



Doing business in Argentina

A comparative guide

May 2022

A guide to doing business in Argentina

Deloitte Legal compiled this guide for Legal 500, providing an overview of the laws and regulations on doing business in a variety of jurisdictions. The following country chapter contains the relevant information on the systems of law, the legal forms through which people carry out business, capital requirements, how entities are operated and managed, expansion possibilities, corporate governance, employment law and more.



| No. | Question |
|--|---|
| <h2>A. Legal system and landscape</h2> | |
| 1 | <p>Is the system of law in your jurisdiction based on civil law, common law or something else?</p> <p>Argentina adopts the civil law system. The first Civil Code was enacted and entered into force in January 1871. This Civil Code was replaced in August 2015 by a new code that unified the Civil and Commercial codes (hereinafter, the “Civil and Commercial Code”).</p> |
| <h2>B. Entity establishment</h2> | |
| 2 | <p>What are the different types of vehicle/legal forms through which people carry on business in your jurisdiction?</p> <p>Law No. 19,550 (as amended and restated, the “Argentine Companies Law”) regulates different types of investment vehicles, among which the most commonly used are:</p> <ul style="list-style-type: none"> • Corporation (“<i>Sociedad Anónima</i>”) • Limited Liability Company (“<i>Sociedad de Responsabilidad Limitada</i>”) <p>Law No. 27,349 has introduced a different company type, the Simplified Stock Corporation (“<i>Sociedad por Acciones Simplificada</i>”).</p> |
| 3 | <p>Can non-domestic entities carry on business directly in your jurisdiction, i.e., without having to incorporate or register an entity?</p> <p>Foreign entities wishing to carry on businesses in Argentina must set up a branch (<i>Succursal</i>) or a subsidiary.</p> <p>In case the chosen vehicle is a subsidiary, Argentine law requires legal entities holding equity in an Argentine company to first qualify (register) with the local Public Registry. This is a process that essentially requires the registrant to file various corporate documents with the registry and show a “substantial trade or business” outside Argentina (this means showing that a preponderance of the registrant’s assets are outside Argentina).</p> <p>In case of a branch, the main office must register its bylaws, jointly with other corporate documents, to locally register an Argentine branch.</p> |
| 4 | <p>Are there any capital requirements to consider when establishing different entity types?</p> <p>Regarding capital requirements, the Argentine Companies Law establishes the following:</p> <ul style="list-style-type: none"> • Corporation: The minimum capital required is AR\$ 100,000 and is represented by shares. • Limited Liability Company: There is no minimum capital required for this type of entity, but it should be adequate for developing the company’s purpose. It is represented by membership interests (<i>cuotas</i>). • Branches: It is not mandatory to allocate capital to the Argentine branch of a foreign company. |
| 5 | <p>How are the different types of vehicle established in your jurisdiction? And which is the most common entity / branch for investors to utilize?</p> <p>The most common entities for investors to use are the corporation or single owner corporation (<i>Sociedad Anónima / Sociedad Anónima Unipersonal</i>) or the limited liability company (<i>Sociedad de Responsabilidad Limitada</i>)</p> <p>The basic characteristics of each of these entities, according to the Argentine Companies Law, are set out below:</p> <p>Corporation (<i>Sociedad Anónima</i>, or “S.A.”)</p> <ul style="list-style-type: none"> • Capital is divided into shares of stock. Shares must be registered and non-endorsable. According to the rights they grant, shares may be classified into common or preferred shares. • Transfer of shares is generally unrestricted, but certain restrictions may be included in the corporation’s bylaws. • They may have one shareholder (single shareholder corporation or “<i>Sociedad Anónima Unipersonal – SAU</i>”) or more than one shareholder (multiple-member corporation). • Shareholders’ liability is limited to their capital contributions. • Shareholders must hold at least one regular meeting every year for the main purpose of approving financial statements, considering the results of the fiscal year, the performance, compensation of the members of the board and statutory auditors, and appointing directors and statutory auditors, if applicable. |

