



TRANSFER PRICING IN ARGENTINA

MAIN ASPECTS TO CONSIDER



1. TRANSFER PRICING COMPLIANCE OBLIGATIONS
2. INFORMATION REGIMES
3. SIMPLIFIED REGIME FOR INTERNATIONAL TRANSACTIONS



1. TRANSFER PRICING COMPLIANCE OBLIGATIONS

Tax Authority

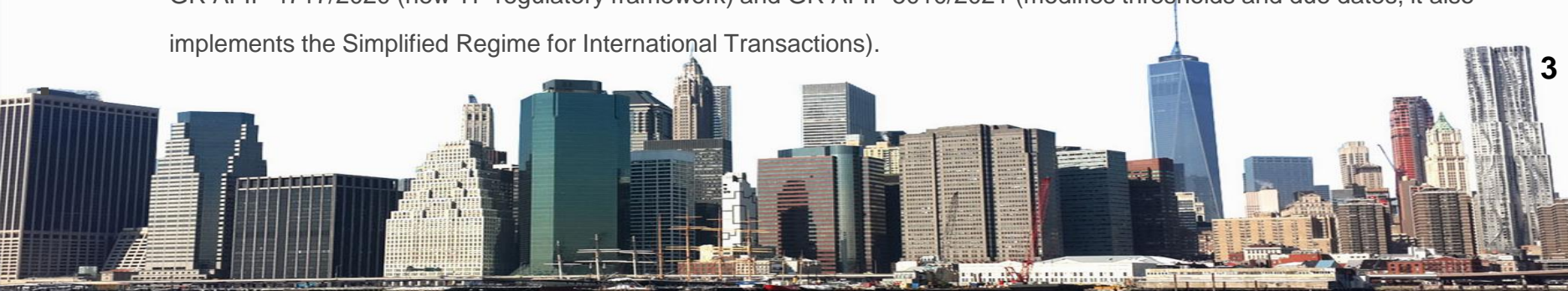
- Federal Administration of Public Revenues - *Administración Federal de Ingresos Públicos* - AFIP

Reporting Parties:

- Those who have foreign transactions with:
 - ✓ Related parties and/or third parties located in non-cooperative and/or low or null taxation jurisdictions or countries (altogether, “PNC”) in the fiscal information trade;
 - ✓ Independent parties for importation and/or exportation of goods;
 - ✓ Intermediaries, either related or third parties.

Relevant Regulatory Framework:

- Income Tax Law (ITL) 27,430, published in the Official Gazette (OG) on 12/29/2017.
- Decree 824/2019 (OG 12/06/2019) - ITL – Text ordered in 1997 and amendments thereto, and the Title I of Law 27,430.
- Decree 862/2019 (OG 12/09/2019) – Implementing regulation of ITL, text ordered in 2019.
- General Resolution (GR) AFIP 1122/2001 (Transfer Pricing (TP) regulatory framework: applicable for fiscal years (FY) from 12/31/1999 on). It was amended by several subsequent regulations, the most relevant being:
 - GR AFIP 4717/2020 (new TP regulatory framework) and GR AFIP 5010/2021 (modifies thresholds and due dates, it also implements the Simplified Regime for International Transactions).



1. TRANSFER PRICING COMPLIANCE OBLIGATIONS (Cont.)

Related Party Criterion

- Broad definition: economic and functional relation (power to define, guide or influence the taxpayer's activities).

Applicable Methods

- Comparable Uncontrolled Price ("CUP")
- Resale Price Method ("RPM")
- Cost Plus Method ("CPM")
- Profit Split Method ("PSM")
- Transactional Net Margin Method ("TNMM")

Other mandatory method to be applied: (importation and/or exportation of commodities or goods with known quotation in transparent markets or with reference prices which involve the participation of an intermediary - triangulation):

- Modified Comparable Uncontrolled Price or "Sixth Method" ("Modified CUP")

Principle of the Best Method: "the most suitable method will be used according to the type of transaction carried out."



