



GLOBAL
EMPLOYER
GUIDE

ARGENTINA





Basic Country Facts

Full name

- Argentine Republic

Capital

- Buenos Aires

Main Languages

- Spanish
- Italian
- German
- English
- French

Population

- 44.49 Million

Monetary unit

- Argentine Peso

Internet domain

- .ar

International dialing code

- +54

Currency

- Argentine Peso

STATUTORY LABOR REQUIREMENTS

Probation Period

- The first ninety days of all indefinite term employment contracts is the probationary period, where the employee may be discharged without just cause and no further payments with 15 days' notice.

Annual Leave

- Employees who have worked for an employer for more than 6 months are entitled to 2 weeks' annual leave.
- The amount of holiday entitlement increases with the length of continuous employment, up to a maximum of 5 weeks or 35 days.
- The minimum and continued period of paid annual vacations employees are entitled to are:
 - 14 calendar days when seniority does not exceed five years
 - 21 calendar days when seniority is between five and 10 years
 - 28 calendar days when seniority is between 10 and 20 years
 - 35 days when seniority exceeds 20 years



Public Holidays

- New Year's Day (1st January)
- Shrove Monday (24th February)
- Shrove Tuesday (25th February)
- Truth and Justice Memorial Day (23rd and 24th March)
- Good Friday (10th April)
- Day of the Veterans (Malvinas Day) (2nd April)
- Labor Day (1st May) May Revolution Day (18th May)
- National Flag Day (Manuel Belgrano Day) (20th June)
- Independence Day (9 to 10th July)
- San Martin Day (17th August)
- Day of Respect for Cultural Diversity (12th October)
- National Sovereignty Day (23rd November)
- Immaculate Conception Day (7th to 8th December)
- Christmas Day (25th December)

Maternity Leave

- Female employees are entitled to a special leave of absence for maternity including 45 days before and 45 days after childbirth. During maternity leave, employees are entitled to certain family allowances and other fringe benefits.

Paternity Leave

- Male employees are allowed 2 days of paid paternity leave after the birth of a child.

Work Hours

- The standard workweek in Argentina is 8 hours per day or 48 hours per week.

Sick Leave

- If the employee has an illness or accident that is not work-related, they are entitled to:
 - up to 3 months' paid leave if they have worked for an employer for less than 5 continuous years
 - up to 6 months' paid leave if they have worked for an employer for more than 5 continuous years.
- If the accident, injury or illness is related to work performed for the employer, treatment costs, rehabilitation and sick pay are covered for up to 12 months by compulsory employment risk insurance.

Overtime

- Overtime must not exceed 30 hours a month and 200 hours a year, unless authorized by the relevant labor authorities.
- Overtime hours must be paid at a rate of 50% on top of normal salary, unless overtime is worked during the weekly rest period or on a public holiday, in which case the relevant pay rate is 100% on top of normal salary.

Notice Period

- For indefinite term employment contracts, employers may dismiss an employee at any time upon giving the employee:
 - prior notice of 15 days (if the employment contract is terminated during the trial)
 - 1 month (if the period of service is greater than the trial period but less than five years)
 - 2 months (if the period of service is greater than five years).

- This notice can be substituted with a salary payment equivalent to the period of prior notice.

Severance

- Employers are required to make severance payments to the employee based on the employee's highest ordinary monthly salary earned during the previous year of employment or full term of service, if shorter than one year.
 - With certain limits, employers must pay to the employee one month's salary for each year of employment or period worked in excess of three months for which the employee worked for such employer.
 - In any event, the severance payment cannot be lower than once the ordinary highest monthly salary.
 - If an employee is dismissed for gross misconduct, no severance payment or prior notice is required; however, the burden of proof lies with the employer to show that gross misconduct occurred.