| | |
|---|---|
| | <ul style="list-style-type: none"> The members of the board of directors (BOD) are appointed during the shareholders' meeting. One or more individuals (depending on the provisions of the bylaws) may compose the board. <p>Single Owner Corporation (“<i>Sociedad Anónima Unipersonal</i>” or “SAU”) The Argentine Companies Law allows for the incorporation of a Single Owner Corporation, a specific type of Stock Corporation. The special requirements of the SAU are as follows:</p> <ul style="list-style-type: none"> The shareholder cannot be another single shareholder corporation. 100% of the capital stock must be fully paid- upon incorporation. The SAU is subject to permanent government supervision and must appoint at least one serving and one alternate statutory auditor (<i>Sindico</i>). <p>Limited Liability Company (<i>Sociedad de Responsabilidad Limitada</i> or “SRL”)</p> <ul style="list-style-type: none"> Members limit their liability to the par value of the membership interests (<i>cuotas</i>) they agree to subscribe. Membership interest transfers shall be registered with the Public Registry The number of membership interest holders shall be at least two and shall not exceed 50. No minimum capital is required. However, it is commonly required that the capital subscribed by members be adequate in relation to the company’s corporate purpose. The SRL is managed by one or more managers appointed for a fixed term or indefinitely. |
| 6 | <p>How is the entity operated and managed, i.e., directors, officers or others? And how do they make decisions?</p> <p>Below, please find the most relevant information with respect to management in corporations and limited liability companies.</p> <p>Corporations The corporation is managed by a board of directors (who may also be shareholders).</p> <p>They may be appointed for a fixed term not exceeding three fiscal years. In case of a plural BOD, they must appoint a chairman and a vice-chairman in their first meeting to replace the chairman in case of absence or impediment. The chairman is the legal representative of the company, and the BOD must meet at least once every three months. The bylaws must regulate the constitution and operation of the board of directors. The quorum may not be less than the absolute majority of its members.</p> <p>Limited Liability Company The SRL is managed by one or more managers (who may also be partners). They may be appointed for a fixed term or indefinitely. Customarily, managers are appointed through the bylaws for a limited term. The number of managers may be as low as one and may increase or decrease from time to time. The administration and representation of the company corresponds to one or more managers. If the management is plural, the contract may establish the functions that each manager is responsible for in the administration or impose joint or collegiate administration. In the case of silence, it is understood that all managers are legal representatives and can act on behalf of the company.</p> |
| 7 | <p>Are there general requirements or restrictions relating to the appointment of (a) authorized representatives / directors or (b) shareholders, such as a requirement for a certain number, or local residency or nationality?</p> <p>Argentine or foreign nationals can be appointed directors or managers. However, the absolute majority of its members must be Argentine residents.</p> <p>There is no specific number of individuals to integrate into the BOD or management, and its number will depend on the provisions of the bylaws.</p> |
| 8 | <p>Apart from the creation of an entity or establishment, what other possibilities are there for expanding business operations in your jurisdiction? Can one work with trade /commercial agents, resellers and are there any specific rules to be observed?</p> <p>The Argentine Civil and Commercial Code states some types of associations in the form of agreements. The most relevant types are as follows:</p> <p>Joint Ventures (<i>Uniones Transitorias</i> or <i>UT</i>) The purpose of these temporary business associations is to develop or execute specific works, services or supplies, within or outside Argentina. They can also develop or carry out activities or services that are supplementary and accessory to the main purpose. A foreign company may be a member of a local UT as long as it is locally registered as a branch. The UT agreement and appointment of representative must be registered with the Public Registry.</p> <p>Cooperating groups (<i>Agrupaciones de colaboración</i>) The purpose of these groups is to create a common organization among several parties to facilitate or develop certain phases of its members' activities, or to improve or increase the results of such activities. As with UTs, this type of contract-based business integration</p> |

does not create a separate legal entity distinct from its members but must be registered with the Public Registry. They do not have a profit purpose. Their members are jointly and severally liable for the obligations undertaken by this organization.

Cooperating consortium agreement (*Consortios de cooperación*)

These are similar in nature and characteristics to cooperation groups; however, (i) the profits of the activity will be distributed among the members according to the provisions of the agreement (in case of silence, in equal parts) and (ii) their members may agree not to be jointly and severally liable for the obligations undertaken by the legal representatives of the consortium. The agreement and the appointment of the legal representative must be registered with the Public Registry.

Apart from the types of associations mentioned above, business operations can be expanded by any contractual form, provided parties observe the principles of good faith and avoid any act that can be characterized as an abuse of law, or contrary to morality or good customs, which is prohibited by law. Franchising, concession, distribution, or agency agreements are examples of ways to expand business operations that are regularly used and very common. There are several provisions regulating these types of contracts in the Civil and Commercial Code.

C. Entity operation

C1. Governance

| | |
|---|--|
| 9 | Are there any corporate governance codes or equivalent for privately owned companies or groups of companies? If so, please provide a summary of the main provisions and how they apply. |
| | No. |

C2. Capital

| | |
|----|--|
| 10 | What are the options available when looking to provide the entity with working capital? i.e., capital injection, loans, etc. |
| | <p>The most common options to inject funds into a company are as follows:</p> <ul style="list-style-type: none"> • Corporate capital increases either in cash or in kind. In case of a capital increase in cash, Argentine Companies Law states that at least 25% of the funds must be paid in upon the resolution resolving the capital increase and the remaining 75% within two years from that date. • Loans. • Irrevocable Capital Contributions. This figure is not contemplated in the Argentine Companies Law but in some local regulations, e.g., General Resolution 7/15 issued by the Public Registry of the city of Buenos Aires. |

C3. Return of proceeds

| | |
|----|--|
| 11 | What are the processes for returning proceeds from entities? i.e., dividends, returns of capital, loans etc. |
| | <p>In order to return proceeds from entities as dividends or returns of capital, there are specific rules provided by the Argentine Companies Law, as follows:</p> <ul style="list-style-type: none"> • Dividends: The Argentine Companies Law establishes that distribution of dividends is legal only if it results from net profits arising from annual financial statements duly issued and approved by the Annual Shareholders' Meeting. Anticipated dividends are forbidden, except for those companies under permanent government auditing. • Voluntary Capital Reduction: Article 203 of the Argentine Companies Law establishes that the voluntary capital reduction will be decided by the Extraordinary Shareholders Meeting with a well-founded report provided by the trustee and must comply with some specific requirements, such as notices in the Official Gazette for the creditors to oppose the reduction. <p>In all cases, foreign exchange control restrictions may be applicable for each of the options indicated above as well as for the repayment of loans.</p> |

C4. Shareholder rights

| | |
|----|--|
| 12 | Are specific voting requirements / percentages required for specific decisions? |
| | Generally, resolutions are adopted by a majority of votes. Quorum may vary depending on the type of meeting (ordinary/extraordinary) and whether it is held at first or second call. |

Corporations:

Argentine Companies Law establishes special majorities for situations that are considered special cases, requiring for these cases that the decisions be adopted by a majority of shares with voting rights, without applying the plurality of votes. These special cases include transformation, extension or renewal, early dissolution of the company, transfer of domicile abroad, merger and spin-off, fundamental change of purpose and total or partial reintegration of the capital, among others.

