

Regulatory Summary 2024

Argentina

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This regulatory summary presents a compilation of the most relevant regulations of 2024, aiming to provide an overview of the various laws, decrees, resolutions, and provisions that shaped the year, highlighting aspects that may be of greater interest.

TAX AND FOREIGN EXCHANGE.

Law 27.742, Section VII: Incentive Regime for Large Investments (RIGI)

- RIGI promotes local and foreign investments in specific economic areas, including energy, mining, infrastructure, technology, forestry, tourism, steelmaking, and activities related to oil and gas.
- The general minimum investment required is US\$ 200 million. Investments in oil and gas transportation and storage must exceed US\$ 300 million to join this program. Investments related to oil and gas exploration and exploitation must exceed US\$ 600 million.
- RIGI grants relevant benefits in corporate income tax, value-added tax (VAT), customs duties, and foreign exchange regulations. It also provides tax, customs, and foreign exchange stability for 30 years for approved projects.
- Only companies exclusively dedicated to developing one or more investments stages of an approved investment project are eligible to participate in RIGI. Additionally, suppliers to RIGI-adherent entities may qualify for customs benefits on imported goods.
- Entities can adhere to RIGI until December 23, 2026.

Law 27.743: Fiscal Measures

The key provisions of the law are as follows:

- Incorporation of a regularization program for outstanding tax, customs, and social security obligations due by March 31, 2024. This program also provides for the amnesty of fines that are not final and offers a reduction in interest, depending on the date of participation. The deadline for joining the program has been extended to December 13, 2024.
- Incorporation of a regularization program for undeclared assets as of December 31, 2023, for individuals and legal entities residing in Argentina. The deadline for participation in this program is May 7, 2025. Individuals who ceased to be Argentine residents prior December 31, 2023, are also eligible to participate, providing that they become Argentine residents again at least until December 31, 2024.
- Amendments to the Personal Assets Tax: (i) Creation of an optional program to pay the tax in a unified manner for the periods 2023–2027; (ii) Increase in the non-taxable minimum; (iii) Elimination of differential tax rates for assets located abroad; (iv) Gradual reduction of rates from 2023 to 2027; (v) Benefits for compliant taxpayers.

- Repeal of the Real Estate Transfer Tax for Individuals and Undivided Estates (ITI, as its acronym in Spanish).
- Amendments to Federal Income Tax for employees: (i) Repeal of the Additional Tax on Higher Incomes created by Law 27,725; (ii) Introduction of a new progressive tax rate schedule; (iii) Increase in the personal deductions available to employees; (iv) Repeal of various exemptions to standardize the taxable base.

“PAIS” TAX (for its acronym in Spanish).

- The “PAIS” tax applied to the acquisition of foreign currency in the Exchange Market for purposes such as the payment of imports of goods and services, savings, payment of expenses with credit and debit cards in foreign currency, and the transfer of profits and dividends. The tax was in effect from 2019 to 2024.
- The “PAIS” tax expired on December 23, 2024, and will not be extended. This will lower the cost of imports of goods and services, which previously had been subject to the tax at rates of 7.5% and 25%, respectively.

Foreign Exchange Regulations

In 2024, the Central Bank of Argentina (BCRA) introduced regulations designed to lift foreign currency controls. The following measures are particularly notable:

- The period to pay import of services to a foreign non-related entity was reduced to 30 days after the provision or accrual of the service. When the service was provided by a foreign entity of the same economic group, the period is reduced to 180.
- The period to pay import of goods was reduced to 30 days after the goods clearance.
- Permission to pay freight services related to exports with no waiting period if this commercial condition was agreed with the importer.
- Increase to US\$ 36,000 in the annual exemption amount from the obligation to settle foreign currency for individuals that export services.
- Extension from 5 to 20 business days of the general term granted to exporters of goods and services to settle foreign currency derived from exports, starting from the collection date.
- Permission to prepay foreign financial debt within 60 calendar days prior to the debt’s maturity, with a daily amount not exceeding 10% of the total amount due at maturity.
- Permission to pay interest accrued from January 1, 2024, on financial debts with related foreign entities.

