

REAL ESTATE IN ARGENTINA



Buenos Aires, April 2012



San Martin, Suarez y Asociados

Real Estate

Foreign Individuals: Acquisition

- **Investment**
- **Rentals**
- **Recreational**



Real Estate

Foreign Individuals: Acquisition

- **Stamp Tax:** Average rate 2.5%
(shared by parties)

- **Personal Assets Tax:** 1.25%



Real Estate

Foreign Individuals: Rentals (Housing / Commercial)

- **Income Tax Withholding: 21%**
(Presumption 60% on 35%)
- **Stamp Tax: Average rate 1%**



Real Estate

Foreign Individuals: Rentals (Commercial)

- **> \$1.500:** VAT 21%
- **Turnover Tax:** Average rate 3%

Evaluate incorporation



Real Estate

Foreign Individuals: Rentals (Housing / Commercial)

- **Information Regime – Register of Real Estate transactions:** In case of rentals over AR\$ 8.000 per month, inform to the AFIP the details of the transaction (price, Real Estate data, etc.)
- Obtain the registration certificate and show it to the tenant.



Real Estate

Foreign Individuals: Sales

- **Income Tax Withholding:** None
- **Tax on Transfer of Real Estate (ITI):** 1.5%*
- **Stamp Tax:** Average rate 2.5% (shared by parties)

* The tax authority must provide a withholding certificate. The notary must withhold the corresponding amount of the ITI at the moment of execution of the deed.



Real Estate

Foreign Individuals: Sales

→ Certificate of withholding (ITI)

➤ Tax return (F.145) must be submitted by a legal representative in order to obtain this certificate with no less than 20 calendar days in advance to the date of the execution of the deed.

Notice that it could take several weeks for the tax authority to approve the transfer and issue the certificate



Real Estate

Foreign Individuals: Sales

→ Certificate of withholding (ITI)

➤ Additionally, some documentation must be provided to the Tax Authority. E.g:

➤ Electricity, telephone and gas services bills, regarding the real estate subject to transfer, corresponding to the last 12 months prior to the request.

➤ Personal Assets Tax Return (which contains the real estate subject to transfer).



Real Estate

Foreign Individuals: Sales

→ Information Regimes:

➤ Certificate on Real Estate Transfer (COTI): Inform to the tax authority the price of the sale and ask for the COTI before the date of the execution of the deed.

(Only when the value of the real estate is equal or exceed AR\$ 300.000)



Real Estate

Foreign Corporations: Acquisition

- Investment
- Rentals



Real Estate

Foreign Corporations: Acquisition

→ **Stamp Tax:** Average rate 2.5%
(shared by parties)

→ **Personal Assets Tax:** 1.25%



Real Estate

Foreign Corporations: Rentals (Housing / Commercial)

- **Income Tax Withholding:** 21%
(Presumption 60% on 35%)
- **Stamp Tax:** Average rate 1%



Real Estate

Foreign Corporations: Rentals (Commercial)

→ **> \$1.500:** VAT 21%

→ **Turnover Tax:** Average Rate 3%

Evaluate incorporation



Real Estate

Foreign Corporations: Sales

→ **Income Tax Withholding:**

- 17.5% on the sales price (Presumption 50% on 35%) or
- 35% on actual profit (optional)

→ **Tax on the Transfer on Real Estate:** None

→ **Stamp Tax:** Average rate 2.5%



Real Estate

Foreign Corporations: Sales

→ Information Regimes:

- Tax Return F.145: Submittal with no less than 20 calendar days in advance to the date of the execution of the deed.
- Certificate on Real Estate Transfer (COTI): Inform to the tax authority the price of the sale and ask for the COTI before the date of the execution of the deed. (Only when the value of the real estate is equal or exceed AR\$ 300.000)



Real Estate

Construction for Sale

→ Acquisition

- **Stamp Tax:** Average rate 2.5% (shared by parties)
- **Construction Costs:** VAT 21% (10.5% in case of housing)

Incorporate!



Real Estate

Construction for Sale

→ Sale

- **Stamp Tax:** Average rate 2.5% (shared by parties)
- **VAT:** 21% or 10.5%
- **Income Tax:** 35%
- **Turnover Tax:** 1.5%

Incorporate!



Real Estate

Construction for Rent

→ Acquisition

- **Stamp Tax:** Average rate 2.5% (shared by parties)
- **Construction Costs:** VAT 21%
(10.5% in case of housing)

Incorporate!



Real Estate

Construction for Rent

→ Sale (after 3 years)

- **Stamp Tax:** Average rate 2.5% (shared by parties)
- **VAT:** Fiscal credit refund (if the sale takes place within 10 years)
- **Income Tax:** 35%
- **Turnover Tax:** None

Incorporate!



Real Estate

→ Sale (after 3 years)

- **Stamp Tax:** Average rate 2.5% (shared by parties)
- **VAT:** Fiscal credit refund (if the sale takes place within 10 years)
- **Income Tax:** 35%
- **Turnover Tax:** None

Incorporate!

