



RIGI I Large Investments Incentive Regime

RIGI | Argentina

Large Investments Incentive Regime (RIGI). Practical guide. Key incentives and benefits.

August 2024

*In the context of the enactment of the Bases and Starting Points for the Freedom of Argentines Law and the subsequent regulation of the **RIGI | Large Investments Incentive Regime**, we outline below certain key aspects to be considered when initiating the process for project enrollment and approval, as well as the main incentives and benefits arising from such regime.*

- **I. Introduction. Purpose of the RIGI**

The **RIGI | Large Investments Incentive Regime**, as its name clearly indicates, was created to encourage private investment in large-scale projects within strategic sectors of Argentina. To this end, the regime introduced, among other key measures, a more flexible foreign exchange, customs, and tax regulatory framework.

- **II. Key considerations for applying for enrollment in the RIGI**

- a. **Sectors**

The eligible sectors are::

1. Forestry and Forestry Industry.
2. Tourism.
3. Infraestructure.
4. Mining.
5. Steel Industry.
6. Energy.
7. Oil & Gas.

- b. **Single Purpose.**

The Project Vehicle (VPU) shall have the sole and exclusive purpose of carrying out one or more phases of a single investment project admitted under the RIGI | Large Investments Incentive Regime. Accordingly, the VPU may not carry out activities or hold

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assets not related to such Project, except for temporary investments of its working capital made as part of the prudent management of the company's funds.

c. Eligible Applicants.

Enrollment in the **RIGI | Large Investments Incentive Regime** may be requested by **Single Project Vehicles (VPUs)** holding one or more phases of a project. For purposes of the RIGI, the following entities are considered VPUs:

1. Corporations, including single-member corporations, and limited liability companies;
2. Branches established by companies incorporated abroad;
3. **Dedicated branches**, being those of a corporation, a limited liability company, or a branch of a company incorporated abroad that seeks to enroll in the RIGI and carries out one or more activities that will not form part of the investment Project, or holds one or more assets that will not be allocated to such Project; and
4. **Temporary business associations and other associative contracts.**

d. Minimum Investment Amounts.

The minimum investment amounts in eligible assets, net of VAT, by sector or productive subsector are as follows:

Sector	Subsector	Minimum Investment (USD)
Forest Industry		200,000,000
Tourism		200,000,000
Infrastructure		200,000,000
Mining	Exploration	200,000,000
	Minerals of 1st & 2nd category of the National Mining Code (Excluding potash and lithium)	200,000,000
	Potash and Lithium	200,000,000
	Mining of 3rd category of the National Mining Code	200,000,000
Technology		200,000,000
Steel Industry		200,000,000
Energy		200,000,000
Oil & Gas	Offshore exploration and production	600,000,000
	Exploration and production of gas destined for export	600,000,000
	Transportation and storage	300,000,000
	Processing, fractioning, compression, and liquefaction	200,000,000
	Refining	200,000,000
	Petrochemicals and fertilizers	200,000,000

e. Conditions.

The conditions for carrying out an investment under the **RIGI | Large Investments Incentive Regime** in these sectors are as follows:

1. The minimum investment amount must be made during the first and second years as from the date of approval of the investment plan and enrollment in the regime.
2. Investments must be of a long-term nature, which shall be understood as those where the ratio does not exceed 30% between (i) the present value of the expected net cash flow, excluding investments, during the first three years from the initial capital disbursement, and (ii) the net present value of the capital investments planned for that same period.

3. The National Executive Branch shall establish the percentage of the minimum investment amount referred to in the preceding paragraph that must be completed during the first and second years, counted as from the date of notification of the administrative act approving the application for enrollment and the submitted investment plan.

f. Term.

The term to apply for participation in the **RIGI | Large Investments Incentive Regime** shall be two (2) years as from the entry into force of the regime. This term may be extended for an additional one (1) year by the National Executive Branch.

