law	Income tax, social security, and fiscal stability incentives to promote activities that utilize knowledge and the digitalization of information, supported by scientific and technological advancements, in order to obtain goods, provision of services and / or process improvements in Argentina	• Fiscal stability for national, import, and export taxes until 31 December 2029; • Reduced income tax rate (reduced by 60% for small and micro companies, 40% for medium-sized companies, and 20% for large companies) and availability of foreign tax credit; • No VAT withholding; and • 70% tax credit for certain social security contributions paid, and additional credit for contributions that otherwise would have been payable	Performance of qualifying activities	Entities would be required to : • Register in a special government register; • Comply with conditions related to process quality, investment in research and development (R&D) or training, and exports; and • Comply with tax and social security regulations
Import of new production lines	Exemption from import duties and statistical fee when importing a new production line to produce electrical energy or goods, together with limited spare parts	100% of import duties and statistical fee	Projects that qualify according to Resolution No. 256/00, with no industry limitation	Imported machinery and equipment must be new, and be part of a complete and autonomouxs production line to be installed by the taxpayer in its own factory, that is essential to the production process Applies only to companies with an investment project authorized by the Secretariat of Commerce and the Secretariat of Industry Mandatory to acquire new local products of at least 20% of the value of the imported goods

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Featured government incentives

Incentive name	Description	Maximum percentage	Qualification standards	Key exclusions or issues
Reimbursement of internal taxes paid on exports	Total or partial reimbursement of internal taxes paid on exported goods, and services rendered in connection with such goods Reimbursements are a percentage of the free on board (FOB) value declared on the export documents	8.5% of FOB value of exported goods	FOB value of exported goods Reimbursement rates vary depending on the MERCOSUR tariff code (NCM) of the goods	Applies only to exports of new goods
VAT refund on exports	Exporters of goods produced in Argentina may offset the input VAT incurred in connection with the production and marketing of the goods against the VAT payable on operations subject to VAT, where the tax is linked to the exports Where only a partial offset of input VAT is possible, the balance may be credited against certain other taxes, refunded by the tax authorities, or transferred in favor of certain third parties	VAT rate applicable to the exported goods	VAT incurred in production and marketing of exported goods prior to sale	Only applies to VAT paid on exported goods and associated services

Industries most often affected by government incentives in country

	Technology, Media & Telecom	**Financial Services**
	Telecom, Media & Entertainment	Banking & Capital Markets
●	Technology	Insurance
	Consumer	Investment Management
	Consumer Products	Real Estate
	Retail, Wholesale & Distribution	**Life Sciences & Health Care**
●	Automotive	Health Care
	Transportation, Hospitality & Services	Life Sciences
	Energy, Resources & Industrial	**Government & Public Services**
●	Power & Utilities	Health & Social Care
●	Mining & Metals	Defense, Security & Justice
●	Oil, Gas, & Chemicals	Civil Government
●	Industrial Products & Construction	International Donor Organizations
		Transport

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Type	National incentive?	State, provincial, regional or local incentives?[1]	Filing deadlines imposed?	Is the claim made in advance or arrears?[2]	Nature of incentive	Maximum benefit available to large enterprises	Maximum benefit available to small and medium-sized enterprises
Innovation							
Other Innovation Incentives: Knowledge Economy Law	Temporary incentive	No	National: Permanent incentive Local: Not applicable	National: Arrears Local: Not applicable	Range of incentives for legal entities that utilize knowledge and the digitalization of information, supported by science and technological advancements, to obtain goods, provision of services and/or process improvements	20% income tax rate reduction	60% income tax rate reduction for small and micro companies, 40% income tax rate reduction for medium-sized companies
Investment							
Capex: Manufacture of local capital goods used for productive activities	Temporary incentive	No	National: Permanent incentive Local: Not applicable	National: Varies Local: Not applicable	Industries that manu-facture capital goods for productive activities may be reimbursed a percentage of the total sales price through a government bond that can be used to pay taxes or transferred to third parties	9.7% of net revenue from domestic sales	9.7% of net revenue from domestic sales
Employment: Incentive for hiring disabled employees	Permanent incentive	No	National: No Local: Not applicable	National: Arrears Local: Not appiicable	Employers who hire disabled employees are entitled to income tax and social security incentives based on the employee's salary	Additional deduction for income tax purposes equivalent to 70% of the employee's salary, and a 50% reduction in social security contributions payable in respect of the employee	Additional deduction for income tax purposes equivalent to 70% of the employee's salary, and a 50% reduction in social security contributions payable in respect of the employee
Training: Tax incentives for industrial entities that organize technical education course	Temporary incentive	No	National: Permanent incentive Local: Not applicable	National: Arrears Local: Not applicable	Industrial entities who organize technical education courses may obtain a tax credit certificate to pay national taxes and to subsidize the expenses of the project	8% of salaries	8% of salaries

