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TAX EXEMPTIONS FOR RENEWABLE ENERGY PROJECTS

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Below you will find a brief report about the current tax treatment and exemptions on renewable energy projects in different provinces of Argentina.

1. PROVINCE OF BUENOS AIRES

On August 2016, by means of Provincial Law No. 14.838, the provincial Government of Buenos Aires adhered to the National Program for the Promotion of the Use of Renewable Sources of Energy destined for Electric Power Generation No. 27.191 (the "National Promotion Program"), establishing the following tax exemptions for a term of 15 years:

1. Real Estate tax of properties or part of them that are affected by the installation of electric power generation plants based on the use of renewable sources;
2. Stamp tax on specific contracts for the generation of electric power based on the use of renewable sources; and
3. Tax on Gross Revenue, for the generation of electric power from the use of renewable sources.

2. PROVINCE OF NEUQUÉN

This past Thursday, on March 22, by means of Law No. 3108, the Legislature of the Province of Neuquén adhered to the National Program for the Promotion of the Use of Renewable Sources of Energy destined for Electric Power Generation No. 27.191. Furthermore, the Law sets forth the following tax exemptions for renewable energy projects:

- Real State Tax for a 20-year term, applicable to properties or part of them that are affected by the installation of electric power generation plants based on the use of renewable source;
- Stamp Tax for a 20-year term, applicable to contracts and operations regarding the construction, installation and acquisitions of equipment of electric power generation plants based on the use of renewable sources;
- Gross Income Tax for a 5-year term. The aliquot will be of 0% during the first five years. During the following fiscal periods, the provisions of the National Law 27,429 of Fiscal Concession, Annex I, will applied.

The aforementioned exemptions will apply as from the approval of the project by the enforcement authority. Also, in order to access the benefits established in this law, the beneficiaries will have to prove the absence of tax debt or that it has been regularized and are complying with them now in the forms and conditions established by the Provincial Office of Rents of the Province of Neuquén (Dirección Provincial de Rentas de la Provincia de Neuquén).

3. PROVINCE OF SAN JUAN

On January 22, 2018, the Chamber of Deputies of the Province of San Juan enacted Provincial Law No. 1705-A, establishing the following tax exemptions for the term of thirty years:

1. Stamp Tax on acts, contracts and operations regarding the construction, installation and acquisitions of equipment of electric power generation plants based on the use of renewable sources;
2. Tax on Gross Revenue, for the activity of generating electric power from the use of renewable sources; and
3. Real estate tax of properties or part of them that are affected by the installation of electric power generation plants based on the use of renewable sources.

4. PROVINCE OF CHUBUT

On January 2011, by means of Provincial Law XVII No. 95, the Government of Chubut set forth a tax incentive regime, establishing the following exemptions:

1. Payment of Stamp Tax for the acts carried out during the stages of study, development and construction of the projects (for this the beneficiary should submit to the APPER information that proves progress of the project); and
 2. 100% payment of the Gross Income Tax during the first five years of the commercial exploitation of any renewable energy project, and 50% from the sixth to the tenth year from the beginning of exploitation.
- The tax incentive regime will have a term of fifteen years from the granting of the concession.

5. PROVINCE OF CORDOBA

By means of Provincial Law No. 8810, the Chamber of Deputies and the Senate of the Province of Córdoba declared of provincial interest the generation of energy through renewable sources, throughout the territory of the Province of Córdoba. The provincial law also provides that the investments in energy generation through renewable sources would be exempted from the payment of Gross Income Tax and would have fiscal stability for a term of ten years.

6. PROVINCE OF SALTA

On August 2016, by means of Decree No. 1271/2016, the Government of Salta adhered to the National Promotion Program. The Decree established that the beneficiaries of the Program will be able to obtain a "fiscal credit certificate" that will be issued for an amount of up to seventy percent (70%) of the investments actually made and may be used for the payment of taxes on economic activities, Stamp Tax and Real State Tax or those that in the future replace them. The fiscal credit certificates will be endorsable, and may therefore be used by their owner or transferred to third parties.

7. PROVINCE OF JUJUY

On October 2017, by means of Law No. 6023, the government of Jujuy set forth the following tax exemptions for renewable energy projects:

1. Stamp tax on specific contracts for the generation of electric power based on the use of renewable sources; and
2. The reduction of the rate of the Tax on Gross Revenue to fifty percent.

