



GMS Flash Alert

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Argentina - Taxpayers' Wealth May Be Subject to Mandatory and Extraordinary Contribution

Argentina's Congress is studying a new tax that would apply to wealth above ARS 200,000,000 owned by resident and nonresident individuals.¹ This tax would be an additional tax to, and different from, the existing Wealth Tax, and would be a mandatory and extraordinary (i.e., one-time) assessment. Its proceeds will be used to fund efforts to combat the coronavirus pandemic and incentivize specific areas of the economy.

WHY THIS MATTERS

Taxpayers who might be subject to this new form of wealth taxation may see their tax liability increase, and may face some additional information gathering, recordkeeping, and declarations requirements. Individuals, therefore – and their tax service providers – will want to consider the implications of these changes when making decisions involving the taxpayer's assets.

Other Details

This tax is expected to be assessed just once, and would tax assets possessed by the taxpayer at the enactment date. Progressive rates would range from 2 percent to 3.5 percent for Argentinian assets, however, set fixed rates (anywhere from 3 percent to 5.25 percent) would be applicable for foreign assets depending on the amount. As yet, the draft proposal makes no provision for any exempted assets.

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KPMG NOTE

Consideration should be given to taxpayers being permitted to reduce the incremental rate applicable to their foreign assets by applying the standard rate imposed on local assets, if the individual repatriates back to Argentina 30 percent of his financial assets located abroad in the period falling 60 days after the law's enactment date.

This proposal is still in the early stages of review by Congress. It is too early to tell if it stands a strong chance of passage into law.

The team with the KPMG International member firm in Argentina will endeavor to keep readers of *GMS Flash Alert* apprised as developments occur.

FOOTNOTE:

1 Congress' Press Release. Official session summary, September 21, 2020 (in Spanish). See the website: https://www.hcdn.gob.ar/prensa/noticias/2020/noticias_1398.html.

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ARS 1 = EUR 0.011
ARS 1 = USD 0.0127
ARS 1 = GBP 0.0097
ARS 1 = BRL 0.073
ARS 1 = UYU 0.545

The U.S. GMS Practice Is Hosing a November 5 Webcast on Year-End Payroll Matters!

Please join us on November 5 (2:00 p.m. – 3:00 p.m. (EST; UTC -5)) for a webcast entitled “Payroll Challenges in the Current Environment: Planning for 2020 Year End Reporting and 2021 Considerations.” Our U.S. Employment Tax professionals will discuss some key aspects of the year-end payroll process – including the specific challenges related to reporting compensation due to legislative changes in 2020, payroll tax credits, and more. You can register for the webcast from the [webcast landing page](#).

Contact us

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The information contained in this newsletter was submitted by the KPMG International member firm in Argentina.

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