Limited Liability Companies:

The bylaws shall establish the rules applicable to the resolutions whose purpose is its modification.

The majority must represent at least more than half of the share capital. In the absence of contractual regulation, the vote of three quarters (3/4) of the capital stock is required. If a single partner represents the majority vote, the vote of another will also be required.

13

Are shareholders authorized to issue binding instructions to the management? Are these rules the same for all entities? What are the consequences and limitations?

The BOD or managers of the company must act with loyalty and with the diligence of a good businessman, with the benefit of the company as the main goal, regardless of any instructions from the shareholders. Those who fail to fulfill their obligations are unlimitedly, and jointly and severally liable for the damages and losses resulting from their action or omission.

C5. Employment

14

What are the core employment law protection rules in your country (e.g., discrimination, minimum wage, dismissal, etc.)?

| Right / Protection | Details |
|-----------------------|--|
| National Minimum Wage | <p>The Argentine labor system protects the worker under a constitutional guarantee, which orders the legislator to enact laws that give protection to those who provide work under a labor relationship (Art. 14 bis National Constitution, Protective Principle).</p> <p>The minimum wage in Argentina amounts to ARS 33,000. Four increases are planned for the minimum wage during the year 2022:</p> <ul style="list-style-type: none"> • From 1 April, the minimum wage will be ARS 38,940. • From 1 June, the minimum wage will be ARS 42,240. • From 1 August, the minimum wage will be ARS 45,540. • From 1 December, the minimum wage will be ARS 47,850. <p>Most employment relationships under collective bargaining agreements and non-agreement staff are paid more than the minimum wage.</p> |
| Holiday | <p>The general rule containing the maximum number of vacation days is provided for in the Labor Contract Law (LCL). The LCL provides for the following paid vacation periods, depending on the employee's seniority:</p> <ul style="list-style-type: none"> • 14 calendar days when the length of service does not exceed 5 years. • 21 calendar days when the length of service exceeds 5 years and does not exceed 10 years. • 28 calendar days when the length of service is greater than 10 years and does not exceed 20 years. • 35 calendar days when the length of service is greater than 20 years. <p>The length of service shall be computed as that which the employee would have as of 31 December of the year to which the seniority corresponds.</p> <p>Also, more vacation days may be granted by means of the Collective Bargaining Agreement applicable to the company or activity, or by means of the employment contract between the employee and the employer, if any.</p> <p>In order to enjoy the vacation, the employee must have worked for at least half of the working days included in the calendar year or anniversary. If the employee does not reach the minimum work time mentioned above, he/she will have 1 day of rest for every 20 days worked.</p> |
| Working Hours | <p>The legal working day is 8 hours a day, or 48 hours a week. All times during which the employee is at the employer's disposal and cannot use his time for any other purpose is counted as working time.</p> <p>The night workday (from 9pm to 6am the following day) cannot exceed 7 hours a day or 42 hours a week</p> <p>The unhealthy working day (referring to the condition of the place or to a potential risk of the employees) cannot exceed 6 hours a day and 36 hours a week.</p> |

