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PUBLICATION



## ISSUES RELATING TO FOREIGN INVESTMENT

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**1) Is national governmental permission required for foreign investors to acquire real estate? If so, please identify.**

Ownership of land in Argentina is generally freehold and is subject to registration with the official Land Registry of the place where the land is situated.

Foreign ownership is unrestricted except in certain areas of national security, such as frontier zones. A foreign investor who wishes to acquire immovable property in such an area (or controlling interest in a company owning such immovable property) must seek the prior consent of the National Commission of Security Zones. In order to apply for such a consent the investor must provide the Commission with documentation concerning the projected use for the property to be purchased, documentation concerning the buyer company, or individual, as the case may be, all of which must be certified by a notary public and translated and legalized where necessary. The Commission has complete discretion as regards granting its approval for the purchase to be made by a foreign investor, although this consent is generally in practice granted.

**2) Are there other national restrictions imposed on ownership of real estate by foreign investors? To acquire interests in entities which own real estate? If so, please identify.**

There are no additional restrictions. However, certain foreign exchange restrictions must be considered:

Currently, foreign exchange regulations do not require non-Argentine residents who wish to invest in Argentina to transfer funds to Argentina to make such investments and, therefore, such transactions may be closed and settled off shore. However, if the transaction involves a transfer of funds to Argentina, certain restrictions may apply.

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Non Argentine residents that transfer funds to Argentina to acquire real estate property are exempted from the 30% non-interest-bearing mandatory reserve deposit set forth in Argentine foreign exchange regulations for certain particular cases, provided that the transfer of foreign currency and sell for Argentine pesos in the foreign exchange market, and subsequent payment of the purchase price, are made simultaneously with the execution of the public deed that transfers the property in favor of the non-resident investor.

In addition, pursuant to the Information Regime on Direct Investments created by Communication "A" 4237 of the Argentine Central Bank, administrators of real estate owned by non-Argentine residents shall inform the Central Bank on such real estate investments, provided that their value, calculated on the basis of the total fiscal value of the real estate, equals or exceeds the equivalent of US\$ 500,000. If the relevant real estate investment does not reach such amount, the filing of the report is optional.

**3) Are foreign investors required to invest with a local partner? If not, is investment with a local partner advisable?**

There is no such requirement.

**4) What national taxes are levied solely on foreign individuals or entities acquiring or transferring real estate or interests in entities which acquire real estate?**

There are currently no taxes levied solely on foreign investors acquiring or transferring real estate. Non-resident individuals or non-resident legal entities are taxed only on argentine source income (i.e. derived from income arising from the purchase and sale, or rental of real estate located in Argentina).

Non-argentine domiciled individuals or entities are subject to patrimonial taxes solely upon their assets located in Argentina. Depending on certain elements the applicable rate varies from 0.75% to 1.5%.

**5) Describe reporting requirements for reporting the acquisition, ownership or disposition of real estate which relate solely to foreign direct or indirect owners of real estate.**

The registration of the corresponding deed with the Land Registry is required for most rights over real property (i.e. acquisition, ownership, mortgages, and easements) for protection and affects vis-à-vis third parties.

There is no title insurance system.