III. RIGI Enrollment Application.

a. Procedure.

1. To apply for enrollment in the **RIGI | Large Investments Incentive Regime**, VPUs must submit an application form; and
2. an investment plan.

b. Timeframe for Approval of the Enrollment Application.

The Enforcement Authority shall review the application and approve or reject it within a maximum period of forty-five (45) days, except where clarification is required or additional information is requested by the Enforcement Authority.

c. Rejection of the Application. New Investment Plan.

The rejection of the application must be duly justified and shall not be subject to appeal. However, the VPU shall be entitled to submit a new investment plan for the same project.

d. Approval of the Application

1. Description of the project covered by the investment plan, including the project location and the relevant sector;
2. Corporate information of the VPU;
3. Appointment of a domicile for notification purposes and designation of the individual or representative authorized to liaise with the Enforcement Authority on matters related to the project;
4. Total investment amount of the project in eligible assets, specifying the amounts allocated to the start-up, construction, operation, and closure phases of the project,

- and detailing the projected investment items and concepts, which must be equal to or greater than the minimum investment amount applicable to the relevant sector;
5. Main categories to which the investment in eligible assets will be allocated;
 6. Estimated schedule of the total investment in the project;
 7. Amount of investment in eligible assets to be made during the first and second years.
 8. Sworn statement that the VPU will not distort the local market;
 9. Deadline proposed by the VPU by which it undertakes to reach and have complied with the minimum investment amount;
 10. Description of the source or method of financing of the investment amount;
 11. Direct and indirect employment to be generated, including estimated local content;
 12. Local supplier development plan;
 13. Estimated production and, where applicable, estimated export volumes;
 14. Trade balance and foreign exchange flow projections of the project for the first three (3) years;
 15. Statement regarding the technical, economic, and financial feasibility of the investment project, providing reasonable evidence of such feasibility, including a risk matrix, mitigation plan, and an independent economic and financial evaluator's report;
 16. Independent economic and financial evaluation report in relation to the statement referred to in the preceding item;
 17. Description of the permits and authorizations obtained by the VPU that are required for the development of the investment plan, as well as those still pending, in accordance with the substantive law applicable to the VPU's sector of activity; and
 18. Signature of the VPU's legal representative.

e. Criteria for Project Approval. Effects

The decision to approve or reject an application by the Enforcement Authority shall be based on the information included in the enrollment application, the investment plan, and the assessment carried out by the Enforcement Authority in accordance with the terms set forth in this law. Such decision shall not be discretionary and shall observe the guarantee of equality before the law for all applicants, ensuring uniformity and consistency in the granting criteria.

The rejection of an application for enrollment in the **RIGI | Large Investments Incentive Regime** shall not be subject to appeal. However, the VPU shall be entitled to submit a new investment plan in respect of the same project and resubmit it for consideration by the Enforcement Authority up to two (2) additional times within the same calendar year.

The administrative act approving the application for enrollment and the investment plan shall expressly indicate the following:

1. The date of enrollment in the **RIGI | Large Investments Incentive Regime**, which shall be retroactive to the date of submission of the enrollment application or to the date of submission of the supplementary information that enabled approval;
2. The amounts to be complied with in each of the first two years, counted as from the date of notification of the administrative act approving enrollment in the RIGI; and
3. The deadline for compliance with the minimum investment amount in eligible assets, as proposed by the VPU in the approved investment plan.