1. TRANSFER PRICING COMPLIANCE OBLIGATIONS (Cont.)

Documentation to be filed with AFIP

- Annual TP Return (form F.2668);
- TP Report;
- Independent Public Accountant Certification;
- Certified Financial Statements of the FY under analysis + two previous ones (in first filing);
- Master File (MF).

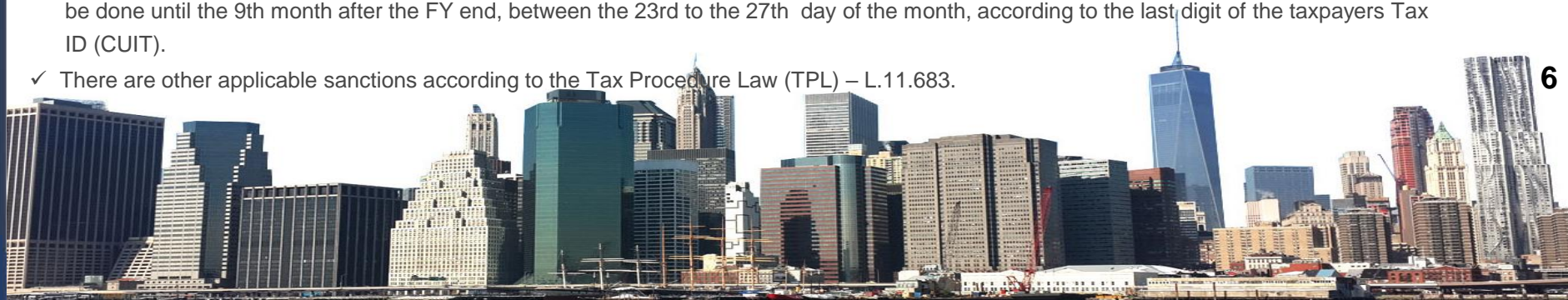


1. TRANSFER PRICING COMPLIANCE OBLIGATIONS (Cont.)

Thresholds applicable for FY end as of 12/31/2020, in accordance with GR AFIP 5010/2021.

Obligation	Threshold	Due Date	Sanction
Annual TP Return (form F.2668)	Aggregate amount of transactions with related parties or with third parties located in PNC within the FY exceeds AR\$3,000,000, or the individual amount of transactions exceeds AR\$300,000.	6th month after the FY end, from the 23rd to the 27th day of the month, according to the last digit of the taxpayers Tax ID (CUIT).	AR\$20,000 (approx. USD200)
TP Report / Independent Public Accountant Certification / Certified Financial Statements	Aggregate amount of transactions with related parties or with third parties located in PNC within the FY exceeds AR\$3,000,000, or the individual amount of transactions exceeds AR\$300,000.	6th month after the FY end, from the 23rd to the 27th day of the month, according to the last digit of the taxpayers Tax ID (CUIT).	AR\$150 to AR\$ 45,000 (max. approx. USD 450)
Master File (MF)	Multi National Group of Entities (MNGEs) with consolidated annual revenues of the previous FY greater than AR\$4,000,000,000, as long as the taxpayer has intercompany transactions greater than AR\$3,000,000 totally, or AR\$300,000 individually.	12th month after the FY end, from the 23rd to the 27th day of the month, according to the last digit of the taxpayers Tax ID (CUIT).	AR\$150 to AR\$ 45,000 (max. aprox. USD 450)

- ✓ Previously, according to GR AFIP 4717/2020 taxpayers obliged to file MF or who, without belonging to a MNGE, had performed transactions exceeding AR\$3,000,000, were required to submit the TP Report. Regarding the MF, the threshold of consolidated revenues for the previous FY was AR\$2,000,000,000.
- ✓ Exceptionally, for FYs ended between 12/31/2020 and 12/31/2021, both inclusive, the filing of the TP Return F.2668 and the TP Report must be done until the 9th month after the FY end, between the 23rd to the 27th day of the month, according to the last digit of the taxpayers Tax ID (CUIT).
- ✓ There are other applicable sanctions according to the Tax Procedure Law (TPL) – L.11.683.