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Notes:

1. Green means that this incentive is currently in effect. Yellow means that the incentive has limited applicability, i.e., the requirements for this incentive limit its value to most companies. Red means that there is no incentive.
2. If the response is advance, this means that the government must approve the award of the incentive prior to the commencement/completion of the project/activity. If the response is arrears, this means that the award of the incentive is determined at the end of the tax period or after the completion of the qualifying project or activity. Most tax incentives are considered to be claimed in arrears because they are reported on tax returns.

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Investment (continued)							
Other Investment Incentives: Capital support for entrepreneurs	Temporary incentive	No	Permanent incentive Not applicable	National: Varies Local: Not applicable	Income tax deduction for capital investments in new enterprises or by individuals that have been carrying out activities in Argentina for a maximum of seven years	75% or 85% of total capital investment, capped at 10% of taxable income for the year. Any excess may be deducted over the next five fiscal years	75% or 85% of total capital investment, capped at 10% of taxable income for the year. Any excess may be deducted over the next five fiscal years
Other Investment Incentives: Incentives for micro, small, and medium-sized enterprises (PyMEs)	Permanent incentive	No	Permanent incentive Not applicable	National: Varies Local: Not applicable	Tax benefits for PyMES that meet certain qualifying criteria	Not applicable	For micro and small enterprises, credit for 100% of local tax levied on banking transactions against the income tax liability (60% for medium-sized enterprises carrying out industrial activities), and 60-day deferral of VAT payments
Other Investment Incentives: Tierra del Fuego province incentive	No	Temporary incentive	Not applicable Permanent incentive	National: Not applicable Local: Varies	Various tax incentives for industrial activities and operations performed in Tierra del Fuego province	Exemption from federal taxes (income tax, VAT, and excise taxes)	Exemption from federal taxes (income tax, VAT, and excise taxes)
Other Investment Incentives: Reciprocal guarantee societies	Permanent incentive	No	Permanent incentive Not applicable	National: Varies Local: Not applicable	Tax deductions and exemptions for reciprocal guarantee societies (RGS) and their protection partners providing guarantees to facilitate access to credit by PyMEs	RGS: Income tax and VAT exemption for guarantee fees Protection partner: 100% income tax deduction for capital contributions and hedge/risk fund contributions	Not applicable

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Investment (continued)							
Other Investment Incentives: Provincial—Buenos Aires city technological district	No	Temporary incentive	National: Not applicable Local: Permanent incentive	National: Not applicable Local: Varies	A range of tax incentives are available to entities located in the "Technological District of Ciudad Autónoma de Buenos Aires" whose primary activities are in the fields of information technology and communication, and that are registered in the "TIC Register"	100% turnover tax exemption through 31 December 2024 for entities registered before 1 January 2018; as from 1 January 2025 and for new registered entities, 75% reduction in turnover tax for five years, and a 50% reduction thereafter; deferred payment of turnover tax; stamp tax exemption on registration of certain buildings; and exemption from various municipal taxes	100% turnover tax exemption through 31 December 2024 for entities registered before 1 January 2018; as from 1 January 2025 and for new registered entities, 75% reduction in turnover tax for five years, and a 50% reduction thereafter; deferred payment of turnover tax; stamp tax exemption on registration of certain buildings; and exemption from various municipal taxes
Other Investment Incentives: Other provincial tax incentives (Córdoba, La Pampa, San Juan, and Santa Cruz)	No	Temporary incentive	National: Not applicable Local: Permanent incentive	National: Not applicable Local: Varies	Tax reductions or exemptions for entities located in specific industrial or technological areas	Exemption from or reduced rates of turnover tax, stamp tax, and real estate tax	Exemption from or reduced rates of turnover tax, stamp tax, and real estate tax
Environmental sustainability							
Sustainability: Incentives for renewable energy	Temporary incentive	No	National: Permanent incentive Local: Not applicable	National: Varies Local: Not applicable	Various tax incentives for investments in approved renewable energy projects	Accelerated depreciation, extended loss carry-forwards, exemption from income tax on profit distributions reinvested in new infrastructure projects, VAT refunds	Accelerated depreciation, extended loss carry-forwards, exemption from income tax on profit distributions reinvested in new infrastructure projects, VAT refunds
Other Environmental Incentives: Incentives for biofuel production	Temporary incentive	No	National: Permanent incentive Local: Not applicable	National: Varies Local: Not applicable	VAT or income tax incentives for entities involved in biofuel production based on expenditure on new qualifying new capital goods and infrastructure	Accelerated depreciation or VAT refunds	Accelerated depreciation or VAT refunds