The administrative act approving the investment plan of a given project shall be constitutive of the rights arising under the **RIGI | Large Investments Incentive Regime**. Once the approving administrative act has been issued, the Enforcement Authority shall proceed to:

1. Issue, as proof of enrollment in the RIGI and for merely declaratory purposes, the “*Certificate of Project Enrollment in the RIGI*”, which shall evidence the right to enjoy the incentives granted under the RIGI;
2. Notify the Federal Tax Administration (*Administración Federal de Ingresos Públicos – AFIP*), so that, within the non-extendable term of ten (10) business days, it may generate a special tax identification number (*CUIT*) for RIGI purposes for the VPU, to which the acronym “RIGI” shall be added at the end of the number; and
3. Notify the competent foreign exchange authority (the Central Bank of the Argentine Republic —*Banco Central de la República Argentina*, or its successor), for purposes of applying to the VPU the foreign exchange incentives provided for under the **RIGI | Large Investments Incentive Regime**.

g. Rights and Obligations of the VPU

Enrollment in the **RIGI | Large Investments Incentive Regime** shall entail for the VPU:

1. As from the date of enrollment in the RIGI, the acquisition of the rights provided for under the RIGI exclusively in respect of the project covered by the investment plan proposed by the VPU and approved by the Enforcement Authority; and
2. As from notification to the VPU of the administrative act approving the application for enrollment, which includes the investment plan, the irrevocable assumption of the obligations required to remain under the regime.

IV. Tax Incentives.

a. Corporate Income Tax.

- 1. Rate Reduction:** 25% tax rate on profits.
- 2. Investment Depreciation:** Taxpayers may opt to apply depreciation over specific fiscal periods, following a specific depreciation schedule, providing flexibility in financial planning.
- 3. Tax Losses:** Tax losses shall have no expiration for offsetting against profits of subsequent periods. If not absorbed within five (5) years, they may be transferred to third parties. Their value is adjustable based on the Consumer Price Index (CPI).
- 4. Dividends and Profits:** Net income derived from dividends and profits distributed by VPUs enrolled in the regime shall be subject to a 7% tax rate.

b. Value Added Tax (VAT)

VAT invoiced to or borne by the holder of a VPU in connection with the purchase or definitive importation of goods, works contracts, or the provision of services may be settled through a tax credit certificate, without the need for prior authorization from the Federal Tax Administration (AFIP).

V. Custom Incentives.

Imports of new capital goods, spare parts, parts, components, and consumer goods, as well as temporary imports carried out by VPUs enrolled in the **RIGI | Large Investments Incentive Regime**, shall be exempt from import duties, statistical and destination verification fees, and from any system of collection, advance payment, withholding, or perception of national and/or local taxes.

VI. Foreign Exchange Incentives.

VPUs shall not be required to bring into and/or settle in the foreign exchange market any foreign currency and/or any consideration corresponding to other items or concepts (such as capital contributions, loans, or services) related to the project covered by the approved investment plan and shall have free availability thereof. The foreign currency exempted from the obligation to be brought into and settled in the foreign exchange market under the terms set forth above shall be freely disposable by the VPUs.

a. Projects Enrolled in the RIGI

Export proceeds from products of projects enrolled in the **RIGI | Large Investments Incentive Regime** collected by VPUs shall be exempt, in the percentages set forth

below, from the obligation to be brought into and/or negotiated and settled in the foreign exchange market:

1. Twenty percent (20%) after two (2) years have elapsed from the date the VPU becomes operational;
2. Forty percent (40%) after three (3) years have elapsed from the date the VPU becomes operational;
3. One hundred percent (100%) after four (4) years have elapsed from the date the VPU becomes operational.

Funds corresponding to the above percentages shall be freely disposable. VPUs shall not be required to bring into and/or settle in the foreign exchange market any foreign currency and/or any consideration corresponding to other items or concepts (such as capital contributions, loans, or services) related to the project covered by the approved investment plan and shall have free availability thereof. The foreign currency exempted from the obligation to be brought into and settled in the foreign exchange market under the terms set forth above shall be freely disposable by the VPUs.

b. Long-Term Strategic Export Project.