CORPORATE LAW.

In 2024, during the first year of Dr. Daniel Vitolo's administration as Inspector General, the Public Registry of Commerce of the City of Buenos Aires (*Inspeccion General de Justicia* or "IGJ") implemented several significant reforms in the area of corporate law, aimed at simplifying procedures, promoting autonomy of the will of companies, and facilitating the activity of civil entities. General Resolution IGJ No. 15/2024 (the "RG IGJ 15/24"), which fully replaced General Resolution IGJ No. 7/2015 from the previous administration under Dr. Nissen's mandate, became the central focus of this renewal in the IGJ's approach.

The RG IGJ 15/24 was enacted in April 2024, and while it came into force on November 1st of the same year, it marked the new paradigm of the IGJ, even expressly providing for the possibility of requesting its early application in specific cases. RG IGJ 15/24 reasserted the principle of autonomy of will and steered the IGJ towards providing an economic service. Some of the most important updates in this new regulation relate to the flexibility of the concept of shareholder plurality, the possibility of contributing cryptocurrencies, the removal of the obligation for foreign entities to file the annual informational regime, and a closer approach to "off-shore" companies.

In line with the reformist spirit within the IGJ, the following were also enacted:

- General Resolution IGJ No. 1/2024, which removed the restriction on the maximum duration of companies, previously limited to 30 years, now allowing a duration of up to 99 years, in accordance with prior custom and practice. This decision is based on the fact that the General Companies Law No. 19,550 does not impose any time limit nor does it delegate to any authority or public body the establishment of such a maximum term.
- General Resolution IGJ No. 5/2024, which eliminated the requirement for foreign entity legal representatives to provide a guarantee.
- General Resolution IGJ No. 14/2024, which repealed the provision of General Resolution IGJ No. 14/2023 that required the prior correction of irregular companies in order to participate in merger processes. Under the new resolution, these companies can now directly participate in such processes, removing excessive formalities and facilitating corporate reorganization procedures.
- General Resolution IGJ No. 19/2024, which incorporates the corporate figure provided for in the new Incentive Regime for Large Investments, regulates the registration and regularization of Special or Dedicated Companies ("SE"), which can be established by stock corporations, single-shareholder stock corporations, limited liability companies, and branches, registered in any jurisdiction in the country, that choose to establish an SE in the City of Buenos Aires.
- Resolution of the Ministry of Justice No. 10/2024, which set the amount of \$2,000,000,000 as the minimum social capital above which stock corporations are subject to permanent state oversight, in accordance with the provision of paragraph 2) of Section 299 of the General Companies Law No. 19,550.
- Decree 209/2024, which set the minimum capital required by Section 186 of the General Companies Law 19,550 at thirty million for the incorporation of stock corporations.

These reforms reflect the IGJ's commitment to modernizing and simplifying corporate law in the City of Buenos Aires, promoting a more accessible and dynamic environment for civil and commercial entities.

CONTRACTUAL LAW.

Decree 1124/2024 regulates Article 5 of Decree-Law No. 5965/1963 regarding the interest applicable to bills of exchange and promissory notes. The key aspects are summarized below:

Interest on Bills of Exchange and Promissory Notes. Article 1 establishes that interest on these instruments may be calculated using the following methodologies, provided they are expressly stated in the text of the document:

1. Interest based on commodity prices: Interest may be calculated based on the price of specific goods, such as grains, precious metals, or hydrocarbons, using as reference official, public, and accessible markets, whether national or international.
2. Interest linked to financial indicators: Interest may be tied to national or international financial indicators or indices from financial markets that are widely recognized.
3. Interest linked to reference rates: Interest may be calculated based on reference rates such as the monetary policy rate of the Central Bank of the Argentine Republic (BCRA), the LIBOR rate, the BADLAR rate, or other officially recognized and published rates.