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Other							
Import of new production lines	🟢	🔴	🟢 ⚪	National: Advance Local: Not applicable	Exemption from import duties and statistical fee when importing new production lines for investment projects authorized by the Secretariat of Commerce and Secretariat of Industry	100% exemption from import duties and statistical fee	100% exemption from import duties and statistical fee
Import of used production lines	🟢	🔴	🟢 ⚪	National: Advance Local: Not applicable	Partial exemption/exemption from import duties and statistical fee on import of used equipment to be installed in a production line	75% exemption from import duties, 100% exemption from statistical fee	75% exemption from import duties, 100% exemption from statistical fee
Export VAT refund	🟢	🔴	🟢 ⚪	National: Arrears Local: Not applicable	Full or partial reimbursement of VAT paid on exported goods and associated services, based on free on board (FOB) value of goods	21% of FOB value of the exported goods	21% of FOB value of the exported goods
Export reimbursements	🟢	🔴	🟢 ⚪	National: Arrears Local: Not applicable	Full or partial reimbursement of internal taxes paid within the production and commercialization of the exported goods and associated services, based on free on board (FOB) value of goods and MERCOSUR tariff code	8.5% of FOB value of the exported goods	8.5% of FOB value of the exported goods
Draw back regime for exports	🟢	🔴	🟢 ⚪	National: Arrears Local: Not applicable	Full or partial reimbursement of import duties and the statistical fee paid on imported goods that are later exported	Fixed amount per exported unit determined by the Enforcement Authority	Fix amount per exported unit determined by the Enforcement Authority
Temporary imports regime	🟢	🔴	🟢 ⚪	National: Advance Local: Not applicable	Import duty exemption on imports of qualifying capital goods for use in certain economic or industrial activities	100% exemption from import duties	100% exemption from import duties
Free trade zones	🟢	🔴	🟢 ⚪	National: Advance Local: Not applicable	Freedom from customs controls and exemption from duties on goods imported into or exported from the zone	100% exemption from import/ export duties	100% exemption from import/ export duties

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Other							
Sectorial incentives: Mining industry				National: Varies Local: Varies	A range of tax incentives are available for qualifying mining projects	Fiscal stability for 30 years; 100% income tax deduction for certain pre-trading expenses; VAT refund after 12 months or optional accelerated depreciation; tax revaluation of mining assets; additional deduction of up to 5% of extraction and operational expenses; 3% cap on royalties paid to the provincial government; and exemption from import duties and other import taxes on imports of capital goods	Fiscal stability for 30 years; 100% income tax deduction for certain pre-trading expenses; VAT refund after 12 months or optional accelerated depreciation; tax revaluation of mining assets; additional deduction of up to 5% of extraction and operational expenses; 3% cap on royalties paid to the provincial government; and exemption from import duties and other import taxes on imports of capital goods
Sectorial incentives: Forestry				National: Varies Local: Varies	A range of tax incentives are available for investment in forestry projects located in an authorized forestry area	Fiscal stability for 30 years; VAT refund of input tax on purchase or importation of goods and services related to the forestry activity or optional accelerated depreciation regime; tax revaluation of forestry assets; and stamp tax exemption	Fiscal stability for 30 years; VAT refund of input tax on purchase or importation of goods and services related to the forestry activity or optional accelerated depreciation regime; tax revaluation of forestry assets; and stamp tax exemption
Sectorial incentives: Biotechnology				National: Varies Local: No	A range of tax incentives are available for both (R&D) costs of biotechnology projects, and the manufacture of goods and provision of services for use in biotechnology projects	Fiscal bond (tax credit certificate) equivalent to 50% of the social security contributions paid for the project's employees and for 50% of subcontracted R&D expenses, accelerated depreciation regime, and VAT refund	Fiscal bond (tax credit certificate) equivalent to 50% of the social security contributions paid for the project's employees and for 50% of subcontracted R&D expenses, accelerated depreciation regime, and VAT refund

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Country background
The corporate income tax rate for resident companies and Argentine branches of foreign companies for fiscal years beginning on or after 1 January 2020 is 30%, reducing to 25% for fiscal years beginning on or after 2 January 2021.