Where export proceeds are collected by VPUs holding projects declared as **Long-Term Strategic Export Projects**, for purposes of the exemption from the obligation to bring into and/or negotiate and settle in the foreign exchange market, the time periods referred to in the preceding items shall be computed as follows:

1. Twenty percent (20%) after one (1) year has elapsed from the date the VPU becomes operational;
2. Forty percent (40%) after two (2) years have elapsed from the date the VPU becomes operational;
3. One hundred percent (100%) after three (3) years have elapsed from the date the VPU becomes operational.

c. Free Availability of Foreign Currency by the VPU.

Foreign currency arising from local or foreign financing obtained by VPUs enrolled in the **RIGI | Large Investments Incentive Regime**, and disbursed after the entry into force of this law, shall not be subject to restrictions regarding their free availability either abroad or within the country. Such funds shall be freely available to the VPU and/or the enrolled project, and the amounts may be freely used for any purpose. No limitations imposed by foreign exchange regulations on the holding of external assets, whether liquid or not, shall apply to VPUs enrolled in the RIGI.

d. Exclusion from Foreign Exchange Restrictions for VPUs.

Foreign exchange regulations that establish, or may establish in the future, restrictions or prior authorizations for access to the foreign exchange market for the payment of profits, dividends, or interest to non-residents shall not be applicable to VPUs, provided that such profits, dividends, or interest have been generated from capital contributions or other direct investments, or from loans or other external financial indebtedness, which were brought into and settled in the foreign exchange market by the VPU as from the date of notification of the administrative act approving the application for enrollment in the **RIGI | Large Investments Incentive Regime**.

e. Guarantees Granted by the National State.

El Estado nacional garantiza a los VPU adheridos al RIGI:

The National State guarantees to VPUs enrolled in the **RIGI | Large Investments Incentive Regime** the following:

- 1.** Full availability of the products resulting from the project, with no obligation to commercialize them in the local market. Exports of products derived from such project shall not be subject to any type of restriction or barrier to export;
- 2.** Full availability of their assets and investments, which shall not be subject to confiscatory or expropriatory acts, whether de facto or de jure, by any Argentine authority. The State shall provide the VPU with all necessary assistance to repel confiscatory or expropriatory acts, whether de facto or de jure, carried out by any national authority or by local or foreign jurisdictions;
- 3.** The right to the uninterrupted continuation of the project's operation, except pursuant to a court order and provided that the VPU has been previously granted the opportunity to exercise its right of defense, acknowledging that the feasibility and continued operation of the project throughout its useful life is essential in nature;
- 4.** The right to pay profits, dividends, and interest through unrestricted access to the foreign exchange market, without any type of limitation and without the need for prior authorization from the Central Bank of the Argentine Republic, provided that the investment was brought in through the single and free foreign exchange market; and
- 5.** Unrestricted access to justice and other legal remedies available for the defense and protection of its rights related to the project covered by the approved investment plan.

VII. Duration of Regulatory, Tax, Customs, and Foreign Exchange Stability.

The regulatory, tax, customs, and foreign exchange stability enjoyed by VPUs enrolled in the **RIGI | Large Investments Incentive Regime**, in respect of their projects, shall

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remain in force for a period of thirty (30) years following the date of the VPU's enrollment in the regime..

RIGI I Argentina

Decree No. 749/2024. Regulations of the Large Investments Incentive Regime (RIGI)

August 2024

On August 23, 2024, the Decree approving the Regulations of the Large Investments Incentive Regime (RIGI) was published in the Official Gazette.

Chapter I

Creation and Scope of Application

The Single Project Vehicles (VPU) Registry, the Long-Term Strategic Export Projects Registry, and the Suppliers Registry of the Large Investments Incentive Regime are hereby created.

Chapter II

Term. Eligible Applicants

Section I – Definitions

For purposes of the RIGI | Large Investments Incentive Regime, the following definitions shall apply:

Expansion.

A set of investments in eligible assets to be carried out in accordance with a defined schedule, resulting in an increase in the productive capacity of a RIGI Project or a Pre-existing Project.

Stage.