| | |
|--------------------------|--|
| | <p>Individuals between 16 and 18 years of age may work, and their working day may not exceed 6 hours per day or 36 hours per week. Individuals under 18 years of age may not work at night (from 9 pm to 6 am the following day).</p> |
| Rest Periods | <p>Between the end of one working day and the beginning of the next, there shall be a break of not less than 12 hours.</p> <p>Some collective bargaining agreements usually provide for rest periods so that workers (call center operators, people who perform physically demanding tasks, among others) can recover and continue with their workday.</p> |
| Pension Rights | <p>In the general regime, in order to be eligible for retirement, a person must meet two requirements: (i) Have 30 years of contributions to the Social Security System, and (ii) 60 years of age for women and 65 years of age for men.</p> <p>In addition, those who prove a disability with a 76% or higher decrease in their working capacity will be entitled to receive a disability pension.</p> |
| Discrimination | <p>The legislation in force prohibits any type of discrimination against workers based on sex, race, nationality, religion, political opinion, trade union or age.</p> <p>The employer may not conduct surveys or inquire about the worker's opinion on politics, religion, union, culture, or sexual preference .</p> <p>Likewise, the employer must treat all workers equally in all situations.</p> <p>Argentina ratified Convention 190 of the International Labor Organization on the elimination of violence and harassment in the workplace. This covers both actions that take place in physical space as well as communication that take place through technological means.</p> |
| Maternity Leave / Pay | <p>Argentine law prohibits a woman from working for 45 days prior to the probable date of delivery and for 45 days after the childbirth. The working woman may choose to reduce the period prior to the birth to 30 days, in which case she will have 60 leave days after the birth.</p> <p>During the leave, the authority in charge of administering social security funds is responsible for paying the worker the maternity benefit, which is equivalent to her regular salary.</p> <p>At the end of the paid leave period, the working woman may choose to take an unpaid leave of absence for a minimum period of 3 months and a maximum period of 6 months.</p> |
| Paternity Leave | <p>The employee shall have two calendar days of paid leave for the birth of a child. Some collective bargaining agreements contemplate longer periods.</p> |
| Shared Parental Leave | <p>The general Argentine law does not provide for shared parental leave.</p> <p>However, the Teleworking Law in force since April 2021, provides that persons working under such modality and can prove that they are in charge, on a sole or shared basis, of taking care of children under 13 years of age, people with disabilities or elderly people who live with the employee, shall have the right to agree on schedules compatible with the care tasks in their charge and/or to interrupt the working day.</p> |
| Statutory Sick Pay | <p>The law establishes a period of paid leave for accident or illness that lasts from 3 to 12 months.</p> <p>The employer is responsible for the payment of leave of absence due to an accident or illness.</p> <ul style="list-style-type: none"> • Employees with a length of service of less than five years and without family responsibilities are entitled to three months of paid accident and sick leave. • Employees with a length of service of less than five years and with family responsibilities shall be entitled to a paid leave of absence of six months for an accident or illness. • Employees with a length of service of more than five years and without family responsibilities shall be entitled to a paid leave of absence of six months for an accident or illness. • Employees with a length of service of more than five years and with family responsibilities shall be entitled to a paid leave of absence of twelve months for an accident or illness. <p>If the accident or illness occurs in the course of work or while working, it will be considered an occupational accident and will be covered by the occupational risk insurance company, or by the employer if he/she has chosen to self-insure.</p> |
| Statutory Notice Periods | <p>The parties must give prior notice of their decision to terminate the employment relationship, according to the following details:</p> <p>The employee: 15 days</p> |

| | |
|------------------------------|---|
| | <p>The employer:</p> <ul style="list-style-type: none"> • 15 days if the employee has been employed for less than 3 months. • 1 month if the employee has been employed for less than 5 years • 2 months if the employee has been employed for more than 5 years. <p>The party that omits to give notice shall pay a substitute indemnity equivalent to the corresponding number of days.</p> |
| Unfair Dismissal | <p>Unfair dismissal is the dismissal decided unilaterally by the employer when there is no just cause, or when the cause invoked has not been proven or is insufficient. For the cause for dismissal to be sufficient, the fault committed by the employee must be sufficiently serious to prevent the continuation of the employment relationship.</p> <p>Dismissal with just cause is the most serious disciplinary measure that an employer may impose on an employee.</p> <p>Dismissal without just cause entails the employer's obligation to pay compensation for wrongful dismissal.</p> |
| Statutory Redundancy Payment | <p>The indemnity for unjustified dismissal is composed of the following items:</p> <ul style="list-style-type: none"> • Severance Payment: Equivalent to one month's salary for each year of seniority of the employee, or for a fraction greater than three months. This amount may not be less than one month's salary, and the remuneration taken as a basis for calculation is capped at three times the average of the remunerations set forth in the applicable collective bargaining agreement. In 2004 the Argentine Supreme Court of Justice determined the unconstitutionality of the cap described above, and provided that in no case may the remuneration taken as a basis for calculation be reduced by more than 33%. • Compensation in lieu of prior notice: As we have indicated in the relevant point, the party that omits to give notice must pay the compensation in lieu of notice. • Integration of the month of dismissal: The employer who decides to dismiss an employee without just cause on a date that does not coincide with the last day of the month, must pay the employee for the remaining days from the date of dismissal until the end of the month. |
| Statement of Particulars | N/A |
| 15 | <p>On what basis can an employee be dismissed in your country, what process must be followed and what are the associated costs? Does this differ for collective dismissals and if so, how?</p> <p>Any infraction committed by the employee, the seriousness of which is such as to prevent the continuation of the employment relationship, is sufficient cause to dismiss an employee with just cause. Among the grounds included are: acts of violence during the workday, acts contrary to morals and good customs, acts in violation of the employer's codes of ethics or internal policies. Please note that this list is merely enunciative and is not exhaustive, since many inappropriate behavior or non-compliance may exist.</p> <p>In order to implement the dismissal based on just cause, the employer must notify its decision and must express in clear terms the reason for the dismissal. The notice may be given by simple note, registered letter or by notary.</p> <p>The associated costs are related to the means of notification chosen, simple note being the cheapest means and the notarial notification being the most expensive. Depending on the area and the date on which the notarial notification is chosen, the associated costs would range from USD 600 to USD 1500.</p> |
| 16 | <p>Does your jurisdiction have a system of employee representation / participation (e.g., works councils, co-determined supervisory boards, trade unions, etc.)? Are there entities which are exempt from the corresponding regulations?</p> <p>Any trade union is granted the right to represent their individual members. However, for a union to be granted collective representation rights it is indispensable that it should be certified as a trade union with union personality (personería gremial), upon fulfilment of the following requirements: (a) the union is officially registered and has been acting for at least six months; (b) its membership covers not less than 20% of the workers it intends to represent; (c) it is the most representative trade union in the respective industry or branch, within a given territorial scope (usually a city or a province but may also be the national territory).</p> <p>With a few exceptions, only one union in each branch or industry, and within a given geographical area, is granted a trade union personality. This means that in practice the country has a single-union structure, since a union that is merely registered does not enjoy collective representation rights. Moreover, enterprise level unions cannot be granted trade union personality where a branch level or an industry level union with trade union personality covers the respective geographical area for the industry or category corresponding to that enterprise.</p> |