Innovation incentives

Knowledge Economy Law
The main objective of the Knowledge Economy Law enacted on 26 October 2020 and applicable retroactively as from 1 January 2020 is to promote economic activities that utilize knowledge and the digitalization of information, supported by scientific and technological advancements, to obtain goods, the provision of services, and/or process improvements.

Qualifying activities include:

- Software and computer information and digital services, audiovisual production and post-production;
- Biotechnology, bioeconomy, biology, biochemistry, microbiology, bioinformatics, molecular biology, neurotechnology, genetic engineering, and geoengineering;
- Geological and prospecting services;
- Electronic and communication-related services;
- Professional services that qualify as exports;
- Nanotechnology and nanoscience;
- Aerospace, satellite industry, and space technologies;
- "Industry 4.0" activities including, artificial intelligence, robotics, the industrial internet, and the internet of things; and
- Engineering, exact and natural sciences, and agricultural science and medical science activities connected to research and experimental development.

The tax benefits include:

- Fiscal stability for national, import, and export taxes through 31 December 2029;
- Income tax:
  - Reduced income tax rate (the rate is reduced by 60% for small and micro companies, 40% for medium-sized companies, and 20% for large companies); and
  - A credit for equivalent foreign taxes against the tax payable on Argentine source income;
- VAT: Taxpayers are not subject to withholdings and additional withholdings; and
- Social security contributions:
  - A 70% tax credit for certain social security contributions paid; and
  - An additional tax credit bond (certificate) equivalent to the contributions that otherwise would have been payable.

To qualify for the incentives, entities need to register in a special government register and comply with conditions related to process quality, investment in research and development (R&D) or training, and exports (in certain cases depending on the nature of the activity). Entities also need to comply with all relevant tax and social security regulations.

Investment incentives

Capex: Manufacture of local capital goods used for productive activities
A percentage of the total sales price may be reimbursed through a government bond that can be used to pay taxes or transferred to third parties. The bond may be equivalent to a maximum of 9.7% of net revenue from domestic sales within Argentina.

The Secretary of Industry is responsible for the supervision and control of the regime.

There is a published list of capital goods included in the regime.

Micro, small, and medium-sized enterprises, and applicants that can prove that their investments improve productivity or quality, process innovation, or product improvement, may obtain a bond on enhanced terms.

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Capex: Incentives for capital goods investments and infrastructure

This is permanent regime that provides tax benefits related to investment in capital goods, but which has been suspended in recent years. The government is expected to promote the regime in future.

The key tax incentives available include:

- VAT: Reimbursement at a future date of input VAT incurred on the purchase of new capital goods and infrastructure (excluding civil engineering projects); or
- Income tax: Accelerated depreciation for new capital goods and infrastructure used in such projects and owned by the taxpayer for at least three years since the expenditure on the capital good or infrastructure was authorized.

Taxpayers must choose only one benefit (i.e., VAT or income tax), except when the products of the investment project are destined exclusively for the export market and/or the projects are within the scope of the special environmental plan approved by the Environment Secretary.

Taxpayers are not eligible for the incentives where they have been financed by the VAT financing regime, have been declared bankrupt, or are subject to criminal charges, among others.

Employment: Incentives for hiring disabled employees

Employers who hire a disabled employee holding a Disabled Certificate are entitled to an optional additional special deduction for income tax purposes equivalent to a further 70% of the employee's salary, and a 50% reduction in social security contributions payable in respect of the employee.

Training: Tax incentives for industrial entities that organize technical courses

Industrial or manufacturing entities or individuals that support educational establishments or organize technical courses may apply for a tax incentive in the form of a tax credit certificate to pay national taxes and to subsidize the expenses of the project, subject to a cap on the benefit of 8% of salaries. Exceptions may apply for PyMEs. Expenses of an amount equivalent to the given tax credit are not deductible for income tax purposes.

Claimants must obtain a special registration and must have at least four employees during the relevant period. Certain types of taxpayer are excluded based on their activities, e.g., financial, assurance, and related entities, and taxpayers with unpaid tax and social security liabilities also are excluded.

Qualifying entities must:

- Provide financial support to schools, universities, or other institutions that provide technical education;
- Organize technical education courses or help other entities to organize such course; or
- Provide financial support for courses organized by entities other than schools, universities, or other institutions that provide technical education.

Environmental sustainability incentives

Incentives for renewable energy

Various tax incentives are available to promote investment in new renewable energy projects that are authorized by the relevant authority, excluding those within the scope of "Incentives for biofuel production," below.