The temporal division of the development of a Single Project, as proposed by the VPU in the enrollment application.

Phases.

The different activities corresponding to the sectors included in the Single Project (forestry industry, tourism, infrastructure, mining, technology, steel industry, energy, oil and gas).

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Date of Enrollment in the RIGI

Once the administrative act approving the application for enrollment has been issued, and for the purposes of:

- The rights granted by the RIGI to a Single Project, the relevant date shall be the date of submission of the enrollment application by the VPU, or the later date on which the VPU completed its application; and
- The assumption of obligations by the VPU, the relevant date shall be the date of notification of the administrative act approving the enrollment application.

Large investments.

Those investments that are equal to or greater than the minimum amount.

Local suppliers.

Natural persons with a tax residence in the country and/or legal entities that:

- Are incorporated and domiciled in the country.
- Hold at least 51% of the share capital.
- Provide services or supply goods intended for one or more VPUs adhering to the RIGI

Long-Term Strategic Export Project.

A RIGI project approved by the competent authority, which may become a new long-term supplier in markets with minimum investments per stage equal to or greater than USD 1,000,000,000.

Preexisting Project.

A project not enrolled in RIGI, subject to an expansion.

RIGI Project.

A Unique Project managed by a VPU.

Unique Project.

A planned development dedicated exclusively to one or more **activities covered by the definition of Sectors that require Large Investments.**

Commissioning of the Stages of a Long-Term Strategic Export Project.

The date on which commercial operations begin for each Stage.

Commissioning of the VPU.

The earlier of the date of the first export of the product (the main object of the VPU) or the date on which 40% of the minimum investment amount is completed.

RIGI.

Regime of Incentives for Large Investments.

Sectors.

The designated Sectors are:

- **Forestry Industry Sector:** Activities whose main input for product manufacturing is wood, including forest plantation.
- **Tourism Sector:** Activities aimed at providing lodging and accommodation services.
- **Infrastructure Sector:** Activities aimed at the construction of:
 - a. Physical structures, networks, and/or public or private systems necessary for the proper functioning of logistics and transportation by road, land, maritime, river, port, rail, or air;
 - b. Physical structures, networks, and/or public or private systems intended for the development of recreational projects;
 - c. Physical structures, networks, and/or public or private systems necessary for the proper functioning of public services, as well as services declared to be of public interest, such as healthcare, health services, education, telecommunications, defense, and security.
- **Mining Sector:** Activities involving the prospecting, exploration, development, preparation, extraction, and exploitation of mineral substances.
- **Steel Sector:** Activities related to the industrialization and/or processing of iron ore, steel, and/or its alloys to obtain products in primary forms and/or manufactured products.
- **Energy Sector:** Activities including generation, storage, transportation, and/or distribution of electrical energy from renewable and non-renewable sources; production of other low-carbon energies; bioenergy; and the capture, transport, and storage of carbon dioxide.
- **Oil and Gas Sector:** Activities related to:
 - a. Construction of treatment plants, natural gas liquid separation plants, pipelines, gas pipelines, multipurpose pipelines, and storage facilities;
 - b. Transport and storage of liquid and gaseous hydrocarbons;
 - c. Petrochemicals, including fertilizer production and refining;
 - d. Production, collection, treatment, processing, fractionation, liquefaction of natural

gas, and transportation of natural gas for liquefied natural gas (LNG) export, as well as the infrastructure works necessary for the development of this industry;
e. Offshore exploration and exploitation of liquid and gaseous hydrocarbons.

Dedicated or Special Branch.

A branch of a corporation, limited liability company, or a company incorporated abroad that joins the RIGI and whose sole purpose is the development of a Unique Project.

VPU.

The vehicle(s) referred to in Article 169 of Law 27.7421, responsible for a single Unique Project.