13th Month

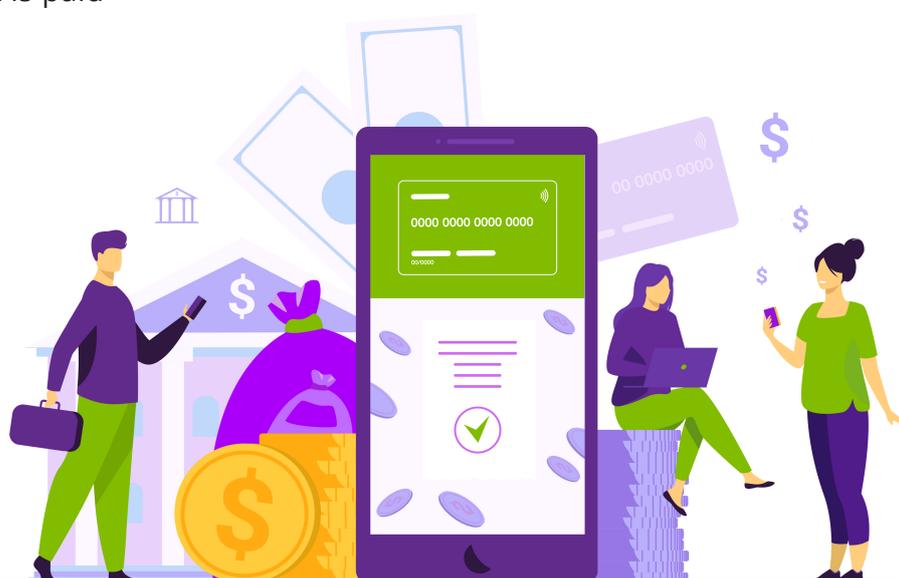
- 13th Month Local law states employees are entitled to receive, on top of their salaries for each calendar year, an additional monthly salary (13th-month salary also known as Aguinaldo).
- This 13th-month salary is payable in two semiannual installments, which are due prior to June 30th and December 18th.



Income Tax

- Individuals resident in Argentina are taxable on worldwide income and may obtain a foreign tax credit for taxes paid on income from foreign sources.
- Non-residents and foreign beneficiaries are only taxable on their Argentine-source income.
- Residents and non-residents are taxed at progressive income tax rates ranging from 5% to 35%; however, special tax rates are applicable in case of gains derived from securities (including dividends), interest, and real property.
- Self-employment and business income is taxable, regardless of the recipient's nationality, the place of payment or where the contract was concluded.
- Gross income tax is a provincial tax applicable to self-employed individuals on gross earnings. The average tax rate is 4% in the Federal Capital (the City of Buenos Aires), and similar rates are applicable in the different provinces.
- Professionals who do not perform their activity in the form of a company are exempt from the gross income tax in the City of Buenos Aires. The tax is paid by filing monthly tax returns.

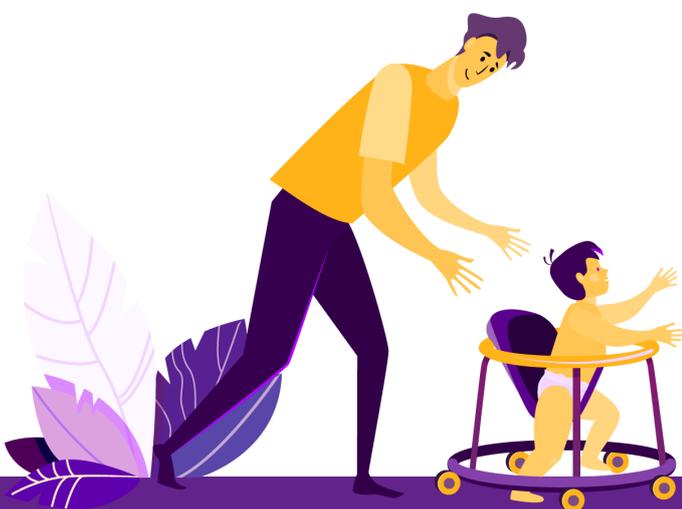
Taxable income (ARS)		Tax on column 1 (ARS)	Tax on excess (%)
Over (column 1)	Not over		
0	33,039.8	-	5
33,039.8	166,079.61	1,651.99	9
166,079.61	99,119.42	4,625.57	12
99,119.42	132,159.231	8,590.35	15
132,159.231	98,238.84	13,546.32	19
98,238.84	264,318.45	26,101.45	23
264,318.45	396,477.68	41,299.76	27
396,477.68	528,636.91	76,982.75	31
528,636.91	And Over	117,952.11	35