EMPLOYMENT AND LABOR.

Law No. 27.742 introduced significant labor reforms, included in chapters "Promotion of Registered Employment" and "Labor Modernization". Regulations provided in these chapters were latterly regulated through Decree No. 847/2024. Below, we summarize the most important aspects to consider.

Promotion of Registered Employment.

Employers in the private sector were granted a deadline, which expired on December 24, to properly register unregistered or improperly registered employment relationships (such as underreported wages or registered hiring

dates later than the real ones) through an amnesty program. This program included, among other benefits, the forgiveness of large percentages of debts related to contributions to the social security system.

Labor Modernization.

Elimination of additional compensations: the law eliminated these compensations due to (i) irregular registration of employment contracts, (ii) failure to pay severance for dismissals without cause, (iii) failure to issue and deliver employment certificates, and (iv) failure to pay employee contributions to the Social Security System, withheld by the employer. For years, these compensations were the main cause of labor litigation, resulting in an increase of severance to sidereal amounts.

Registration of employment contracts: A new simple, fast, and electronic system for labor registration will be implemented. Additionally, a new simplified mechanism for issuing pay slips will be put in place.

The regulation establishes that employment contracts will be considered duly registered when these are recorded in the Tax Authority's systems. This process satisfies the requirements of the Employment Contract Act (ECA) for maintaining a special labor book.

Contractors and intermediaries: Employees hired by third parties to be provided to other companies (users) will be considered direct employees of those registering the employment contract.

Report of irregular registrations: Employees can report registration irregularities to the Tax Authorities through electronic means. If such irregularities are confirmed by a labor court, the judge will provide the relevant information to the Tax Authority, which will determine the debt for omitted social security contributions.

Exclusions from the Employment Contract Act (ECA): Services and agency agreements regulated by the Civil and Commercial Code are excluded from the scope of the ECA.

Civil contracts and presumption of employment contract: Service agreements entered with individuals will not be presumed to be employment contracts if official invoices are issued, regardless of how many receipts or invoices are issued or the number of clients involved.

Probationary period: The probationary period is extended from three (3) to six (6) months. Through collective agreements, this period can be extended to eight (8) months in companies with six (6) to one hundred (100) employees, and to twelve (12) months in companies with no more than five (5) employees. The new probationary period will apply to labor relations started as of Law No. 27,742 effective date (July 9, 2024).

Protection for pregnant employees: The prohibition for pregnant employees to work during the forty-five (45) days before and after childbirth remains in effect. Pregnant employees may choose to reduce their pre-maternity leave to 10 days and add the remaining days to the post-maternity period.

Dismissal for fair cause: The law includes the following specific causes for dismissals:

- Active participation in blockades or illegal occupation of establishments.
- When the employee's participation in strikes (a) affects the freedom to work of those not participating in the strikes; (b) impedes or obstructs the entry of people or goods into the establishment; (c) causes damage to people or property of the employer or third parties.

The employer must formally request the employees to cease such actions before dismissing them (not necessary in the case of damage to people or property of the employer).

Compensation for discriminatory termination: Judges may increase severance compensation for dismissal without cause by 50% to 100% in cases of discrimination acts (i.e., due to race, ethnicity, religion, nationality, ideology, political or trade union opinion, sex, gender, sexual orientation, economic status, physical characteristics, or disability). The dismissal will permanently end the employment contract, meaning the employee cannot request for reinstatement.

Severance fund: Collective Bargaining Agreements may replace the severance compensation established by the ECA with a new Labor Termination System.

