

Global Tax Alert

News from EY Americas Tax

Argentina issues guidance on foreign exchange regulations

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Over the last few months, the Argentine Central Bank (BCRA) has issued guidance on the foreign exchange regulations issued in September 2019.

This Tax Alert covers the most significant guidance issued by the BCRA.

Communique A 7,106

Communique A 7,106 established that Argentine entities (other than banks) with financial loans granted by non-related foreign entities that have principal payments due from 15 October 2020 to 31 March 2021 must present to the BCRA a refinancing plan of those loans. The refinancing plan must meet the following criteria:

- ▶ The new principal amounts that must be paid from 15 October 2020 to 31 March 2021 must not exceed 40% of the amounts that were originally due within that period.
- ▶ The outstanding principal must be refinanced through a new loan with an average life of no less than two years.

The requirement to refinance the loan does not apply when the grantor of the loan is an international organization, associated agencies of an international organization or other official organizations. The requirement also does not apply to loans in which the principal to be paid each month does not exceed US\$1 million.

Communique A 7,094

Communique A 7,094 extended, through 31 October 2020, the requirement for Argentine entities to obtain prior authorization from the BCRA for:

- ▶ Payments of financial loans with foreign related parties
- ▶ Payments of amounts that exceed the original amount due for goods imported since 1 January 2020

Communique A 7,079

Communique A 7,079 established that Argentine entities requiring access to the official foreign exchange market (i.e., purchasing foreign currency) to pay for imported goods or services, or to make any other payment abroad, must file an affidavit stating that in the past 90 days they did not sell bonds against foreign currency or transfer bonds to a foreign broker. They also must commit to not conduct those transactions over the next 90 days.

Communique A 7,042

Communique A 7,042 established that Argentine entities requiring access to the official foreign exchange market to pay for imported goods or services, dividends, commercial interests and principal and interest of financial loans must file an affidavit stating that all their financial assets in foreign currency exceeding US\$100k are deposited in Argentine banks (certain exceptions may apply).

Implications

Companies doing business in Argentina and multinational groups interested in the Argentine market should evaluate these foreign exchange regulations and monitor the developments related to the foreign exchange market.

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