

International comparison of insurance taxation

Argentina

General insurance – overview

Definition	Accounting	Taxation
Definition of property and casualty insurance company	Property and casualty insurance companies are those that insure the assets of the insured party.	Not defined by tax legislation
Commercial accounts/ tax and regulatory returns	Accounting	Taxation
Basis for the company's commercial accounts	Generally accepted accounting principles (GAAP) and specific standards stated by the Regulatory Authority (National Insurance Superintendency - NIS) and the local accountant's Board.	Taxation based on statutory accounts
Regulatory return	The NIS requires the following separate returns: <ul style="list-style-type: none"> Annually: statutory account (subject to full audit), report to management plus other quarterly information (see below); Quarterly: statutory accounts (with limited review report), solvency requirements (including attestation report), technical reserves coverage, statement of coverage for due liabilities and claims payable (including attestation report) and other detailed statistical information. 	Special balance sheet form must be filled-in. (F. 760/c)
Tax return	N/A.	<ul style="list-style-type: none"> Annually: Income tax and minimum notional income tax returns. Monthly: VAT, turnover tax and excise tax returns.
Technical reserves/ equalisation reserves	Accounting	Taxation
Unearned premiums reserve (UPR)	This reserve is required to be established for the unexpired portion of the premiums written on a policy-by-policy basis. It should be considered the related acquisition costs and reinsurance.	Deduction allowed as per accounts.
Unpaid claims reported	Calculated on case-by-case basis (loss ratios can be applied for lawsuits reserves).	Accounts provision deductible in full.
Claims incurred but not reported (IBNR)	IBNR technically calculated is required.	Deduction allowed as per accounts.
Unexpired risks	N/A.	N/A.
General contingency/ solvency reserves	Premium deficiency reserve is required when premiums income is not enough to cover claims and expenses. The methodology for its calculation is defined by the control authority.	Deduction not allowed by fiscal authority.
Equalisation reserves	Not envisaged by accounting rules.	Deduction not allowed

Argentina: General insurance – overview (continued)

Expenses/ refunds	Accounting	Taxation
Acquisition expenses	Agents' commissions are charged to profit and loss (P&L).	Deduction allowed as per accounts.
Loss adjustment expenses on unsettled claims (claims handling expenses)	Estimates included in unpaid claims reserves.	Deduction allowed as per accounts.
Experience-rated refunds	Case-by-case basis. Credited when earned.	Follows accounting treatment.
Investments	Accounting	Taxation
Gains and losses on investments	Included in P&L.	Accrued gains and losses are included in taxable income. In the case of shares and mutual funds, gains and losses are not taxable deducted until realised. See also investments income
Investment reserves	The standard valuation rule is to take the quotation at the closing date (net of selling expenses).	Allowances are not deductible.
Investment income	Included in P&L if accrued.	Generally taxed on accruals basis. Dividends from local corporations are not computable for income tax purposes (taxable through withholding process in some cases).
Reinsurance	Accounting	Taxation
Reinsurance premiums and claims	Premiums paid/payable are deducted from gross premiums. Claims recoveries netted in P&L account against. Claims paid/payable.	Follows accounting treatment.
Mutual companies	Accounting	Taxation
Mutual companies (all profits returned to members)	No special treatment.	Special entities called "cooperativas" and "mutuales" are income-tax-exempt (provided that they comply with certain regulations).

Argentina: General insurance – other tax features

Further corporate tax features	
Loss carry-overs	5 year carry-forward against profits of the same source and kind.
Foreign branch income	Taxable with credit for overseas tax similar to income tax.
Domestic branch income	Calculated under ordinary rules.
Corporate tax rate	The rate is 35%. Dividends paid exceeding the accumulated net taxable income are subject to an additional 35% of income tax withholding.
Other tax features	Taxation
Premium taxes	There are other taxes on premiums such as VAT, stamp tax, excise tax, turnover tax, NIS contribution and fire dept. contribution.
Capital taxes and taxes on securities	Minimum notional income tax applies at 1% rate on 20% of assets (applicable only when such tax amount exceeds income tax).
Captive insurance companies	N/A.
Value added tax (VAT)	The general tax rate applicable is 21%. Some exemptions are applicable depending on the kind of insurance (i.e. life insurance, private retirement insurance, annuities and labour accidents).