| | |
|---|--|
| | <p>The Ministry of labor is the competent authority to register unions and to grant trade union personality. It also determines which union will represent the workers in case two or more unions compete for the representation of the same workers. Its decisions may be challenged before the National Labor Court of Appeal.</p> <p>Considering that Argentina has adhered to ILO Convention 87 on Freedom of Association, there are no rules that prevent or limit the unionization of employees. However, the Supreme Court of Justice of the Nation has expressed in 2017 that the right to unionization is not an absolute right and can be regulated, in circumstances in which it gave its opinion on the constitutionality of a provincial rule that prohibited the unionization of police personnel.</p> |
| <p>C6. Anti-corruption / bribery / money laundering / supply chain</p> | |
| <p>17</p> | <p>Is there a system governing anti-bribery or anti-corruption or similar? Does this system extend to non-domestic constellations, i.e., have extraterritorial reach?</p> <p>There are several rules governing anti-bribery and anti-corruption conduct. A corporate entity can be held liable for failure to prevent bribery, among other crimes, or the facilitation of tax evasion. Some of the most relevant regulations are briefly referenced below: Law No. 27,401 establishes the corporate criminal liability applicable to Argentine companies related to the following crimes: a) Bribery and influence peddling, national and transnational; b) Negotiations incompatible with the exercise of public functions; c) Concussion; d) Illicit enrichment of officials and employees; and e) Balances and aggravated false reports.</p> <p>Law No. 25,246 (as amended and restated, the “AMLTF Law”) creates the Financial Information Unit, which is the Argentine state agency in charge of the analysis, processing, and transmission of information for the purpose of preventing money laundering and terrorism financing.</p> <p>In addition, there are several rules that regulate fraudulent behavior, such as Law No. 27,430 regulating tax crimes as tax evasion. The Argentine Criminal Code also regulates bribery of public officers and influence peddling as crimes against the Public Administration, both in their active and passive forms. Some of them may have extraterritorial effects.</p> |
| <p>18</p> | <p>What, if any, are the laws relating to economic crime? If such laws exist, is there an obligation to report economic crimes to the relevant authorities?</p> <p>As previously mentioned, there are specific laws related to economic crimes, such as Law No. 27,430 regulating tax evasion, and Law No. 25,246 establishing the obligation for some type of entities or individuals, such as banks, gambling companies – <i>casinos y bingos</i> - insurance companies, notary public, among others, to report to the Financial Information Unit suspicious transactions related to money laundering and terrorist financing.</p> <p>Furthermore, Argentine Criminal Code establishes crimes against the economic and financial order (Articles 303 to 313).</p> |
| <p>19</p> | <p>How is money laundering and terrorist financing regulated in your jurisdiction?</p> <p>Law No. 25,246 (as amended and restated, the “AMLTF Law”) regulates the anti-money laundering and terrorism financing in Argentina. This Law establishes a procedure to detect, prevent, and report suspicious operations that could be related to this kind of crime. The entities obliged to report these situations to the Financial Information Unit have an extremely cautious and detailed reporting and information system, and it is mandatory to report any suspicious transaction or situation regardless of its amount and whether it was carried out in an isolated or repeated manner.</p> |
| <p>20</p> | <p>Are there rules regulating compliance in the supply chain (for example, comparable to the UK Modern Slavery Act, the Dutch <i>wet kinderearbeid</i>, the French <i>loi de vigilance</i>)?</p> <p>The Argentine National Constitution establishes the freedom of all people and the prohibition of slavery.</p> <p>In addition, Argentina has signed several international human rights conventions, including: (i) the Universal Declaration of Human Rights; (ii) the American Declaration on Human Rights; (iii) the International Covenant on Civil and Political Rights; (iv) the Convention on the Rights of the Child; and (v) the International Convention on the Elimination of All Forms of Racial Discrimination.</p> <p>There is a legal prohibition against hiring persons under 16 years of age unless they have the express authorization of the minor's father, mother, or guardian. In such cases, the minor may work 3 hours a day or 15 hours a week, and must attend school.</p> |