Social Security

- Social security contributions are paid by employees, employers and self-employed persons.
- Employees' social security contributions are withheld from their monthly salary.
- Employees make contributions to the pension fund at a rate of 11%, to the retiree's fund at a rate of 3% and to the health care system at a rate of 3%.
- The maximum monthly tax base for the calculation of these contributions is ARS 105,233.32 for January 2019 and February 2019, ARS 117,682.47 from March to May 2019 and ARS130,321.52 from June to August 2019.
- The cap is updated every three months.
- Monthly salary that exceeds the maximum tax base is not subject to contributions.
- For this purpose, a year comprises 13 months.
- Employers pay social security contributions at a rate of 20.4% or 18% for the 2019 fiscal period, depending on the company's activity and turnover (amount of sales).
- In the following periods, the lower rate will be increased and the higher rate will be reduced until both rates converge to 19.5% for the 2022 fiscal period.
- A 6% contribution for medical care is required in addition to the social security contributions.
- For the tax base with respect to employer social security contributions, a minimum nontaxable amount of ARS7,003.68 is applied, but the tax base for employer health care contributions is not capped.
- No employee or employer social security taxes are payable with respect to directors' fees.
- However, a director must pay fixed monthly amounts that are allocated to the social security's Self-employed System

Social Security Contributions	
Employees: -	
Pension Fund	511%
Retiree's Fund	3%
Health Care System	3%
Employers: -	
Social Security Contribution	20.4% or 18% (2019) 19.5% (2022)
Medical Care	6%



Deductible Expenses

- For purposes of computing tax to be withheld from an employee's salary, employers may deduct certain allowable expenses, including the following:
 - Mandatory social security contributions
 - Medical insurance payments for employees and their families, with certain limitations
 - 40% of invoiced medical expenses up to a maximum of 5% of the taxpayer's annual net income
 - 40% of invoiced expenses for the rental of a house up to an annual nontaxable amount (generally ARS85,848.99)
 - Expenses incurred by traveling salespeople, up to an annual nontaxable amount (generally ARS85,848.99)
 - Donations to the government and certain charitable or nonprofit institutions, up to 5% of net taxable income
 - Burial expenses, up to ARS12,000 annually
 - Life insurance premiums, up to ARS12,000 annually
 - Retirement insurance premiums, up to ARS12,000 annually
 - Mortgage interest, up to ARS20,000 annually, for the purchase of a dwelling destined to be a permanent abode
 - Contributions made to Mutual Guarantee Companies (SGRs; special companies that guarantee loans)
 - Compensation and employer contributions related to domestic help personnel, up to an annual nontaxable amount (generally ARS85,848.99)
- Employed and self-employed individuals are entitled to standard deductions in amounts established by law.
- The amounts for 2019 are ARS80,033.97 for a spouse and ARS40,361.43 for each child not older than 18.
- To qualify, dependents must reside in Argentina for more than six months in the tax year and may not have income exceeding ARS85,848.99.
- A deduction of ARS85,848.99 is granted to taxpayers who are resident in Argentina for longer than six months during the calendar year.
- A special deduction is available against compensation derived from personal services.
- The annual amount is ARS412,075.14 for employees and ARS171,697.97 for self-employed persons.
- For "new professionals" and "new entrepreneurs" (to be defined by the Law Regulating Decree), the special deduction is ARS214,622.47.
- Nonresidents residing in Argentina longer than six months in a calendar year may claim the deductible expenses actually incurred and exemptions available to residents.