Argentina: Life insurance – overview

Definition	Accounting	Taxation
Definition of life insurance companies	A company that carries out life insurance business and to which specific regulations apply.	Insurance that covers death risk and endowment (specifically defined for VAT purposes).
Commercial accounts/ tax and regulatory returns	Accounting	Taxation
Basis for the company's commercial accounts	GAAP and specific standards stated by the regulatory authority (NIS).	Taxation based on statutory accounts.
Regulatory return	The NIS requires the following separate returns: <ul style="list-style-type: none"> • Annually: statutory account (subject to full opinion) report to management plus other quarterly information (see below); • Quarterly: statutory accounts (with limited review report), solvency requirements (including attestation report), technical reserves coverage, statement of coverage for due liabilities and claims payable (including attestation report) and other detailed statistical information. 	No additional requirements.
Tax return	N/A.	<ul style="list-style-type: none"> • Annually: Income tax and minimum notional income tax returns. • Monthly: VAT and turnover tax returns.
General approach to calculation of income	Accounting	Taxation
Allocation of income between shareholders and policyholders	Separate accounting, for policy- and shareholder profits, within statutory accounts.	Follows accounting treatment.
Calculation of investment return	Accounting	Taxation
Calculation of investment income and capital gains	Gains and losses on investments (plus dividends and interest are taken to P&L).	Follows accounting treatment.
Calculation of investment income and capital gains	Accounting	Taxation
Actuarial reserves	Calculated in accordance with the technical notes of each life product. Zillmer methods are not allowed.	Follows accounting treatment (assuming it is based on NIS rules).
Acquisition expenses	Deductible immediately or spread over 5 years maximum.	Fully deductible or follows accounting treatment.
Gains and losses on investments	Included in P&L.	Accrued gains and losses are included in taxable income. In the case of shares and mutual funds, gains and losses are not taxable/ deducted until realised.
Reserves against market losses on investments	Unrealised losses on investments are recognised in P&L.	Deduction allowed only to reflect market value.
Dividend income	Insurance companies may make permanent investments, subject to certain restrictions.	Dividend income from local corporations is not computable for income tax purposes (subject to withholding process in some cases).
Policyholder bonuses	Included as an expense in the technical account.	Follows accounting treatment.
Other special deductions	None.	It depends on each specific case.

Argentina: Life insurance (continued)

Reinsurance	Accounting	Taxation
Reinsurance premiums and claims	Deducted from gross premiums.	Follows accounting treatment.
Mutual companies/ stock companies	Accounting	Taxation
Mutual Companies	No special rules.	Special entities called “cooperativas” and “mutuales” are income-tax-exempt (provided that they comply with certain regulations)

Argentina: Life insurance – other tax features

Further corporate tax features	Taxation
Loss carry-overs	5 year carry-forward against profits of the same source and kind.
Foreign branch income	Taxable with credit for overseas tax similar to income tax.
Domestic branch income	Calculated under ordinary rules.
Corporate tax rate	The rate is 35%. Dividends paid exceeding the accumulated net taxable income are subject to an additional 35% of income tax withholding.
Policyholder taxation	Taxation
Deductibility of premiums	Deductible up to annual limit stated by law.
Interest build-up	Not taxable.
Proceeds during lifetime	The benefit received by the payee (net of settlement cost) is subject to income tax on receipt in the case of annuities. In the case of life insurance, that benefit is income tax exempt.
Proceeds on death	Proceeds on death or endowment are exempt.
Other tax features	Taxation
Premium taxes	There are taxes on premiums such as: turnover tax, stamp tax, NIS contribution, and fire department contribution. Certain policies are also taxed by VAT and excise tax (accidents).
Capital taxes and taxes on securities	For individuals: personal asset tax exempt. For corporations: Minimum notional tax applies at 1% rate on 20% of assets (only when the tax amount exceeds income tax).
Captive insurance companies	N/A.
Value added tax (VAT)	In general terms, life insurance business and annuities are not taxable with VAT. Some additional clauses included in this kind of insurance may be taxable with VAT, such as individual accidents.

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