



商業信託  
Commercial Trust



## Country Profile: Argentina

## The Facts

|                          |                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Location                 | Southern South America                                                                                                                                                                                                                                                                                                                                |
| Languages                | Spanish                                                                                                                                                                                                                                                                                                                                               |
| Nationality              | Argentine                                                                                                                                                                                                                                                                                                                                             |
| Religions                | Roman Catholic – 92%<br>Protestant – 2%<br>Others – 6%                                                                                                                                                                                                                                                                                                |
| Government               | Republic                                                                                                                                                                                                                                                                                                                                              |
| Head of Government       | President                                                                                                                                                                                                                                                                                                                                             |
| Legislature              | Bicameral National Congress                                                                                                                                                                                                                                                                                                                           |
| Constitutional Document  | Constitution of the Argentine Nation                                                                                                                                                                                                                                                                                                                  |
| Economy                  | Argentina is an upper-middle income country in Latin America, with a high quality of life and GDP per capita. Argentina has a fast growing economy, with an average of 7.4% growth per year. The economy is supported by diverse natural resources, skilled and talented labor, modern infrastructure and supportive investment and trading policies. |
| Currency                 | Argentine Peso (ARS)                                                                                                                                                                                                                                                                                                                                  |
| GDP (2011)               | Total – ARS 1,839.82 billion<br>Per capita – ARS 44,983<br>Real GDP growth – +8%                                                                                                                                                                                                                                                                      |
| Population               | 42,192,500 (approx.)                                                                                                                                                                                                                                                                                                                                  |
| Percentage of population | White – 97%<br>Others – 3%                                                                                                                                                                                                                                                                                                                            |
| Area                     | 2,780,400 km <sup>2</sup>                                                                                                                                                                                                                                                                                                                             |
| Time zone                | ART (UTC-3)                                                                                                                                                                                                                                                                                                                                           |
| Public Holidays          | National holidays – 15                                                                                                                                                                                                                                                                                                                                |
| Climate                  | Temperate                                                                                                                                                                                                                                                                                                                                             |



Sources: Ministry of Foreign Affairs and Worship – Argentine Republic, Central Intelligence Agency, International Monetary Fund

## Argentina

According to Argentina country profile, published in the BBC News on 29 May, 2012, Argentina has the third largest economy in Latin America. In terms of surface area, it is the second largest country in Latin America and the eighth largest in the world. According to UN Human Development Report 2010, Argentina ranked 46 in human development index, which shows that the country has a high standard of living. The purchasing capacity of the people of Argentina is also very strong. According to the CIA World Factbook, per capita GDP of the country went up from an estimated \$15,200 in 2009 to \$17,700 in 2011. According to the Doing Business 2011 Report by the World Bank Group, Argentina ranked 115th out of 183 countries. Moreover, the country benefits from abundance of natural resources, state-of-the-art infrastructure, and easy availability of skilled workforce. All and all, Argentina is a good place to start or expand a business.

## The Argentina Business Climate

Following are the five most important reasons why foreign investors choose to invest in Argentina.

- **Steady Economic Growth:** Argentina saw sustained economic growth from 2003 to 2008, at an average rate of 7.4 percent per year. After a three percent reduction in its economic growth in 2009, it bounced back with around 8 percent and 7 percent economic growth, consecutively in 2010 and 2011. The country is expected to see four percent growth in economy, during 2012.
- **Steady GDP growth rate:** The country's GDP increased by 7.5 percent in 2010 and by 8.8 percent in 2011. The growth in GDP is expected to continue in 2012. This steady GDP growth rate makes Argentina a safe place to invest for foreign entrepreneurs.
- **High return on investment:** Argentina has a large industrial base. In order to encourage foreign direct investment, the country offers favorable exchange rate and several other facilities. That is exactly why foreign investors can expect high return on investment from a business in Argentina. Let's take a look at some latest statistics released by the Ministry of Foreign Affairs and Worship, Argentina.
  1. Earnings as a percent of Foreign Direct Investment (FDI) stock averaged 10 percent in 2006-2009
  2. Earnings as a percentage of revenues for the 500 largest non-financial companies were 13.3 percent per year in 2005-2008
- **Integrated economy:** Economic integration helps to eliminate or reduce trade barriers among different countries. In order to increase trades and reduce trade barriers with other countries, Argentina has signed several trade agreements. The country is a founding member of the World Trade Organization (WTO), and a member of the G-20. Argentina is also a member of MERCOSUR, an economic and political agreement that promotes free trade among Argentina, Paraguay, Brazil, Uruguay, and Venezuela. The country is also a member of Free Trade Agreements (FTA) and/or Economic Complementation Agreements (ECA).
- **Availability of talents:** Argentina is acknowledged worldwide for highly trained and skilled human resources. According to statistics by the CIA World Factbook, Argentina has a literacy rate of 97.2 percent. The quality of higher education is also quite impressive. Argentina ranked tenth in the Global Entrepreneurship Monitor (2007). With several acclaimed schools, colleges, universities and professional institutions in the country, there is no lack of skilled and talented workforce in Argentina.