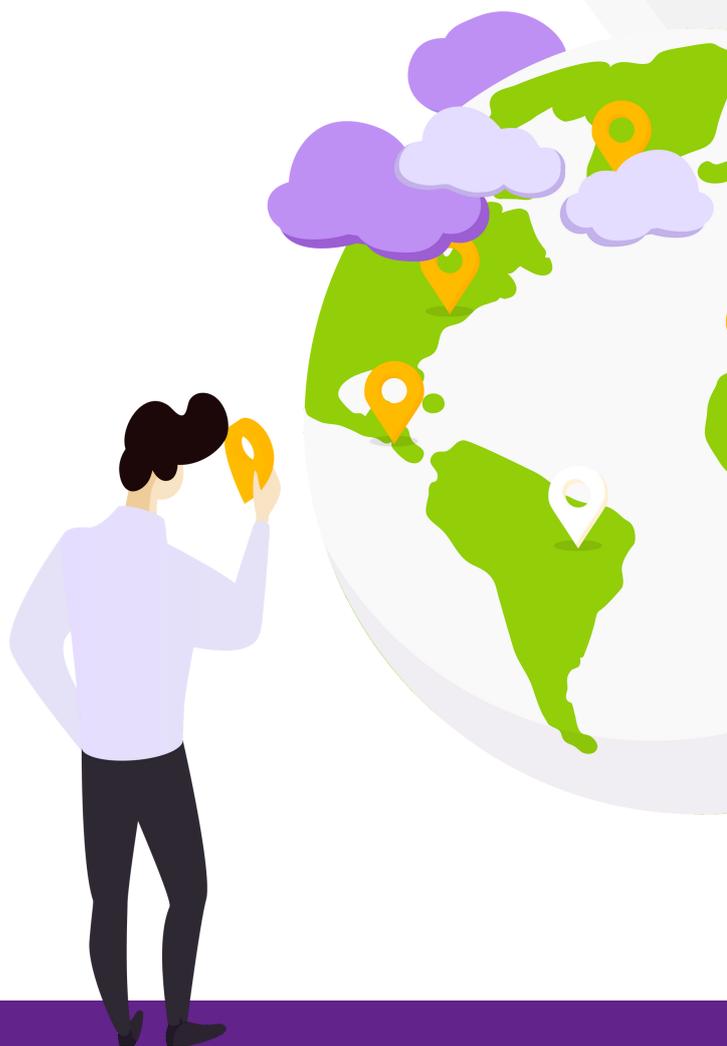
Deductible Expenses

Employment Deductions	Personal Deductions
<ul style="list-style-type: none"> Mandatory social security contributions 	<ul style="list-style-type: none"> The amounts for 2019 are ARS80,033.97 for a spouse and ARS40,361.43 for each child not older than 18.
<ul style="list-style-type: none"> Medical insurance payments for employees and their families 	<ul style="list-style-type: none"> To qualify, dependents must reside in Argentina for more than six months in the tax year and may not have income exceeding ARS85,848.99.
<ul style="list-style-type: none"> 40% of invoiced medical expenses up to a maximum of 5% of the taxpayer's annual net income 	<ul style="list-style-type: none"> A deduction of ARS85,848.99 is granted to taxpayers who are resident in Argentina for longer than six months during the calendar year.
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<ul style="list-style-type: none"> Contributions made to Mutual Guarantee Companies 	
<ul style="list-style-type: none"> Compensation and employer contributions related to domestic help personnel, up to an annual nontaxable amount (generally ARS85,848.99) 	



Immigration

- Labor contract residence.
 - Labor contract residence applies to foreigners who are regularly employed by a local company for a long period.
 - This type of residence is valid for one year and may be extended indefinitely
- Intracompany transfer residence.
 - Intercompany transfer residence applies to employees who are transferred from a home country company to an Argentine company for a long period.
 - This type of residence is valid for one year and may be extended indefinitely.
- Investor Visa
 - The immigration office considers an investor to be a foreign national that would make a minimum investment of ARS1,500,000 in a productive, commercial or service-supplying activity in Argentina or who convincingly proves that he or she has ARS1,500,000 destined for investment in these types of activities.
 - Prior experience in the relevant activities is desirable.
 - The investor visa is valid for up to one year and may be extended indefinitely.
- Transitory Work Authorization.
 - A Transitory Work Authorization (TWA) is a short-term, single-entry work permit valid for a period of up to 90 days.
 - This type of short-term work permit allows assignees to reside legally in Argentina and perform paid or unpaid activities for a local entity in Argentina.
 - The assignee can apply for this benefit twice in a 365-day period beginning on the date of the first application.
 - To apply for a second TWA, the assignee must leave and re-enter the country.
- Business visas.
 - Business visas are issued to foreign nationals who were invited by a local commercial entity established in Argentina.
 - This type of visa can be obtained only at the Argentine consulate in the country of residence.
 - It is issued by the consulate directly or through a prior application to the immigration office in Argentina.
 - This type of visa is for business issues only



