

AN ALERT FROM THE BDO INTERNATIONAL TAX PRACTICE

BDO KNOWS: INTERNATIONAL TAXATION



SUBJECT

ARGENTINA UPDATES WHITE LIST OF COOPERATIVE JURISDICTIONS

DATE / TIMING

Effective January 1, 2016.

AFFECTING

Taxpayers with Argentinean subsidiaries that engage in transactions with countries included in or excluded from Argentina's tax white list.

DETAILS

In May 2013, the Argentina's tax authority ("AFIP") published Decree 589/2013 which established the process for determining when countries are considered to be low tax or no tax jurisdictions for purposes of a broader application of local transfer pricing rules.

Subsequently, in January 2014, the AFIP issued Resolution 3576 which made public a list of "cooperative" jurisdictions, also known as the "white list." These jurisdictions are countries and territories that generally have signed tax information exchange agreements with Argentina. Examples of cooperative jurisdictions include: Brazil, Canada, and the United States.

For tax purposes, a country not listed on the white list is generally considered "not cooperative." Accordingly, this would automatically trigger the tax treatment for low or no tax jurisdictions under domestic law which will generally include being subject to higher withholding taxes on outbound payments, tougher transfer pricing regulations, application of controlled foreign corporation rules and imposition of additional taxes on inbound payments.

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UPDATES

Countries added to the white list:

- ▶ Barbados, Belarus, Bulgaria, Cameroon, Cyprus, Gabon, Gibraltar, Hong Kong, Niue, Senegal, Seychelles, and Uganda.

Countries excluded from the white list:

- ▶ Angola, Haiti, Kenya, Kuwait, Montenegro, Nicaragua, Qatar, the United Arab Emirates, and Vietnam.

BDO INSIGHTS

As a best practice, taxpayers with Argentinean subsidiaries should review their transactions with countries included in or excluded from the AFIP's white list. BDO can help taxpayers understand and comply with domestic rules as a consequence of transactions with or without white list jurisdictions. BDO can also assist taxpayers to plan or restructure their Argentinean cross-border operations in a tax efficient manner taking into consideration the AFIP's white list and all other relevant domestic and international tax rules.

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