Benefits include the following:

- Reimbursement at a future date of VAT incurred on the purchase, manufacture, or original importation of capital goods (except vehicles) used to power electricity projects using renewable energy. For investments between 1 January 2018 and 31 December 2021, the repayment is made once the VAT credit has accumulated for at least two years (three years for investments made between 1 January 2022 and 31 December 2025);
- Accelerated depreciation for new investments and equipment used in qualifying projects and owned by the taxpayer for at least three years after the benefit is claimed, as follows:
  - Depreciable goods purchased, manufactured, enhanced, or imported between 1 January 2018 and 31 December 2021: at least four equal consecutive annual installments;
  - Infrastructure on which work commenced between 1 January 2018 and 31 December 2021: the period over which the infrastructure is depreciated is reduced by 70%;
  - Depreciable goods, purchased, manufactured, enhanced, or imported between 1 January 2022 and 31 December 2025: at least five equal consecutive annual installments;
  - Infrastructure on which work commences between 1 January 2022 and 31 December 2025: the period over which the infrastructure is depreciated is reduced by 80%; and
  - Depreciable goods purchased, manufactured, enhanced, or imported after 1 January 2026 in respect of projects already started: at least five equal consecutive annual installments;
- Tax losses may be carried forward for 10 years (the standard period under the Income Tax Law is five years);

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- Exemption from income tax on the distribution of dividends or other forms of profit share to shareholders, provided the dividends or profits are reinvested in new infrastructure projects in Argentina; and
- Tax certificates to pay national taxes where at least 20% of the components of electromechanical installations are from domestic suppliers.

Incentives for biofuel production

VAT or income tax incentives are available to entities involved in the production of biofuel. Projects must be authorized by the respective authority, and the majority of the shares must be held by either (i) the national, provincial, or municipal state government, or (ii) local entities whose primary activity is agriculture and livestock. Taxpayers must choose between the VAT benefit and the income tax benefit for each project.

The VAT benefit provides reimbursement at a future date of VAT incurred on the purchase of new capital goods and infrastructure used in the biofuel project. The repayment is made once the VAT credit has accumulated for at least three years.

Income tax benefits are available in the form of accelerated depreciation for new capital goods and infrastructure used in qualifying projects, and owned by the taxpayer for at least three years after the expenditure is authorized:

- Depreciable goods purchased, manufactured, enhanced, or imported in the first 12 months after the project is approved: at least three equal annual consecutive installments;
- Infrastructure commenced in the first 12 months after the project is approved: the period over which the infrastructure is depreciated is reduced by 50%;
- Depreciable goods purchased, manufactured, enhanced, or imported in the second 12 months after the project is approved: at least four equal annual consecutive installments;
- Infrastructure commenced in the second 12 months after the project is approved: the period over which the infrastructure is depreciated is reduced by 60%;
- Depreciable goods purchased, manufactured, enhanced, or imported in the third 12 months after the project is approved: at least five equal annual consecutive installments; and
- Infrastructure commenced in the third 12 months after the project is approved: the period over which the infrastructure is depreciated is reduced by 70%.

Other incentives

Sectoral incentives

Mining industry

A range of federal and provincial tax incentives are available for mining projects including in respect of income tax, VAT, import duties, fuel taxes, royalties, and fiscal stability. Qualifying activities include prospecting, exploration, preparation, development, and mining of minerals included in the Mining Code, together with trituration, milling, separation, conversion into pellets, synthesization, primary elaboration, briquetting, calcination, fusing, refining, sawing, shaping, polishing and shining (provided these processes are performed by the same economic unit and carried out within 200 kilometers of the mining premises). The following activities are excluded: liquid and gas hydrocarbons, industrial manufacturing of cement through calcination, industrial production of ceramics and sand, and round and split stone for use in construction. Special registration and compliance with all applicable tax and social security regulations are required.

The benefits available include the following:

- General:
  - Fiscal stability for 30 years;
- Income tax:
  - 100% tax deduction for prospecting, exploration, preparation, research, and test expenses;
  - Optional depreciation regime for investments in installations, constructions, and infrastructure: 60% deductible in the fiscal year of acquisition and the remaining 40% in two equal installments in the following two consecutive fiscal periods. Investments in equipment and vehicles are depreciated on a straight-line basis over three years from the date of commencement of business. Taxpayers must choose between the accelerated depreciation and the VAT refund;
  - Tax revaluation of mining assets; and
  - An additional deduction of up to 5% of extraction and operational expenses.
- VAT: Any credit accumulated after 12 months can be reimbursed;
- Royalties: A 3% cap on the rate of royalties paid to the provincial government; and
- An exemption from import duties and other import taxes on imports of capital goods.