Type of Visa	Documentation	Validity	Eligibility
Labor Contract Residence	<ul style="list-style-type: none"> Valid passport Identity Card of the Argentinean citizen if applying through relation Translated and certified birth certificate 4 passport photos Transcript of criminal record Medical statement issued by consulate Receipt of visa payment Police Records from the countries the assignee has lived for the past 3 years. Argentina Police Records Marriage / Birth certificates Domicile Certificates in Argentina 	<ul style="list-style-type: none"> 1 year 	<ul style="list-style-type: none"> Labor contract residence applies to foreigners who are regularly employed by a local company for a long period.
Intracompany Transfer Residence	<ul style="list-style-type: none"> Visa Application form Valid Passport Two (2) recent identical color photographs Police Record Certificate (only for foreigners with 16 years of age or older) Fingerprint forms A letter from the employer in the home country confirming that the applicant is currently employed at the company and he/she is going to work in Argentina for a parent, affiliate, subsidiary or branch office of his/her home country employer. 	<ul style="list-style-type: none"> 1 year 	<ul style="list-style-type: none"> Intercompany transfer residence applies to employees who are transferred from a home country company to an Argentine company for a long period.
Investor Visa	<ul style="list-style-type: none"> Passport pictures Police record. Police Records from the countries the assignee has lived for the past 3 years. Argentina Police Records Marriage / Birth certificates Domicile Certificates in Argentina Passport 	<ul style="list-style-type: none"> 1 year 	<ul style="list-style-type: none"> The immigration office considers an investor to be a foreign national that would make a minimum investment of ARS1,500,000 in a productive, commercial or service-supplying activity in Argentina or who convincingly proves that he or she has ARS1,500,000 destined for investment in these types of activities.

Type of Visa	Documentation	Validity	Eligibility
Transitory Work Authorization	<ul style="list-style-type: none"> Valid ordinary passport with at least 6 months' validity Return flight ticket Evidence of sufficient funds for stay in Argentina if required Document as proof of stay at an address Receipt for the reciprocity fee 	<ul style="list-style-type: none"> 90 days 	<ul style="list-style-type: none"> A Transitory Work Authorization (TWA) is a short-term, single-entry work permit



Value Added Tax (VAT)

- The standard rate of VAT / IVA is 21%.
- There is also a special high rate of 27% applied to telecoms, domestic gas supplies, water and industrial energy users.
- A reduced rate of 10.5% is applicable to a range of goods and services such as the provision of meat, fruit and vegetables, agricultural services, passenger transport, residential housing construction, certain medical services, books, newspapers and periodicals.
- There are exemptions in certain circumstances such as residential housing/farm leasing, passenger transport, medical services, education, public entity services and water, bread & milk.

VAT	
Higher Rate	27%
Standard Rate	21%
Reduced Rate	10.5%
Reduced Rate	2.5%
Zero Rate	0%

Withholding Tax

Dividends

- A 7% withholding tax applies on dividends paid by an Argentine entity to resident individuals and nonresidents in respect of income obtained in the two year between 1st January 2018 and 31st December 2019, increasing to 13% as from 1st January 2020
- The “equalization tax”, a 35% withholding on dividend distributions exceeding accumulated taxable earnings, after certain adjustments, has been abolished, although the tax still applies to dividend distribution made out of profits earned in fiscal years in progress as of 1st January 2018 or previous years that exceed accumulated taxable earnings

Interest

- The general withholding tax rate on interest is 35%, which is reduced to 15.05% in the following cases: -
 - The borrower is a financial institution
 - The lender is a bank or financial institution not located in a low or no tax jurisdiction
 - The interest rate relates to certain bonds registered in countries that have concluded an investment protection agreement with Argentina, or
 - the transaction involves the financing by a seller of depreciable movable property



Royalties

- Royalty payments made to a nonresident individual for the exploitation of copyrights in Argentina are subject to a final withholding tax of 35% on 35% of the gross payment, resulting in an effective rate of 12.25% provided the works are registered with the National Copy Write Bureau and certain other conditions are satisfied
- Film and television royalties, as well as royalties relating to other methods that include the reproduction or transmission of images or sounds, are subject to a final withholding tax of 35% on 50% of the gross payment, resulting in an effective rate of 17.5%
- Patent royalties paid to a nonresident are subject to a final withholding tax of 35% on 80% of the gross payment (effective rate of 28%) if the agreement under which royalties are paid is registered by the National Institute of Industrial Property (INPI).
- If these conditions are not satisfied, the effective rate on the royalties or fees is 31.5%