## Setting up a Business in Argentina

Depending upon their requirements and limitations, foreign entrepreneurs can set up any one of the various business entities permitted in Argentina. In general, foreign investors either form a limited liability company or a branch of the foreign company. Both the types have certain advantages and disadvantages. By law, six types of business entities can be formed in Argentina. Let's take a look at these six types.

- **Corporation (Sociedad Annima – S.A.):** This is similar to a limited liability company. Forming this type of company requires a minimum of two shareholders. The term “S.A.” must be included in the name of the corporation. Depending upon individual requirements, shares of this type of company can be quoted publicly or may be held privately. This business type works under the supervision of several government entities, such as the National Securities Commission, the Argentine Central Bank, and AFJP (Pension Fund Administrators).
- **Sociedad de Responsabilidad Limitada (SRL):** This type of business entity is similar to a limited liability partnership. Forming this type of corporation requires including the term “S.R.L.” to the name of the company. The maximum number of shareholders should not be more than 50; and the shares should be privately held.
- **Sociedad Cooperativa:** This type of business is controlled by a cooperative. Members with common social, economical and cultural requirements can come together to establish this type of a company in Argentina. The name of the company should include the term, “Sociedad Cooperativa”.
- **Sociedad en Comandita Simple (SCS):** This is a type of partnership limited by guarantee
- **Sociedad en Comandita por Acciones (SCA):** This is a type of partnership limited by shares
- **Sociedad en Nombre Colectivo (SNC):** In this type of corporation, there is unlimited risk for each and every member.

A foreign entity may also conduct certain business activities by setting up the parent company's authorized branch in Argentina. In that case, all operations in Argentina should be under the supervision of a nominated local representative.

## Procedure to Start a Business in Argentina

According to 2011 Doing Business Guide by the World Bank Group, starting a company in Argentina takes around 26 days. The business guide by the World Bank created a step by step guidance for starting a company in Argentina. Following are some of the major steps towards establishing a corporation in Argentina.

- **Verifying the name of the company by the office of corporations (IGJ):** This can be done online at <http://www.jus.gov.ar/registros/IGJ/>. Whether done online or offline, the procedure should not take more than one day. It costs only ARS 75.
- **Certifying signatures of partners by a notary public:** Signatures of founding members should be certified by a legal representative. In certain cases, signatures of managers and auditors should also be certified by a notary public. This takes one day and costs around ARS 130 per certification.
- **Depositing capital to National Bank:** The Corporation should deposit an amount of ARS 3,000 or more (as initial capital) to the National Bank of Argentina. By law, this initial deposit should be at least 25 percent of the subscribed capital. The corporation should also collect a proof of this payment from the bank. This requires paying a fee of ARS 30, and takes only one day.

- **Publishing the company's notice in official newspaper:** The cost required for this may vary from ARS 1,300 to ARS 2,100. The process may take one day to three days.
- **Paying incorporation fee:** This requires paying ARS 30, and takes one day to the maximum.
- **Registration with the Office of Corporations (IGJ):** This takes around 5 days and costs ARS 250.
- **Buying books and submitting proofs of purchase at the Office of Corporations:** The books to be purchased include four accounting books and a Book of Minutes of Partners' and Managers' Meetings. This takes around 5 days and costs around ARS 760.
- **Getting Fiscal code:** This is required to file affidavits and information with the National Tax Office (AFIP) through the online tax system. This takes one day, and doesn't require paying anything.
- **Getting Tax Identification Number and Registering for Social Security:** This should be done at the National Tax Office (AFIP). The procedure takes 4 days.
- **Registering tax at local level:** This requires filing the following forms and documents with the General Directory of Income (DGR)
  1. Duly filled form FN 009/0024
  2. National identification card of the legal representative who signs the above form
  3. Documents evidencing the registration of the partner or legal representative as SRL's manager with the Office of Corporations
  4. Power of attorney of the individual, who carries out the filing (if applicable)
  5. Evidence of the SRL's CUIT
  6. SRL's by laws registered with the Office of Corporations
  7. Document evidencing SRL's commercial domicile
- The procedure requires one day, and costs around ARS 50.
- **Registration with the Unified System for Labor Registration (USLR):** This takes only one day, and doesn't require paying anything.

## Taxation

Doing business in Argentina requires paying taxes at federal, regional and municipal level. Some major taxes in the federal tax system include payroll tax, income tax, import and export tax, value added tax, net worth tax, and the tax on financial transactions. The tax system for corporations, branch of foreign companies, and limited liability companies are more or less similar. As of 2011, the country's corporate income tax rate was 35 percent. Following are some major features of Argentina's tax system.

- Taxable income is referred to as the difference between income by the taxpayer and expenses incurred to obtain that income.
- The country's sales tax or value added tax (VAT) rate is 21 percent
- The country charges one percent annual tax on minimum presumed income to assets of a foreign corporation located in Argentina.

Due to the complicated nature of Argentina's tax system, it is always advisable to seek expert's advice regarding this, before taking any decision.