Forestry

Tax benefits are available for investment in forestry projects located in an authorized forestry area including planting, maintenance, and management, together with R&D, and the sale of the timber (provided

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the activities are part of a forestry project). Special registration before the implementing authority, and compliance with all applicable tax, customs, and social security regulations are required. Claimants also need to provide an annual guarantee confirming the amount of the benefit they have obtained during the year.

The benefits available include the following:

- Fiscal stability for 30 years;
- VAT: Refund of input tax incurred on the purchase or original importation of goods and services related to the forestry activity;
- Income tax:
  - Optional depreciation regime for investments in construction and infrastructure: 60% deductible in the fiscal year in which the investment in the assets was made and the remaining 40% in two equal installments in the following two consecutive fiscal periods. Investments in other equipment, vehicles, etc. are depreciated on a straight-line basis over three years from the date of commencement of business. Taxpayers must choose between the accelerated depreciation and the VAT refund; and
  - Tax revaluation of forestry assets; and
- Stamp tax exemption for forestry projects, subject to the agreement of the relevant province.

Biotechnology
Incentives are available for both (R&D) costs of biotechnology projects, and the manufacture of goods and provision of services for use in biotechnology projects.

For R&D, the following incentives are available:

- VAT: Reimbursement at a future date of VAT incurred on the purchase of new capital goods, specialist equipment, or components of such goods used in biotechnology projects; and
- Income tax:
  - Accelerated depreciation for new capital goods, specialist equipment, or components of such goods used in biotechnology projects in at least three equal annual consecutive installments from the year in which the investment was made;
  - A fiscal bond (tax credit certificate) equivalent to 50% of the social security contributions paid in respect of the project's employees. The bond does not form part of the taxable base for income tax purposes; and
  - A fiscal bond equivalent to 50% of subcontracted R&D expenses. The bond does not form part of the taxable base for the income tax purposes.

For the manufacture of goods and the provision of services used in biotechnology projects, the following incentives are available:

- VAT: Reimbursement at a future date of VAT incurred on the purchase of new capital goods, specialist equipment, or components of such goods used in biotechnology projects; and
- Income tax:
  - Accelerated depreciation for new capital goods, specialist equipment, or components of such goods used in the projects; and
  - A fiscal bond equivalent to 50% of the social security contributions paid in respect of the project's employees. The bond does not form part of the taxable base for income tax purposes.

To be eligible for the VAT or income tax benefits, the project must be approved by the relevant authority. Projects that result in R&D activities conducted abroad are excluded.

Customs and global trade incentives

Import of new production lines

Nature of incentives
The import of new production lines is exempt from import duties and the statistical fee (imposed by the customs authorities as a contribution towards the cost of collecting and analyzing information on imports and exports to produce foreign trade statistics), for all companies with an investment project authorized by the Secretariat of Commerce and the Secretariat of Industry. The exemptions also apply to imports of spare parts with a free on board (FOB) value of up to 5% of the total value of the goods to be imported.

The machinery and equipment imported must be new, and be part of a complete and autonomous production line to be installed by the taxpayer in its own factory, that is essential to the production process.

The production line must be part of a new industrial plant or an expansion in the productive capacity of an existing plant, a diversification of production, or a modernization of production (in terms of process improvements, technology, or added value).

The incentives also apply to (i) complementary equipment or accessories that perform an essential function within the operation of the production line, and (ii) new equipment for the treatment and elimination of water, air, and/or soil polluting substances, which are integrated within a new or existing production plant producing energy or tangible goods.

Eligible industries and qualifying costs
All companies are eligible, irrespective of size. Qualifying costs are as described under "Nature of incentives," above.

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Other concerns

The plant must produce tangible goods or electrical energy and must be operative within 24 months after the benefit is granted. The importer also must buy new domestic goods for use on the production line or otherwise related to the company's activities with a value of at least 20% of the value of the imported goods. At least 50% of the required expenditure on domestic goods must relate to the purchase of machinery and/or equipment (classified under one of the tariff codes in annex I of Resolution No. 256/2000 specifying the promotional customs regime for the importation of assets to be used in large investment projects), that may be used in the production line, or for related activities. The remaining 50% may be used to acquire other fixed assets for use in the company's activities.

The new production line to be installed cannot incorporate any existing and used parts.

Import of used production lines

Nature of incentives

The import of used production lines is eligible for a 75% reduction in import duties, and is exempt from the statistical fee.

The used goods imported must not be more than 20 years old, and must be part of a complete and autonomous production line to be installed by the taxpayer in its own factory, and must be essential to the production process.