The aforementioned exemptions will begin to apply from the approval of the project by the enforcement authority and will be valid for a period of ten years.

8. PROVINCE OF LA PAMPA

On August 2016, by means of Law No. 2.918, the Province of La Pampa adhered to the National Promotion Program, establishing the following tax exemptions for the term of ten years:

1. Gross Revenue Tax for all commercial operations that must be directly related to the activity promoted;
 2. Stamp Tax for the constitution of companies, including capital increases, and all other contract, instrument or operation performed by the beneficiary and directly linked to the promoted activity;
 3. Real Estate Tax for the properties destined to the generation of electricity from renewable sources. The exemption could be extended to the buildings and lands destined to housing and social services of employees and workers, as established by regulations; and
 4. Vehicle Tax for vehicles owned by the beneficiary and affected exclusively by the generation of electricity from renewable sources.
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9. PROVINCE OF LA RIOJA

By means of Law No. 8.190, the Chamber of Deputies of the Province of La Rioja declare of provincial interest the generation of energy through renewable sources, throughout the territory of the Province of La Rioja, setting forth the following tax exemptions for the term of five years:

1. Gross Revenue Tax;
 2. Provincial Real Estate Tax;
 3. Stamp Tax on acts, contracts and operations performed within the framework of the generation of electricity from renewable sources;
 4. Any other tax that levy the production, industrialization, storage and commercialization of the product of the activities regulated by the Law within the provincial scope.
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10. PROVINCE OF MENDOZA

The Government of Mendoza established tax exemptions applicable to projects for the installation of electric power generation plants based on the use of renewable sources of energy. By means of Law No. 7822, the Chambers of Deputies and the Senate declared of provincial interest the generation of energy through renewable sources setting forth the exemptions of Stamp Tax and Gross Income Tax for fifteen years from the date of issuance of the Law.

11. PROVINCE OF SAN LUIS

By means of Law No. IX-0921-2014, the Chamber of Deputies and Senate of the Province of San Luis established the exemption from Gross Revenue Tax and Stamp Tax for a period of fifteen years, according to the following scale:

1. One hundred percent during the first five years, counted from the start-up certification;
 2. Fifty percent during the following five years; and
 3. Twenty five percent the last five years.
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12. PROVINCE OF SANTA CRUZ

On November 2016, by means of General Resolution A.S.I.P. No. 74/2016, the Province of Santa Cruz set forth a tax exemption regimen for the National Promotion Regimen of Renewable Energies.

The Resolution set forth tax exemptions for the beneficiaries of investment projects for the development of renewable energies in the provincial territory, including technological development, the production of equipment and components, the construction of facilities, exploitation, transport and commercialization of renewable energies.

The tax exemption regime is divided in three stages:

1. Stage of study and development of projects: contracts related to new ventures, during the stage of study and development of projects are exempted from Stamp Tax. To access this benefit, developers must register and declare the project before the Ministry of Production, Trade and Industry. Such exemption will be valid for a period of three years. The exemption only reaches the beneficiary company, so third parties must enter the tax in the proportion that corresponds to them.

2. Construction stage: contracts related to the new ventures, during the Investment stage are exempted from Stamp Tax. To access this benefit, developers must submit the project's progress information and comply with the information requirements requested by the Ministry of Production, Trade and Industry. Such exemption will be valid for a period of three years. The exemption only reaches the beneficiary company, so third parties that are parties to the acts must enter the tax in the proportion that corresponds to them.

3. Stage of commercial operation: one hundred percent (100%) of the Gross Revenue Tax is exempt during the first five years, counted from the start of the commercial operation.

During the sixth year and up to the tenth year counted from the start of the commercial operation, fifty percent (50%) of the Gross Income Tax is exempted.

13. PROVINCE OF SANTA FE

By means of Provincial Law No. 12.692, as amended by Provincial Law No. 12.956, the Province of Santa Fe declare of provincial interest the generation of energy through renewable sources, establishing the following tax exemptions for a period of fifteen years counted from the start-up date of the Project:

1. Gross Revenue Tax;
2. Stamp Tax;
3. Real State Tax;
4. Compensatory rates for services; and
5. Patent Vehicle Tax.

14. PROVINCE OF CATAMARCA

On November 2016, by means of Law No. 5.490, the Government of Catamarca adhered to the National Promotion Program, establishing the exemptions of the payment of Stamp Tax and Gross Revenue Tax applicable to activities included in National Law 27.191.

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