C7. Compliance

| | |
|-----------|---|
| <p>21</p> | <p>Please describe the requirements to prepare, audit, approve, and disclose annual accounts / annual financial statements in your jurisdiction.</p> <p>Article 63 and subsequent articles of the Argentine Companies Law state the requirements that financial statements must comply with and are as follows:</p> <ul style="list-style-type: none"> • The information must be grouped in such a way that it is possible to distinguish total current assets from non-current assets, and current liabilities from non-current liabilities. • The rights and obligations must be shown, indicating whether they are documented, with collateral or others. • Assets and liabilities in foreign currency must be shown separately in the corresponding items. • Different items may not be offset against each other. • The income statement must be presented in such a way that it shows separately the profit or loss from the ordinary and extraordinary operations of the company, determining the net profit or loss for the year to which those derived from previous years will be added or deducted. Different items may not be offset against each other. • The statement of results must be complemented with the statement of changes in equity. It will include the causes of the changes occurred during the year in each of the items that make up the net worth. <p>Copies of the financial statements, jointly with its related documentation, must be kept at the corporate headquarters, available to the partners or shareholders, for no less than fifteen (15) days in advance of its consideration by them. When appropriate, copies of the directors' or administrators' report and the trustee's report will also be kept at their disposal.</p> <p>With respect to approval and filing of annual financial statements, please see our comments in the following sections 22 and 23.</p> |
| <p>22</p> | <p>Please provide details regarding any corporate/company secretarial annual compliance requirements.</p> <p>According to Argentine Companies Law, the annual compliance requirements consist of :</p> <ul style="list-style-type: none"> • Approval of annual financial statements. • Filing of financial statements with the Public Registry, if applicable depending on the type of entity involved. Limited liability companies are not required to file financial statements with the Public Registry unless they have a corporate capital over AR\$50,000,000 (approximately USD475,000). • Appointment of authorities, in those cases in which the bylaws fix their term of office to only one year or fiscal year. • Payment of annual fee depending on the Public Registry regulations. <p>Please be aware that each provincial jurisdiction within Argentina (apart from the City of Buenos Aires that has its own public registry, the Public Registry) has the power to issue their own regulation regarding registry requirements. Therefore, there may be additional actions to be complied with, depending on the Argentine Province in which the company has been incorporated.</p> <p>For instance, the Public Registry of the city of Buenos Aires has imposed an annual compliance regime applicable to foreign entities registered in Argentina, which basically consists of the disclosure of relevant assets located outside of Argentina, information about their shareholders, and Ultimate Beneficiary Owner (UBO).</p> |
| <p>23</p> | <p>Is there a requirement for annual meetings of shareholders, or other stakeholders, to be held? If so, what matters need to be considered and approved at the annual shareholder meeting?</p> <p>Argentine Companies Law requires that an Annual General Meeting (AGM) must be held in accordance with the indications set out below:</p> <ul style="list-style-type: none"> • A BOD meeting calling for the AGM must be convened within 4 months counted from closure of the fiscal year. • This BOD must consider: (i) a document named “<i>memoria</i>” in which the BOD primarily reports on the state of the company in the various activities in which it has operated and includes their opinion on the projection of the operations and other aspects that are considered necessary to illustrate the current and future situation of the company, (ii) the annual financial statements, and (iii) the convening of the AGM. • There is no specific term to hold the AGM. • The AGM must consider, at least, the following: (i) the document named “<i>memoria</i>”, (ii) the annual financial statements, (iii) the result of the fiscal year, (iv) the BOD performance, and (v) the BOD fees. |
| <p>24</p> | <p>Are there any reporting / notification / disclosure requirements on beneficial ownership / ultimate beneficial owners (UBO) of entities? If yes, please briefly describe these requirements.</p> <p>This requirement is not stated in the Argentine Companies Law but in the regulations issued by the Public Registry of each jurisdiction. For instance, in the case of Public Registry of the city of Buenos Aires, regulations state as follows:</p> |

- In the registration procedures carried out by any company, a sworn statement indicating the UBO must also be filed.
- The UBO shall be understood as a human person who meets the characteristics established by the Financial Information Unit.
- It must be accompanied by supporting documentation.
- In case the majority share of the company corresponds to a company that makes a public offering of its negotiable securities, listed in an authorized local or international market, and is subject to requirements on transparency and/or disclosure of information, such circumstance must be indicated for the purpose of being able to be exempted from this requirement of ID.

C8. Tax

25 What main taxes are businesses subject to in your jurisdiction, and on what are they levied (usually profits), and at what rate?

The income tax applicable to companies is one of the main taxes.

Through Law No. 27,630 (Official Gazette 06/16/2021), the income tax rate for companies was modified with effect for fiscal years beginning on or after 1 January 2021, inclusive, according to the table that we share below:

| Corporate Tax | | | | |
|----------------|----------------|------------------------|-------------------------|----------------|
| Taxable Income | | Tax Due on lower limit | Marginal Rate on excess | |
| AR\$ | AR\$5.000.000 | AR\$ | 25% | AR\$ |
| AR\$5.000.000 | AR\$50.000.000 | AR\$1.250.000 | 30% | AR\$5.000.000 |
| AR\$50.000.000 | more than | AR\$14.750.000 | 35% | AR\$50.000.000 |

Capital gains tax rate: Capital Gains generally are included in taxable income and are subject to corporate income tax at progressive rates.

Progressive Corporate Income tax rate as above (25%/30%/35%)

26 Are there any particular incentive regimes that make your jurisdiction attractive to businesses from a tax perspective (e.g., tax holidays, incentive regimes, employee schemes, or other)?

Tax incentives are available for certain activities, such as mining, forestry, renewable energy, and biofuel production.

There is a Tax-Free zone in the Province of Tierra del Fuego, with incentives for certain activities carried out within the zone, including an exemption from corporate income tax, net worth tax and excise tax.

There are tax incentives to promote economic activities that utilize knowledge and digitalization of information supported by scientific and technological advancements, to obtain goods, along with the provision of services and the process is referred to as "Economy Knowledge". The tax benefit includes:

- Fiscal stability through 31 December 2029
- A reduction in the income tax rate (60% for small and micro-companies; 40% for medium-sized companies and 20% for large companies)
- Exemption from VAT withholdings and additional withholdings
- A 70% or 80% tax credit bond allowing certain paid social security contributions to be credited against national taxes.