The production line must be part of a new industrial plant or an expansion in the productive capacity of an existing plan, a diversification of production, or a modernization of production (in terms of process improvements, technology, or added value).

Eligible industries and qualifying costs

All companies within the manufacturing; electricity, gas, and water; or mining and quarrying industries are eligible, irrespective of size. Qualifying costs are as described under "Nature of incentives," above.

Other concerns

The plant must produce tangible goods and must be operative within 24 months after the benefit is granted. The importer also must buy new domestic goods for use on the production line or otherwise related to the company's activities with a value of at least 30% of the value of the imported goods. At least 50% of the required expenditure on domestic goods must relate to the purchase of machinery and/or equipment (classified as such using the MERCOSUR tariff code (NCM) and listed in annex I of Resolution No. 256/2000 specifying the promotional customs regime for the importation of assets to be used in large investment projects), that may be used in the production line, or for related activities. The remaining 50% may be used to acquire other fixed assets for use in the company's activities.

Export benefits

Nature of incentives

VAT refund

Exporters of goods produced in Argentina may offset the input VAT paid related to goods, services, and locations that are associated with exports against the VAT payable on operations subject to VAT, where the tax is linked to the exports. Where only a partial offset of input VAT is possible, the balance may be credited against other taxes within the jurisdiction of the Argentine tax authorities (Administración Federal de Ingresos Públicos, AFIP), refunded, or transferred in favor of certain third parties.

Reimbursement of internal taxes paid on exports

A total or partial reimbursement is available of internal taxes and the statistical fee paid on exported goods, and services rendered in connection with such goods. Internal taxes are payable at rates determined by the customs authorities based on the NCM, and apply equally to all exporters, regardless of the effective taxes paid.

The Argentine Customs Code states that exporters may claim a refund of internal taxes paid associated with the production and marketing prior to the sale of new manufactured goods exported in exchange for monetary compensation.

The Ministry of Productive Development determines which goods are subject to the regime, and also establishes and modifies the applicable reimbursement rates for this purpose, which vary depending on the NCM of the goods.

The reimbursements are a percentage of the FOB value declared on the export documents, which is the sales value of the goods plus freight, insurance, and any other costs of taking the goods to the customs destination from which they are to be exported.

This benefit does not include the refund of taxes levied and paid on imports. Where the exported goods were manufactured with previously imported products, the refund would apply on the domestic added value.

Current reimbursement rates vary between 0% and 8.5%, and the regime is compatible with the drawback regime, below.

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Drawback regime

Exporters that use imported supplies to manufacture products, packaging, and/or other protective coverings for goods that are subsequently exported may obtain a full or partial refund of import duties and the statistical fee.

The exported goods must either:

- Undergo a process of transformation, enhancement, combination, mixing, repair, or any other improvement or benefit; or
- Be used as packaging for other goods to be exported.

The refund only is available in respect of amounts payable at the time of import of the goods by the exporter, provided that the period between the date of clearance of the imported goods and the date of the subsequent export does not exceed one year.

The Customs location of import clearance and exportation may be different.

The tariff code for every item declared in the import declaration must be the same as that indicated on the drawback certificate. The units of sale of the goods and their NCM tariff codes as stated in the export document, also must coincide with those declared on the certificate.

Other concerns

This benefit applies only to exports, provided that the exporters comply with all of the requirements of the regime.

Temporary imports regime

Nature of incentives

An exemption from import duties is available for temporary imports of certain goods into Argentine territory that are permitted to remain in the country for a limited period and for a specific purpose. Extensions of the original terms may be authorized where certain conditions are met.

There are two types of temporary importation procedure:

- Goods which are to be exported in the same condition as they entered the country. Such goods must be re-exported within a specified period of time, depending on the nature of the goods; and
- Goods which will undergo a process of transformation, manufacture, or repair prior to being re-exported. Such goods generally must be re-exported within two years.

Eligible industries and qualifying costs

All importers or exporters registered with the customs authorities are eligible for the regime. The goods subject to the temporary imports regime are those included in article 31, decree 1001/82.

Other concerns

This regime applies to capital goods to be used in an economic or industrial activity that would contribute to the economic development of the sector only where the goods:

- Are not available in Argentina because they cannot be produced locally, or because they are in short supply;
- Have a specific purpose;
- Will remain in Argentina for a specified period; and
- Will be re-exported before the deadline.

No import duties apply to the importation of goods under these regimes, other than certain service fees. To import goods under the regimes, a guarantee must be provided to the customs authorities to ensure the payment of any duties and/or penalties that may apply.