### Immigration and Visa Requirements

For those who want to visit Argentina for touring purpose, should apply for a tourist visa, which has a maximum validity of 90 days. However, foreign investors, who want to visit the country for business purpose, should apply for a business visa. For U.S. citizens, a visa is not required for visit of up to 90 days. However, they will require carrying a valid passport. Applying for a visa requires the following documents.

- Duly filled application form
- One Passport-size photo
- Return Journey Ticket
- Valid passport with a full blank page
- Evidence of sufficient funds for staying in the country
- Proof of visa fee payment

For those who want to reside in the country for a temporary period can also apply for temporary residence visa. This special visa is given to foreign investors, representatives of foreign companies, and some others. For immigration or permanent residence visa, the foreign person should apply for permanent citizenship after staying in the country continuously for five years.

## Reference

|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ministry of Foreign Affairs and Worship – Argentine Republic | <a href="http://www.inversiones.gov.ar/en/">www.inversiones.gov.ar/en/</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Central Intelligence Agency                                  | <a href="http://www.cia.gov">www.cia.gov</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| International Monetary Fund                                  | <a href="http://www.imf.org">www.imf.org</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Index mundi                                                  | <a href="http://www.indexmundi.com/argentina/economy_profile.html">www.indexmundi.com/argentina/economy_profile.html</a>                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| GlobalTrade.net                                              | <a href="http://www.globaltrade.net/f/business/text/Argentina/Business-Environment-Argentina---Economic-Outlook.html">www.globaltrade.net/f/business/text/Argentina/Business-Environment-Argentina---Economic-Outlook.html</a>                                                                                                                                                                                                                                                                                                                           |
| The World Bank Group                                         | <a href="http://rru.worldbank.org/BESnapshots/Argentina/default.aspx">rru.worldbank.org/BESnapshots/Argentina/default.aspx</a><br><a href="http://www.doingbusiness.org/data/exploreeconomies/argentina/starting-a-business">www.doingbusiness.org/data/exploreeconomies/argentina/starting-a-business</a>                                                                                                                                                                                                                                               |
| Slideshare                                                   | <a href="http://www.slideshare.net/ProsperArgentina/10-reasons-to-invest-in-argentina-july-2009">www.slideshare.net/ProsperArgentina/10-reasons-to-invest-in-argentina-july-2009</a>                                                                                                                                                                                                                                                                                                                                                                     |
| Investment U                                                 | <a href="http://www.investmentu.com/2010/September/investing-in-argentina.html">www.investmentu.com/2010/September/investing-in-argentina.html</a>                                                                                                                                                                                                                                                                                                                                                                                                       |
| The Daily Reckoning                                          | <a href="http://www.dailyreckoning.com.au/foreigners-invest-argentina/2009/11/16/">www.dailyreckoning.com.au/foreigners-invest-argentina/2009/11/16/</a>                                                                                                                                                                                                                                                                                                                                                                                                 |
| UK Trade & Investment                                        | <a href="http://www.ukti.gov.uk/export/countries/americas/southamerica/argentina/doingbusiness.html">www.ukti.gov.uk/export/countries/americas/southamerica/argentina/doingbusiness.html</a>                                                                                                                                                                                                                                                                                                                                                             |
| Embassy of Argentina US                                      | <a href="http://www.embassyofargentina.us/v2011/en/economyandtrade/investments/files/investorsguide.pdf">www.embassyofargentina.us/v2011/en/economyandtrade/investments/files/investorsguide.pdf</a>                                                                                                                                                                                                                                                                                                                                                     |
| Deloitte                                                     | <a href="http://www.deloitte.com/assets/Dcom-Argentina/Local%20Assets/Documents/types_business_organizations_10-2005.pdf">www.deloitte.com/assets/Dcom-Argentina/Local%20Assets/Documents/types_business_organizations_10-2005.pdf</a><br><a href="http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2012/dttl_tax_guide_2012_Argentina.pdf">www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2012/dttl_tax_guide_2012_Argentina.pdf</a> |
| Stat Up Overseas                                             | <a href="http://www.startupoverseas.co.uk/starting-a-business-in-argentina/company-formation.html/">www.startupoverseas.co.uk/starting-a-business-in-argentina/company-formation.html/</a>                                                                                                                                                                                                                                                                                                                                                               |
| TaxRates.cc                                                  | <a href="http://www.taxrates.cc/html/argentina-tax-rates.html">www.taxrates.cc/html/argentina-tax-rates.html</a>                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| LanguageCourse S.L.                                          | <a href="http://www.languagecourse.net/visa/argentina.php3">www.languagecourse.net/visa/argentina.php3</a>                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| eHow                                                         | <a href="http://www.ehow.com/list_6676602_argentina-immigration-laws.html">www.ehow.com/list_6676602_argentina-immigration-laws.html</a>                                                                                                                                                                                                                                                                                                                                                                                                                 |

## Contact

Website: [www.cmltrust.com](http://www.cmltrust.com)

Email: [inquire@cmltrust.com](mailto:inquire@cmltrust.com)

Tel: +852 2162 7371