The Labor Termination System must meet the following principles:

- It will replace the seniority-based severance compensation provided for by the ECA, as well as any other compensation calculated based on the said severance.
- Payments made in cases of termination by mutual agreement may be carried out based on the methodologies and procedures established in the Labor Termination System.
- At the beginning of a new employment relationship, the parties will agree whether to be governed by a termination system set forth in the applicable Collective Bargaining Agreement or the severance compensation system provided by the ECA. Such choice may only be modified through written agreement of both parties.
- Collective Bargaining Agreements may establish different Labor Termination Systems depending on the type and characteristics of the company, activity, or sub-sector.
- Payments made through the Labor Termination System will have full, total, and definitive canceling effects on the severances they replace.
- For labor relations initiated before the entry into force of the Labor Termination System, the parties may agree to switch to the new system. The applicable Collective Bargaining Agreement may establish a special regime for these employees.
- The Labor Termination System must specify the process for different cases of termination (dismissal without cause, dismissal with cause, resignation, termination by mutual agreement, death of the employee, retirement, etc.). In all cases, the Labor Termination System must establish a differential treatment in favor of the employee dismissed without fair cause.

Labor Termination Systems must be constituted under one of the following modalities:

- Individual Payment System (agreed payments are made directly by the employer to the employee)
- Individual or Collective Severance Fund System (monthly contributions made by the employer to bank accounts, mutual funds, or special financial trusts, which accumulate for termination situations)
- Individual or Collective Insurance System (creation of a termination insurance through insurers authorized by the National Insurance Superintendency)

Regardless of the existence of a Labor Termination System, employers may also purchase additional insurance to cover fully or partially the ECA's severance compensation, as well as any other compensation calculated based on the said severance.

Independent worker with collaborators: A new category of "independent workers with collaborators" is created. These may engage up to three (3) collaborators to provide services simultaneously. No employment contract will be deemed to exist between them or with the people hiring the services.

Collaborators are free to work with other clients under similar agreements.

This regime will not apply when it is presumed that an employment relationship is being concealed.

INTELLECTUAL PROPERTY.

Decree 765/2024, published on August 27, 2024, introduces a key update to the intellectual property regime regulated by Law No. 11,723. It redefines the scope of public performance and strengthens the protection of copyright in light of new technological and social contexts.

Protection of Rights in Public Performances. The main innovation lies in explicitly establishing that musical, cinematographic works, and phonograms cannot be publicly performed without the express authorization of the rights holders, their representatives, or the collective management organizations representing them. Additionally, it

introduces the obligation to grant equitable remuneration to rights holders when such performances generate economic benefits, whether through traditional or digital media.

Restrictions on the Definition of Public Performance. The most significant update in this area is the exclusion of performances carried out in private settings from the concept of public performance. The decree specifies that only those performances conducted in spaces with free access and directed toward a plurality of people qualify as public performances. This establishes a clear and modern limit, excluding activities of an intimate or private nature, whether temporary or permanent.

Furthermore, the decree updates the definition of public performance to explicitly include digital media and the Internet.

LITIGATION.

In the context of the Incentive Regime for Large Investments (RIGI), the Law on Foundations and Starting Points for the Freedom of Argentines provides specific mechanisms for dispute resolution, aligned with the principles of efficiency and protection of rights.

In this regard, it is established that all disputes related to the regime must initially be addressed through consultations and amicable negotiations. Should an amicable solution not be reached within 60 days of notification of the existence of the dispute, the matter shall be submitted to arbitration at the discretion of the single Project Vehicle (“VPU”) in accordance with the PCA Arbitration Rules (2012), the ICC Arbitration Rules (excluding the Expedited Procedure), or the ICSID Rules.

Additionally, it is stipulated that the rights and incentives granted under this regime are considered protected investments under international treaties for the promotion and reciprocal protection of investments. Consequently, any impairment thereof could result in the international responsibility of the Argentine State.

Finally, it is guaranteed that the existence of an arbitral process shall neither suspend, delay, nor affect the obligations of the Argentine Republic nor the rights of the beneficiary under the regime.