27 Are there any impediments / tax charges that typically apply to the inflow or outflow of capital to and from your jurisdiction (e.g., withholding taxes, exchange controls, capital controls, etc.)?

Since August 2019, Argentina has reinstated several foreign exchange control restrictions (in this respect please refer to our answers to question 34 below):

Withholding Tax

| Withholding Rate | | |
|------------------|------------------|---|
| | Resident Compañy | Non Resident Company |
| Dividends | 0% | 7% |
| Interest | 0% | 15% / 35% |
| Royalties | varies | 17,5%/28%/31,5% (35% rate applied to 50%, 80% or 90% of gross payment, depend of type of royalty) |

- **Dividends:** A 7% withholding tax applies on dividends paid by an Argentine company to resident individuals and non-residents, or remittances by an Argentine branch of a foreign entity to its head office.

| | |
|----------------------|---|
| | <ul style="list-style-type: none"> • Interest: The interest paid to resident companies exceeding a specified monthly threshold are subject to withholding tax at the local level at various rates depending on the payee but the tax withheld is creditable against the corporate income tax payable on the income. The general withholding tax rate on interest paid to a non-resident is 35%, which is reduced to 15.05% under certain circumstances. • Royalties: Royalties paid to resident companies exceeding a specified monthly threshold are subject to withholding tax at the local level at various rates depending on the payee but the tax withheld is creditable against the corporate income tax payable on the income. Patent royalties paid to a non-residents are subject to a final withholding tax of 35% on 80% of the gross payment (effective rate 28%) if the agreement under which the royalties are paid is registered by the National Institute Of Industrial Property (INPI). If these conditions are not satisfied, the effective rate is 31.5% (35% on 90% of the gross payment). |
| 28 | <p>Are there any significant transfer taxes, stamp duties, etc. to be taken into consideration?</p> <p>Value added tax (VAT): There are four VAT rates in Argentina:</p> <ul style="list-style-type: none"> • Standard Rate: 21% • Increased Rate: 27% that applies to some services (communication; power; water) • Reduced Rate: 10.5% that applies to capital goods and other items • Rate 0%: Applicable to exports. <p>Stamp Tax: The provincial authorities levy stamp tax on the formal execution of public or private instruments. The rate varies between provinces, but generally is 1%. The rate can range between 2.5% and 4% for real estate sales, and there are certain exceptions.</p> <p>Turnover Tax: The provincial authorities levy turnover tax on the commercial or industrial activities. The rate varies between provinces, but generally for commercial is 5% and for industrial is 1.5%.</p> |
| <h2>C9. M&A</h2> | |
| 29 | <p>Are there any public takeover rules?</p> <p>Yes, there are public takeover rules, mostly contemplated in Law No. 26,831 “Capital Markets Law” and related regulations from the National Securities Commission.</p> <p>In this regard, “A public offer for the acquisition and/or exchange of securities is considered to be the market operation by which a human or legal person, acting individually or in concert with other person(s), offers to acquire and/or exchange shares with right to vote of a company admitted to the public offering of shares system, for a predetermined time, and subject to a special procedure to control the terms and conditions of the offer.”</p> <p>Any public offer for the acquisition of shares with voting rights of a company whose shares are admitted to the public offer system, whether voluntary or mandatory, must be carried out under the terms of the Capital Markets Law and the regulations issued for such purposes by the National Securities Commission, applying the rules of transparency and principles of protection to the investing public in the public offering regime.</p> |
| 30 | <p>Is there a merger control regime and is it mandatory/how does it broadly work?</p> <p>The Argentine Antitrust Law No. 27,442 (“AAC Law”) provides for a merger control regime establishing a special regime for the so-called economic concentrations. To prevent problems of competition in the markets, the Authority exercises control of economic concentration operations, by which the companies that participate in mergers and acquisitions- when the volume of business crosses the thresholds established in the law- must request the authorization of the Authority and this Authority may, when deemed necessary, authorize, deny said authorization or subject it to compliance with certain conditions.</p> |
| 31 | <p>Is there an obligation to negotiate in good faith?</p> <p>The obligation to negotiate in good faith derives from <u>the principle of good faith</u> that governs our entire legal system (Civil and Commercial Code, Article 9).</p> |
| 32 | <p>What protections do employees benefit from when their employer is being acquired, for example, are there employee and / or employee representatives’ information and consultation or co-determination obligations, and what process must be followed? Do these obligations differ depending on whether an asset or share deal is undertaken?</p> <p>Current legislation does not contain an obligation for employers to inform individual workers and/or the union representing the employees of the sale of shares, sale of assets and/or transfer of goodwill. Consequently, there are no processes to be complied with. However, a good practice would be to inform the union (if any) of the decisions taken to avoid collective labor disputes, labor union actions, or delays in operations.</p> |

Notwithstanding the foregoing, some unions require the acquirer of the shares or new owner of the company to pay the legal severance to the employees as if they had been terminated without just cause, and then to discharge the employees who continue to perform their duties.

C10. Foreign direct investment

33 **Please provide details on any foreign direct investment restrictions, controls or requirements. For example, please provide details on any limitations, notifications, and/or approvals required for corporate acquisitions.**

As a general rule, foreign investors are subject to the same laws and regulations that apply to local investors. Our National Constitution states as a general principle that foreigners have the same status and the same rights that the law grants to local investors. In this sense, freedom to set up a business by foreign investors in Argentina is the prevailing principle.