2. INFORMATION REGIMES

GR AFIP 4130-E/2017

- Title I – form F.8097 – Country by Country Report (CbCR).
- ✓ Due Date: last business day of the 12th month after the FY end of the Ultimate Parent Company (UPC).
- ✓ Due Date of confirmation of filing the CbCR by the UPC: last business day of the 14th month after FY end of the UPC.
- ✓ Sanctions:
 - i. Failure to file this form, doing so after its deadline, filing it partially or submitting information that is incomplete, wrong or inconsistent, would constitute grounds for AFIP to apply a fine that could range between AR\$600,000 and AR\$900,000.
- Title II – form F.8096 – Report of local subsidiaries of GEMNs.
- ✓ Due Date: 3rd month after the FY end of the UPC.
- ✓ Sanctions: Failure to file this form or filing it partially, e.g.: without informing which the UPC is, would constitute grounds for AFIP to apply the following fines:
 - i. If the total annual consolidated revenues of the MNGE, accrued during the previous fiscal year before the one to be informed, is equal to or higher than EUR 750,000,000: the fine could range between AR\$80,000 and AR\$200,000.

The mentioned fine would also be applicable if the reporting entity is not informed.
 - ii. If the total annual consolidated revenues of the MNGE, accrued during the previous fiscal year before the one to be informed, is lower than EUR 750,000,000: the fine could range between AR\$15,000 and AR\$70,000.

2. INFORMATION REGIMES (Cont.)

GR AFIP 3572/2013

- Title I – REGISTRATION OF RELATED PARTIES
 - ✓ In force: since 01/01/2014.
 - ✓ Scope: local and foreign related parties.
 - ✓ Due Date: 10 days after the event (registration, modification and/or end of the relation).
 - ✓ Sanctions: up to AR\$5,000 for Individuals and to AR\$10,000 for legal entities.
 - ✓ Services Related to the Regime:
 - Annual TP Return (form F.2668).
 - ✓ It must be completed even in those cases in which form F.2668 is not filed.
- Title II – INFORMATION REGIME FOR RELATED PARTIES IN THE DOMESTIC MARKET (ARGENTINA)
 - ✓ In force: Ibid Title I. Abrogated from period 06/2019, inclusive.



3. SIMPLIFIED REGIME FOR INTERNATIONAL TRANSACTIONS

GR AFIP 5010/2021 – Implements the Simplified Regime for International Transactions

- ✓ In force: for FY end 12/31/2020, on.
- ✓ Form: F.2672, stating that the related transactions and/or transactions with third parties located in PNC have been agreed as carried out between independent parties, without the intervention of an international intermediary.
- ✓ Excluded Subjects:
 - Those part of GEMNs that shall file the CbCR, and/or
 - Those required to file MF, and/or
 - Those that operated with the intervention of International Intermediaries.
- ✓ Thresholds: taxpayers must comply with a set of conditions to be able to file their TP obligations through this Simplified Regime. See GR AFIP 5010/2021.
- ✓ Annual F.2668 and TP Study: Those who choose to file the Simplified Regime, should not file them.
- ✓ Master File: In the event that there were no changes within the reported period with respect to what was included in the preceding MF submitted, the taxpayer may choose to submit a sworn statement ratifying said information and attaching a copy of the Financial Statements of the UPC.
- ✓ Due Date: Until the 6th month after the FY end, from the 23rd to the 27th, according to the last digit of the taxpayers Tax ID. Exceptionally, for the FYs ended between 12/31/2020 and 12/31/2021, both inclusive, the form F. 2672 must be submitted until the 9th month after the FY end, from the 23rd to the 27th, according on the last digit of the taxpayers Tax ID.

