



COMPANY FORMATION IN ARGENTINA

MAIN FORMS OF COMPANY/BUSINESS IN ARGENTINA

According to the law there are six types of companies that, at the moment of setting up a business in Argentina, can be established in the country:

- Sociedad Anónima (SA), which is tantamount of the British private companies limited by shares.
- Sociedad de Responsabilidad Limitada (SRL), is a private company limited by guarantee. It limits the liability of its members up to their capital contribution in the company. The equity is divided into equal stakes (can't be called "shares"), each one of which represents a percentage of the company and that can't be traded on the stock exchange. Their bylaws are regulated by law N° 19550[15] and the commercial partnership is limited to a maximum of 50 partners.
- Sociedad en Comandita Simple (SCS), which are partnerships limited by guarantee. A limited partnership (LP) is a form of partnership similar to a general partnership, except that where a general partnership must have at least two general partners (GPs), a limited partnership must have at least one GP and at least one limited partner.
- Sociedad en Comandita por Acciones (SCA), partnerships limited by shares.
- Sociedad en Nombre Colectivo (SNC), in which all the members share risks and capitals on unlimited basis.
- Sociedad de Capital e Industria (SCeI)
- Sociedad del Estado (SE), is a legal entity that undertakes commercial activities on behalf of an owner government.
- Sociedad de Garantía Recíproca (SGR)
- Sociedad Cooperativa (SC), free associations of members with a common social, economic and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise (cooperative).

Argentine law is complex and changing. It is strongly recommended that legal advice be taken before incorporating a business in Argentina or entering into any contractual arrangement.

SPECIFIC TAX CONCERNS RELATED TO ESTABLISHING A COMPANY

In Argentina, revenue is raised by the national, provincial and municipal governments, mainly through taxes levied on income, assets, and consumption.

At a national level, the Federal Administration of Public Revenues (AFIP for its acronym in Spanish), an autarchic entity that reports to the Ministry of Economy and Public Finance, is responsible for tax levy, collection and monitoring. At a national level, the main taxes levied include: Income Tax, Value Added Tax, Minimum Presumed Income Tax, Excise Tax, Personal Assets Tax, and Taxes on Debits and Credits in Bank Accounts and Other Operations.

At the provincial level, taxes are collected and administered by the provincial revenue agencies working under the respective provincial ministries of economy. The main provincial taxes are Gross Income Tax (or Turnover Tax), Stamp Tax and Real Estate Tax.

Municipalities raise revenue through rates and special contributions.

LEGAL ISSUES RELATED TO ESTABLISHING A COMPANY

Foreign investments in Argentina are regulated by a framework of international treaties and Argentine laws that establish the norms for choice of law and jurisdiction, legal treatment of foreign investors, monetary policy and foreign exchange.

In general, foreign investors wishing to invest in Argentina, either by starting up new businesses or by acquiring existing businesses or companies, do not require prior government approval except for regulated areas or for general applicable regimes such as antitrust regulations.

However, if a foreign company's investment consists of holding equity of an Argentine company, the foreign company must register with the Public Registry of Commerce of the jurisdiction where the Argentine company is incorporated and comply with certain periodic reporting requirements.

Foreign investments are governed by the Argentine Foreign Investments Law No. 21,382 enacted in 1976, which has subsequently been the subject of considerable amendment, with a view to liberalizing the regime applicable to them.

The law states, as a general principle, that foreigners investing in economic activities in Argentina enjoy the same status and have the same rights that the Constitution affords local investors. Both are entitled to select any legal organization permitted by law, and to have free access to domestic and international financing.



DOING BUSINESS IN ARGENTINA

CULTURAL CONCERNS RELATED TO ESTABLISHING A COMPANY / OTHER COUNTRY-SPECIFIC ISSUES RELATED TO ESTABLISHING A COMPANY

Argentines differ from one another. Geography might have an influence on the characteristics of people you may be in contact with. For instance, people from a metropolitan city, such as Buenos Aires, are generally more informal and direct than people from towns and provinces of the interior of the country.

Generally speaking, Argentines are open-minded and outgoing. All issues can be addressed in a conversation. However, at first contact religion and political issues should be avoided or addressed politely and with some restraint.

Work styles differ between workplaces but it is important to be clean and punctual. Argentines pay extreme attention to dressing, both in summer and winter.

People are expected to meet deadlines in the workplace, although there is often some degree of flexibility.

Work schedules differ from one workplace to another. A tendency to be accountable for results is more used in private sector than in public sector.

Sometimes personal relationships increase opportunities to do business. Argentines are usually committed to personal values, and friendship and family occupy a central place in Argentine society. In Buenos Aires, it is very common to go for coffee after work in one of the city's many cafes. To invite somebody for coffee and indeed talk about business outside of the office is a valuable way to get in contact with others.