Investments in Argentina are regulated by a set of rules, including international treaties and local rules, that govern, among other things, the treatment afforded to foreign investments, the registration of foreign companies, and foreign exchange controls.

Furthermore, Law No. 21,382 establishes a legal regime that tends to promote foreign investments in the country, based on the principle of non-discrimination between Argentine and foreign investors. This law provides, among other things, that foreign investors may make investments in the country intended to promote economic activities or the improvement or expansion of those already existing, under the same conditions applicable to national investors, subject to the same rights and obligations that the Constitution and laws grant and impose on national investors in accordance with its terms and any other law that may govern special or promotion regimes.

As said before, in principle, there are no restrictions on foreign investments. However, there are restrictions in respect of certain economic sectors:

- Acquisition of real property in border areas or security zones as per the National Regime on Security of the Borders (Decree Law No. 15,385) which in general terms sets forth that portion of land close to the borders of Argentina must be owned by Argentine native citizens;
- In relation to special regimes, due, for instance, to anti-trust issues;
- The participation in media companies/broadcasting (Law No. 25,750) that sets forth limits to the participation of foreign investors in certain media companies (Investment in media companies by foreign investors is limited to 30%, except United States who has an Investment Promotion and Protection Treaty with Argentina);
- Acquisition of Rural Lands Law (Law No. 26,737) that imposes limits on the ownership or possession of rural land by foreign individuals or legal entities (and in cases of properties adjacent to certain bodies of water foreign ownership is prohibited).

34 **Does your jurisdiction have any exchange control requirements?**

In September 2019, Argentina reinstated foreign exchange (FX) controls that, in general terms, regulate, among other things, the acquisition of foreign currency/assets, the inflow and outflow of funds into Argentina and oblige exporters of goods and services to repatriate and sell in the official foreign exchange market ("*Mercado Libre de Cambios*" or "MLC" as per its acronym in Spanish) the proceeds of their export transactions.

Furthermore, FX transactions are to be conducted at a freely agreed exchange rate in the MLC, following and complying with all the requirements and regulations set forth by the Argentine Central Bank (the "FX Control Regime"). FX transactions must be made through an institution or foreign exchange house licensed to carry out transactions in the MLC. In general terms, the institution will need the client to prepare and submit supporting information and/or documentation evidencing the authenticity of the type of transaction to be carried out in the MLC. Failing to comply with the FX Control Regime is subject to the FX Criminal Regime since a violation of any of the foreign exchange restrictions is considered a criminal offense under said regime that establishes fines and even imprisonment in case of recidivism. In case of a legal person, directors, legal representatives, managers, and members of its supervisory committee who participate in a transaction violating the FX Control Regime will be jointly and severally liable with the legal person.

D. Entity closure

35 **What are the most common ways to wind up / liquidate / dissolve an entity in your jurisdiction? Please provide a brief explanation of the process.**

The Argentine Companies Law establishes the following causes for dissolution of a company:

- Decision of the partners
- Expiration of the term for which the company was established
- Fulfillment of the condition to which its existence was subordinated

- Achieving the object for which it was formed, or by the supervening impossibility of achieving it
- Loss of capital stock
- Declaration of bankruptcy
- Due to its merger
- Firm sanction of cancellation of public offer or of the listing of its shares
- Firm resolution of withdrawal of the authorization to operate if special laws imposed.

The process to liquidate and dissolve an entity is mainly as follows:

- BOD' and shareholders' resolutions approving the dissolution and the appointment of a liquidator. Registration of these resolutions with the Public Registry.
- Preparation of special financial statements for liquidation.
- Notice of liquidation and payment of all claims to creditors and collection of all credits. Upon the publication of notice, creditors will have 15 days to demand payment of their claims.
- BOD' and shareholders' resolutions to distribute any remaining assets to the members.
- Preparation of final financial statements to a "zero" balance sheet (no assets and no liabilities).
- De-registration with the Public Registry.

Contacts



Walter Mañko
Partner
wmanko@deloitte.com
+54.11.43902600;ext=2724



Cynthia Paula Calligaro
Partner
ccalligaro@deloitte.com
+541143902600;ext=2307



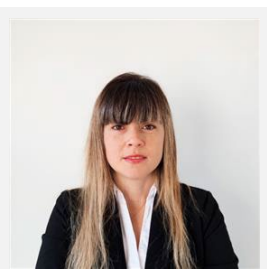
Eduardo Bonis
Partner
ebonis@deloitte.com
+54.11.43902600;ext=2795



Paola Caballero
Senior Legal Manager
adcaballero@deloitte.com
+541143902600;ext=3070



Melisa Moreira
Legal Manager
melmoreira@deloitte.com
+541143902600;ext=3649



Luciana Campis
Legal Manager
lcampis@deloitte.com
+541143902600;ext=2900

Deloitte.

Legal

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Legal means the legal practices of DTTL member firms, their affiliates or their related entities that provide legal services. The exact nature of these relationships and provision of legal services differs by jurisdiction, to allow compliance with local laws and professional regulations. Each Deloitte Legal practice is legally separate and independent, and cannot obligate any other Deloitte Legal practice. Each Deloitte Legal practice is liable only for its own acts and omissions, and not those of other Deloitte Legal practices. For legal, regulatory and other reasons, not all member firms, their affiliates or their related entities provide legal services or are associated with Deloitte Legal practices.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.