

Argentina introduces materiality thresholds and modifications to transfer pricing informative returns

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In brief

General Resolution 4496 (GR 4496) was published in Argentina's Official Gazette on May 27. Through this Resolution, the Federal Administration of Public Revenue (AFIP) modified certain aspects of General Resolution 1122 (GR 1122), which governs transfer pricing documentation requirements and related obligations. Some of the amendments aim to partially regulate the modifications introduced to the Income Tax Law and its Regulatory Decree regarding transfer pricing, as a result of the latest tax reform, which applies to fiscal years starting from January 1, 2018.

In summary, the key amendments set forth by GR 4496 include:

- Introduction of materiality thresholds for the obligation to file forms 743 and 4501
- Update of the materiality thresholds for the obligation to file form 867
- Elimination of form 969
- Consolidation of due dates for most informative statements related to international transactions (forms 741, 743, 867, and 4501) to the eighth month after the closing of the fiscal year.

In detail

Materiality thresholds in transfer pricing obligations

Filing the annual transfer pricing report (certified by an independent public accountant), as well as form 743 (related to international transactions carried out between related parties or with third parties located in jurisdictions considered non-cooperative for tax purposes or jurisdictions with low or nil taxation) will only

be required if the transactions governed by transfer pricing legislation that were carried out during the fiscal year meet the materiality thresholds set forth.

Thus, these obligations will only be required if the amount of the transactions carried out by the taxpayer with foreign-related parties or with third parties located in jurisdictions considered non-cooperative for tax purposes, or jurisdictions with low or nil taxation, during

the fiscal year individually considered exceed the amount of 300,000 Argentine pesos (ARS) or, considered as a whole, the amount of ARS 3 million.

Transactions with unrelated parties — new materiality thresholds

The new resolution updated the materiality threshold for filing form 867, which requires taxpayers to disclose the profit margins derived from the import

and export of certain goods (only those that are not publicly quoted on transparent markets) carried out with independent parties.

As from the date that the new resolution comes into effect, the filing of form 867 will only be required when the transactions mentioned in the previous paragraph exceed the amount of ARS 10 million during the fiscal year, thus replacing the previous threshold of ARS 1 million.

Additionally, this resolution provides that the taxpayer must maintain working papers in which the profit level indicator derived from the mentioned transactions is clearly calculated and determined. However, if said transactions exceed ARS 100 million, taxpayers must maintain these working papers which also in addition must contain the calculation and determination of the profit level indicator corresponding to each production line and the way in which these production lines were determined.

Harmonization of due dates; elimination of form 969

The new resolution modifies the due date of certain obligations related to transfer pricing and other international transactions and repeals the obligation to file one of the annual transfer pricing forms, i.e., form 969.

GR 4496 harmonizes the due dates of the different informative statements so that all of the forms set forth by GR 1122 must be filed no later than the eighth month after the closing of the fiscal year.

As per the amendments established by GR 4496, forms 741, 743, 867, and 4501 (including the transfer pricing report and the independent CPA certification) must be submitted no later than the following day of the

eighth month after the closing of the fiscal year:

Last Tax ID digit	Due date
0 or 1	Up to day 3
2 or 3	Up to day 4
4 or 5	Up to day 5
6 or 7	Up to day 6
8 or 9	Up to day 7

If one of these days is a holiday or a non-working day, the due date, as well as the following due dates, will move to the following working day.

Other aspects not regulated yet

Other important aspects introduced by the tax reform in the Income Tax Law and its Regulatory Decree have not been regulated yet. Such aspects include master file, filing of commodity transactions, and international intermediaries – substance test.

The takeaway

Additional details to the regulations are expected with future resolutions to be enacted by AFIP, which will provide more specific and practical guidance.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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