Section II – Authorized Entities. Unique Project Vehicles (VPU)

Existing Vehicles

To request enrollment in the RIGI, existing companies, branches, temporary joint ventures, and other associative contracts as of the date of enactment of Law No. 27,742 may be used, provided that the necessary adjustments are made to comply with the provisions of Article 169 of Law No. 27,742 (having the sole and exclusive purpose of carrying out one or more phases of a single investment project admitted under the RIGI). Consequently, VPUs must not engage in activities or hold assets unrelated to such project, except for temporary investments of their working capital necessary for the prudent management of the company's funds.

Reorganization of Existing Vehicles with More Than One Project

Corporations, including single-member corporations; limited liability companies; branches established by companies incorporated abroad that conduct regular activities in the country, in accordance with Article 118 of the General Companies Law; and temporary joint ventures or other associative contracts that are engaged in activities involving more than one project and wish to join the RIGI, must:

- Take all necessary measures so that, at the time of submitting the application to the Competent Authority, the vehicle:
 - a. Carries out a Unique Project; and
 - b. Does not engage in activities or hold assets unrelated to the aforementioned Unique Project, except for temporary investments of its working capital necessary for prudent management of its funds, or when exclusive dedication cannot be met due to legal requirements.
- Alternatively, in the case of a corporation, limited liability company, or a branch of a company incorporated abroad, establish a **Dedicated Branch** and transfer, assign, or

make available without restriction the assets corresponding to the Unique Project to be developed.

Existing vehicles with more than one project that wish to join the RIGI must:

- Carry out a Unique Project.
- Not engage in activities or hold assets unrelated to the aforementioned Unique Project, except for temporary investments of their working capital necessary for the prudent management of their funds, or when exclusive dedication cannot be fulfilled due to legal requirements.
- Alternatively, in the case of a corporation, a limited liability company, or a branch of a company incorporated abroad, establish a Dedicated Branch.

Dedicated Branches must also:

- Be registered in the Public Registry of their domicile.
- Obtain a tax identification number (CUIT) and pay taxes independently.
- Demonstrate their capital.
- Have as their sole purpose the development of a Unique Project for which RIGI enrollment is requested.
- Provide evidence of the identification and valuation of the assets allocated to the Unique Project from the start of the RIGI registration process.
- Maintain accounting records separately from the company domiciled in the country or the foreign company to which they belong.

Chapter III – Requirements and Conditions for Inclusion in the RIGI. Investment Plan. Procedures and Effects

Section I – Minimum Amount. Eligible Assets. Long-Term Investment

The minimum investment amounts in eligible assets, by sector or productive subsector, net of VAT, are:

Sector	Subsector	Minimum Investment (USD)
Forest Industry		200,000,000
Tourism		200,000,000
Infrastructure		200,000,000
Mining	Exploration	200,000,000
	Minerals of 1st & 2nd category of the National Mining Code (Excluding potash and lithium)	200,000,000
	Potash and Lithium	200,000,000
	Mining of 3rd category of the National Mining Code	200,000,000
Technology		200,000,000
Steel Industry		200,000,000
Energy		200,000,000
Oil & Gas	Offshore exploration and production	600,000,000
	Exploration and production of gas destined for export	600,000,000
	Transportation and storage	300,000,000
	Processing, fractioning, compression, and liquefaction	200,000,000
	Refining	200,000,000
	Petrochemicals and fertilizers	200,000,000

Minimum Amount for Cases of a Unique Project Involving Multiple Sectors

Compliance with the Minimum Investment Amount in eligible assets must be demonstrated based on the amounts actually expended by the VPU. The minimum amount for the expansion of preexisting projects is as indicated in the table above, according to the relevant sector and subsector. The minimum amount for cases of a Unique Project involving multiple sectors will consider as the minimum investment amount that established for the sector corresponding to the main purpose of the project. The minimum investment amount for Long-Term Strategic Export Projects shall be USD 2,000,000,000.