The customs authorities have the right to authorize or refuse requests for temporary imports, and authorization must be requested in writing before the goods are imported.

Free trade zones (FTZs)

Nature of incentives

Argentina currently has 13 FTZs located in: La Plata, Bahía Blanca, Justo Daract, Córdoba, Luján de Cuyo, General Pico, Comodoro Rivadavia, Salta, Iguazú, C. del Uruguay, Villa Constitución, Caleta Oliva, and Rio Gallegos. Goods imported into or exported from the zones are not subject to the usual controls by the customs authorities and other economic restrictions, and are exempt from import and export duties. FTZ companies remain liable to pay fees for services supplied to them within the zone (e.g., gas, electricity, water, etc).

Goods are subject to duties and taxes only when imported into the General Customs Area. FTZs therefore reduce import costs, delaying the financial cost of keeping a stock of products with duties and taxes paid until they are utilized or sold.

FTZ users are not eligible for the fiscal benefits and other incentives provided under other domestic industrial promotion regimes, at the regional or industry sector level.

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All types of goods may enter and be stored in a FTZ, with the exception of weapons, ammunition, and similar items that may be detrimental to morale, health, plant and animal health, and the security and preservation of the environment.

Federal incentives

Capital support for entrepreneurs

The main objective of the incentive is to support the development and funding of new enterprises (both profitable and not-for-profit entities) that have been carrying out activities in Argentina for a maximum of seven years. The scheme also is available to individuals. To qualify, registration in the Capital Entrepreneur Institution Registry is required and investors may not be employed in the project.

Benefits include an income tax deduction for capital investments made by the capital investors, up to a maximum of 75% or 85% of the total contribution, capped at 10% of taxable income. Any excess may be deducted over the next five fiscal years. Investments must be monetary or in the form of other financial assets, and must be retained for at least two years. Where the investor receives a refund of the investment within the two-year period, the amount previously deducted plus interest must be reported as income in the investor's income tax return.

Micro, small, and medium-sized enterprises (PyMEs)

Tax incentives are available for enterprises that qualify as PyMEs and have a PyME certificate. The qualifying criteria (including eligible activities, maximum annual revenue, and maximum number of employees) are determined by the tax authorities.

Tax benefits for PyMEs include the following:

- For micro and small enterprises, 100% of the local tax levied on banking transactions may be credited against the income tax liability; for medium-sized enterprises carrying out industrial activities, 60% of the tax may be offset; and
- A 60-day deferral of VAT payments.

Tierra del Fuego province incentive

Benefits including an exemption from federal taxes (income tax, VAT, and excise taxes) are available in respect of industrial activities and operations performed in Tierra del Fuego province (Tierra del Fuego, and the Antarctic and South Antarctic island territories). Oil and gas activities are excluded. The regime is scheduled to expire in 2023 but the government is considering an extension.

Reciprocal guarantee societies

The main activity of reciprocal guarantee societies is the provision of guarantees to PyMEs to facilitate access to credit by PyME entities. The guarantee fees are exempt from income tax and VAT. The operation of reciprocal guarantee societies also requires the involvement of "protection partners" such as banks, business associations, chambers of commerce, etc. that provide financial support to the societies. Capital, hedge fund, and risk fund contributions by a protection partner are fully deductible for income tax purposes provided that they are maintained for two years. Contributions refunded within the two-year period are treated as taxable income of the fiscal period in which they originally were deducted. The value of the stock over which the guarantee is held must be at least 80% of the total value of the fund for the full amount of the contribution to be deductible.

Provincial incentives

Buenos Aires city technological district

Entities located in the "Technological District of Ciudad Autónoma de Buenos Aires" whose primary activities are in the fields of information technology and communication, and that are registered in the "TIC Register," are entitled to the following benefits:

- 100% turnover tax exemption through 31 December 2024 for activities carried out in the district by entities registered prior to 1 January 2018;
- As from 1 January 2025, and for newly registered entities, a 75% reduction in turnover tax for five years, and a 50% reduction thereafter;
- A two-year deferral in the payment of turnover tax;
- Exemption from stamp tax on building registrations where qualifying activities are carried out in the buildings for at least two years; and
- Exemption from various other municipal taxes, e.g., real estate tax, etc.

Other provincial tax incentives

Other tax incentives are available to promote industrial development in the different provinces, including Córdoba, La Pampa, San Juan, and Santa Cruz. The incentives broadly provide for exemption from or a reduction in the rates of turnover tax, stamp tax, and real estate tax for certain economic activities carried out into industrial or technological areas. The specified requirements to qualify for the incentives and the duration of the benefits are determined by the individual provinces.