

## *Ladies and Gentlemen*

With our newsletter we would like to inform you of recent and significant legal developments in the field of tax law in Argentina.

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#### **Increase in export duties**

#### **INCREASE IN EXPORT DUTIES**

On December 14, 2019, the Executive Branch published Decree 37/2019, whereby it increased the effective export tax rate that applies generally on most products, including hydrocarbons, from 6.7% to 12% of the F.O.B value.

The Executive Branch had established an export tax on September 4, 2018 by means of Decree 793/2018. This decree created a 12% export duty that applied generally on all products. The export tax was to be applied from the date of publication until December 31, 2020.

However, this general export duty was originally capped at ARS 4 per USD 1 of the tax basis or the FOB value. Consequently, the effective duty rate was lower than the nominal one and reduced automatically over time as the Argentine peso's value decreased due to its devaluation versus the US dollar and other currencies. As of December 14th 2019, this cap yielded an effective rate of 6.7 %. Decree 37/2019 abrogated this cap, thus resulting in an increase of the tax rate to 12 %.

The new Decree 37/2019 also establishes a lower 9% export duty rate for the export of most agricultural products (other than soybeans), meat and manufactured products.

# CONTACT

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