



OPENING UP SHOP IN ARGENTINA

ALLENDE & BREA is a member of L&E Global, the alliance of employment counsel worldwide

A general Employment Labor Law, complemented by additional laws and applicable collective bargain agreement, governs employment conditions.

Labor Laws are very comprehensive and rule almost every term of the employment relationship. Labor Laws are public policy and therefore, are mandatory. Employer is obliged to grant employees at least what is provided by labor laws. Therefore, employer can grant employees

benefits on top of what is provided by those laws, but cannot agree with employees in detriment of what is provided by those laws, nor can employee waive any right included in those laws.

Allende & Brea has a highly specialized labor team, that works to prevent legal disputes by giving preventive advice and, where the dispute has already arisen, we work on the defense throughout all the administrative and court stages of the proceedings.

We provide comprehensive day to day labor advice, drafting employment contracts and benefit plans and policies, identifying labor liabilities and risks, compensation calculation and its tax treatment, individual and collective dismissals, collective bargaining, staff reorganization, labor M&A, labor due-diligence processes, compliance, data protection, immigration and labor litigation, among others.

I. LABOUR AND EMPLOYMENT LAW REQUIREMENTS

A) EMPLOYER POLICY REQUIREMENTS

Companies that hire staff in Argentina must register those individuals as employees of a local company incorporated in Argentina. Labor laws require to register the employee in the company labor books and before the tax authorities, pay social security and taxes in respect to all salary payable to the employee, and prepare and deliver to the employee the correspondent salary slips.

Argentina labor laws set rules governing working conditions

and working hours, providing for payment of salaries during illnesses and pregnancy, setting surcharges on salaries for overtime, establishing mandatory minimum annual paid vacations, and payment of severance compensation in the event of unfair dismissal (dismissal without justified cause). Employees are entitled to a 13th salary, payable in two semi-annual installments, each installment equal to 50% of the highest monthly salary accrued in the correspondent semester.

Employers must pay hire compulsory life insurance for all employees, as well as insurance

that covers employee's death, illness or disability in connection to work.

A minimum wage has been established and is adjusted at intervals. However, said minimum wage is generally exceeded by the basic salaries established in the collective bargaining agreements. All employees are covered by a national retirement pension scheme funded through employee withholdings of their gross salary and employer contributions.

Companies operating in regulated sectors may be required to have additional policies in place.

This guide is intended as general information only. For legal advice and assistance with your business needs, please contact our Argentinian firm, Allende & Brea.



Irrespective of this, a company may introduce policies that are advisable to mitigate labor exposure in respect to eventual future claims, such as:

- Bonus policy, explaining the terms and conditions for an employee to accrue bonus.
- Use of mobile phone and/or car provided by the company.
- Reimburse of travel and other business expenses policy.

- Use of internet, corporate emails and work computer, in order to clarify no expectancy of privacy.
- Anti corruption policies.
- Anti discrimination and anti harassment policies.

B) EMPLOYEE TRAINING REQUIREMENTS

Depending on the activity, employers are required to provide training on health and safety at work.

C) EMPLOYMENT AGREEMENTS

Written employment contracts are not required for permanent, full-time employment relationships, since labor laws rule almost every term of the employment relationship. In case of casual or temporary contracts and/or fixed-term contracts, a written employment contract is required by law.



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II. CORPORATE LAW REQUIREMENTS

A) COMPLIANCE FOR INCORPORATION

In order to conduct business in Argentina a foreign entity may do so either through a branch or a subsidiary. Normally we recommend our clients to create a local subsidiary since it limits the liability of the shareholders for any losses the local subsidiary may have. On the other hand, a branch does not limit the liability of the shareholders and creditors of the branch may seek to recover from the assets held abroad.

Under current regulations, there are essentially three types of entities that can be used: (i) a corporation (in Spanish, Sociedad Anonima); (ii) a Limited Liability Company (in Spanish, Sociedad de Responsabilidad Limitada); and (iii) a Simplified Stock Corporation (in Spanish Sociedad Anónima Simplificada).

In any case, a foreign entity seeking to hold interests in local Argentine entities must be duly registered before the local Office of Companies. The Limited Liability Company and the Corporation require at least two shareholders. The Simplified Stock Corporation may be a single-shareholder entity. Registration of a foreign entity requires filing the following documents:

- Bylaws and articles of incorporation;
- Certificate of good standing;
- Latest audited financial statements;
- Board resolution deciding on the registration and appointing a legal representative to act for the company in Argentina.

Registration of foreign entities takes between 1-2 months as from filing.

In order to incorporate a local entity, it is necessary to:

- Decide on a corporate name;
- Prepare the articles of incorporation or association. Simplified Stock Corporations may adopt template articles of incorporation as approved by the relevant office of companies;
- Determine the initial capital of the entity; all types of entities have regulatory minimums, but those minimums may be increased;
- Appoint a board of directors. The local subsidiary, regardless of the type of entity, must have at least one director. If there is a single director, it may have any nationality but it must reside in Argentina. Should more than one director be appointed, then the majority must reside in Argentina;
- Determine the registered office, which must be in Argentina and in the specific jurisdiction of incorporation.

Once the initial determinations are made, and the documents have been signed, the incorporation takes place by filing all documents with the office of companies. Registration is usually achieved within 2-3 weeks.

B) POST INCORPORATION REGISTRATIONS

Immediately post incorporation a local entity must obtain a tax ID from the Argentine tax authorities and register for national and local taxes (income tax, VAT and gross revenue among others), and also register as employer before local labor authorities.

Annually local entities must file their tax returns and periodically they must elect a new board (in case of corporations), where the incumbent members may be re elected.

Foreign entities registered as shareholders must comply with annual reporting requirements, including updating the shareholding information and filing the latest annual financial statements.



III. PAYROLL AND BENEFITS PROVIDERS

In Argentina, employers usually outsource payroll and benefit responsibilities to third party companies. We have worked with several payroll and benefit providers and would be happy to recommend you the most suitable for your business.

We are pleased to offer our services for all of the required work identified above and assist your organization to open in Argentina.

If you have any questions, please contact

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We look forward to working with you.



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