

Voluntary Report – Voluntary - Public Distribution

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Report Name: New Export Tax Rates in Argentina

Country: Argentina

Post: Buenos Aires

Report Category: Grain and Feed, Oilseeds and Products, Livestock and Products, Fresh Deciduous Fruit, Fresh Fruit, Agriculture in the News

Prepared By: Benjamin Boroughs

Approved By: Melinda Meador

Report Highlights:

On Wednesday, March 4, 2020 the Government of Argentina announced adjustments to its export tax regime. Key modifications to existing rates included an increase from 30% to 33% for soybeans and soybean products. Wheat, corn, and sorghum export taxes remain at 12%. Other commodities saw reduction or maintenance of their current export tax rates.

Fernandez Government Seeks to Raise Revenue by Taxing Agricultural Exports:

In December 2019, shortly after taking office, Argentine President Alberto Fernandez raised export taxes on grains and oilseeds under pre-existing legal authority. Shortly thereafter, Pres. Fernandez gained the authority to further increase export taxes as part of an emergency economic law, the “Social Solidarity and Production Reactivation” act. The Fernandez government is seeking additional revenue to finance new stimulus measures for social expenditures as well as manage existing fiscal deficit and service outstanding debt obligations.

On March 4th, 2020 the Government of Argentina exercised its newly granted powers by announcing further adjustments to its export tax regime through [Decree 230/2020](#), which included increasing the export tax on soybeans and soybean products to 33%. Value-added products and labor-intensive industries generally saw reductions or maintenance of current rates. The adjustments reflect not only a method to increase revenue overall but also an emphasis on taxing larger, commercial farm that produce the majority of Argentina’s grains and oilseeds while reducing the burden for smaller-scale farmers and farmers that produce specialty crops (referred to as regional economies in Argentina). Luis Basterra, Minister of Agriculture, Livestock, and Fisheries said, “We are applying the concept of social equality, that is to say, that export taxes are rising for those with greater ability to pay, and there will be a benefit for less well-off producers, who the prior government’s policies never served.”

National agricultural organizations as well as grassroots and local farm leaders had strongly resisted the rise in export taxes. By “segmenting” the export taxes in this manner, the government may be seeking to prevent unified farm resistance by dividing agricultural interest groups based upon commodity and farm size.

For soybean and soy products, Argentina’s largest export category, exporters have paid a 30% export tax since December 2019, however, exporters now must pay a 33% export tax on soybean, soybean oil, and soil meal. Sources indicate that some relief may be forthcoming, though, for smaller-scale producers. Information issued by the Ministry of Agriculture indicate exporters selling soybean and soybean products sourced from farmers producing smaller volumes could pay anywhere from 30-20% in export taxes depending upon the size of the farm from which the soybean were sourced. Soy and soy products sourced from farmers producing more than 1000 T (36,743 bushels) of soybeans per year will continue to pay 33%.

Proposed Soybean Export Tax Segmentation by Farm Size							
Export Tax	20%	23%	26%	28%	29%	30%	33%
Farm Size*	<100 TN	101-200 TN	201-300 TN	301-400 TN	401-500 TN	501-1000 TN	>1000 TN
Number of Farmers**	12,275	9,576	6,682	4,643	3,289	5,941	14,884
Share of Production**	23%						77%
* by tons of soybean produced. ** Government of Argentina estimate							

For other field crops, the government maintained export taxes of 12% on wheat, corn, and sorghum. Export taxes on peanuts, sunflowerseed, and sunflower oil were reduced from 12% to 7%. Paddy rice was reduced from 12% to 6%. Dry beans, peas, and lentils were reduced from 9% to 5%. Wine and most fruits and vegetables were left with a preexisting variable tax of \$3ARG Pesos per \$1USD of export value. At current official exchange rates, this tax is ≈5%, however if the official exchange rate were to fall in relation to the US Dollar, the effective export tax would decrease. For livestock and products, beef, live cattle, chicken, and powdered milk were maintained at 9%. Pork, sausages, mutton, and wool were reduced from 9% to 5%. The new decree also repealed Decree 847/2019 which was issued in the closing days of the Macri Administration which established a quota of 2 million tons of leather which could be exported free of export taxes. Individual export tax rates vary based on HS code. A summary table of key commodities is below:

Product	January 1, 2020 Rate	March 4, 2020 Announced Rates	Change
Soybeans	30%	33%**	↑
Soybean Meal and Oil	30%	33%**	↑
Corn	12%	12%	=
Corn Flour	9%	5%	↓
Packaged Popcorn	9%	5%	↓
Packaged Flint Corn	12%	5%	↓
Sorghum	12%	12%	=
Sorghum Flour	12%	5%	↓
Wheat	12%	12%	=
Wheat Flour	9%	7%	↓
Paddy Rice	12%	6%	↓
Polished Rice	9%	5%	↓
Sunflowerseed	12%	7%	↓
Confectionary Sunflowerseed	12%	5%	↓
Sunflowerseed Oil	12%	5%	↓
Dry Beans	9%	5%	↓
Peas	9%	5%	↓
Lentils	9%	5%	↓
Garbanzo Beans	9%	5%	↓
Peanut	12%	7%	↓
Cotton	5%	5%	=
Apples	5%*	5%*	=
Pears	5%*	5%*	=
Lemons	5%*	5%*	=
Grapes	5%*	5%*	=
Wine	5%*	5%*	=
Strawberries	5%*	5%*	=
Blueberries	5%*	5%*	=
Tomato	5%*	5%*	=
Lettuce	5%*	5%*	=
Other Vegetables	5%*	5%*	=

Live Cattle	9%	9%	=
Beef	9%	9%	=
Leather	0%/10%***	10%	↑
Pork	9%	5%	↓
Chicken	9%	9%	=
Sausages	9%	5%	↓
Milk	5%*	5%	↓
Powdered Milk	9%	9%	=
Mutton	9%	5%	↓
Wool	9%	5%	↓
Raw Wool	9%	7%	↓
Frozen Fish	9%	7%	↓
Fresh Fish	7%	5%	↓
<p><i>*The "5%" tax on these commodities was previously a \$3ARG Peso per \$1USD tax. At official exchange rates this ≈5%.</i></p> <p><i>**Subject to segmentation based on farm size. Such segmentation regulation had not been published as of 12:00pm 3/5/20</i></p> <p><i>*** Prior law set a 2 million ton quota of leather that could be exported tax free, the remainder faced an export tax of 10%</i></p>			

Attachments:

No Attachments.