Technical Service Fees

- Fees for technical assistance, engineering or consulting services paid to a nonresident are subject to a final withholding tax of 35% on 60% of the gross payment (effective rate of 21%)
- If the agreement under which the fees are paid is registered with the INPI and the services cannot be obtained in Argentina
- If the agreement is registered with the INPI, but the services can be obtained in Argentina, the effective rate is 28% (35% X 80%)
- If an agreement does not fall within the scope of the transfer of technology law or does not comply with the law, the effective rate is 31.5%



WHT

Dividends	<ul style="list-style-type: none">• 7% (resident and nonresident individuals for income obtained between 1st January 2018 and 31st December 2019)• 13% (resident and nonresident individuals for income obtained from 2020)
Interest	<ul style="list-style-type: none">• The general withholding tax rate on interest is 35%,• Reduced rate is 15.05%
Royalties	<ul style="list-style-type: none">• Royalty payments made to nonresident individuals for using copyrights in Argentina: - 35% on 35% of the gross payment (effective rate is 12.25%)• Film and Television Royalties (WHT of 35% on 50% of the gross payment; effective rate of 17.5%)• Patent royalties to nonresident individuals (WHT of 35% on 80% of the gross payment; effective rate of 28%)
Technical Service Fees	<ul style="list-style-type: none">• Fees for technical assistance, engineering or consulting services paid to a nonresident are subject to a final withholding tax of 35% on 60% of the gross payment (effective rate of 21%)• If the agreement is registered with the INPI, but the services can be obtained in Argentina, the effective rate is 28% (35% X 80%)• If an agreement does not fall within the scope of the transfer of technology law or does not comply with the law, the effective rate is 31.5%



Termination

- Employers can terminate employment at any time without justified cause, subject to payment of severance compensation provided by labor laws.
- Employees on a trial period, i.e. during the first three months of employment, are not entitled to severance compensation, exception made to prior notice (15 days).
- Termination of employment with justified cause does not entail payment of severance compensation.
- The employer can dismiss an employee with justified cause in the event of failure of the employee to fulfil his obligations which, by their gravity, do not consent to the continuation of the relationship.
- Labor laws do not list specific breaches that justify dismissal and should be analyzed on a case by case basis.
- The employer has the burden of proving the cause of dismissal.
- The employee can also challenge any dismissal with justified cause decided by employer, in which case a Labor Court will decide if the employer had a justified cause for dismissal.
- Labor Courts are very restrictive at the time of evaluating if the cause dismissal meets the legal standards in order to be considered justified.
- Labor Courts usually analyze if employee has prior disciplinary sanctions also provided by labor laws, the employee's seniority and hierarchy.
- An employee can also resign, in which case, no severance compensation is payable. Lastly, employment can terminate due to the fact that the employee retires at the time he/she is granted the governmental pension plan. No severance compensation is payable in that case.

Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, public holidays, annual leave, sick leave, maternity leave, paternity leave, overtime pay, notice period, severance pay and 13th month pay
- Statutory benefits also include social security benefits

Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Sick Leave

Maternity Leave

Paternity Leave

Overtime Pay

Notice Period

Severance Pay

13th month pay

Social Security Benefits





Payments and Invoicing

- The tax year for individual taxpayers is the calendar year.
- Tax returns must be filed between 11 June and 13 June (depending on the taxpayer's registration number) of the following year unless the taxpayer's only income is from employee compensation.
- No extensions to file tax returns are allowed. National and foreign employees must file an income and personal assets tax return for informational purposes if their gross compensation exceeds ARS1,500,000 per year.
- The deadline for tax returns for informational purposes is 30 June.
- Self-employed taxpayers must register with the tax authorities.
- Tax returns are filed annually in June, declaring earnings for the previous calendar year. Individuals with non-wage income, including self-employment income, must make advance tax payments bimonthly from August to April, based on the previous year's tax.
- Under a withholding system for payments to resident individuals, withholding is imposed at various rates on income exceeding a minimum threshold.
- Amounts withheld are treated as advance payments.
- Advance payments are also required for purposes of the personal assets tax. For married couples, a wife is taxed separately on income derived from personal activities (including employment, self-employment and business), on assets acquired before marriage and on assets acquired during marriage with income earned from personal activities.
- Nonresidents subject to the 35% withholding tax are not required to file tax returns.

Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Argentina ranked 126th in the World in 2019 in terms of ease of doing business.



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