Long-Term or Extended Duration Investments

To determine whether the investments qualify as long-term, the Competent Authority shall assess whether the information provided by the VPU in its application is reasonable for the development of the Unique Project, taking into consideration, where possible, other projects with similar characteristics.

Section II – Long-Term Strategic Exports

- **Long-Term Strategic Export Project**

For a Unique Project to qualify as a Long-Term Strategic Export Project, in addition to meeting all the requirements for RIGI enrollment, the applicant must, at the time of submitting the enrollment application:

- International Positioning. Demonstrate that the Unique Project can position Argentina as a new long-term supplier in a global market in which the country does not yet have a significant presence. This shall be considered demonstrated when, at the time the law comes into effect:
 - a. There is no record of exports of the products in question from Argentina;
 - b. Even if exports of those products from Argentina exist, the Unique Project would allow exporting them to countries that constitute new export destinations for that product; or
 - c. Argentina holds less than 10% of the global market for those products.
- Stages. Detail the duration of each Stage of the Unique Project and the minimum investment amount committed for each, which shall not be less than USD 1,000,000,000 and must be completed before the end of each Stage. If the eligible investments in a Stage exceed USD 1,000,000,000, the excess amount will be credited toward meeting the minimum investment for the following Stage. If the minimum investment of USD 1,000,000,000 is met for each of the first two Stages, it will not be necessary to demonstrate minimum investments in subsequent Stages.
- Percentage of Minimum Amount to be Completed in the First Two Years. For the first and second year, counted from the Date of Enrollment, a minimum investment in eligible assets equal to or greater than 20% of USD 2,000,000,000 must be achieved, which is the minimum investment amount applicable to Long-Term Strategic Export Projects.
- Multiple VPUs. The following must be provided:
 - a. The corporate information of each of the VPUs responsible for the Long-Term Strategic Export Project; and
 - b. A commitment to assume joint and several liability for all obligations that, under the

RIGI, are applicable and enforceable against each VPU participating in the Unique Project with multiple VPUs.

Unique Project with More Than One VPU

Long-Term Strategic Export Projects may be managed by more than one VPU, provided that compliance with the necessary requirements to qualify as a Unique Project is demonstrated. In addition, the following rules shall apply to these projects:

- **Physical Integration.** If the project components are located more than 200 km apart, they must be physically integrated.
- **Fulfillment of Obligations.** Compliance with obligations required of the VPU will be calculated based on the total fulfillment by the holders in relation to the Unique Project.
- **Joint Liability.** VPUs responsible for a Long-Term Strategic Export Project shall enjoy the rights arising from the RIGI individually. However, they shall be jointly and severally liable for the fulfillment of obligations applicable to the other VPUs participating in the Unique Project by virtue of RIGI enrollment.
- **Effect of Non-Compliance of One VPU on the Others.** The non-compliance or breach by one of the VPUs responsible for the Long-Term Strategic Export Project shall be attributable to the other VPUs participating in the Unique Project.

Eligible Assets

Investments related to right-of-use assets, which must be recorded as assets for right-of-use, may be considered as investments in eligible assets for the purpose of meeting the minimum investment amounts for Long-Term Strategic Export Projects.

Extension of the Stability Period

For the purpose of extending the stability period, the Competent Authority may grant such an extension only with respect to those Stages that have reached the amount of USD 1,000,000,000.

Section III – Enrollment Procedure

Application and Plan

The RIGI enrollment application, which includes the investment plan, must be submitted to the Competent Authority and signed by the legal representative of the VPU. The identity and legal capacity of the signatory must be notarized.

Requirements.

The enrollment application must include:

- **Description of the Unique Project.** A description of the Unique Project managed by the VPU, including details of the investment plan, its location, and the Sector to which it belongs.
- **Corporate Information of the VPU.** The submission must be accompanied by:
 - a. **Certificate of Good Standing and Corporate Documents.** A document proving the establishment and good standing of the entity, as well as its bylaws or associative agreement, as applicable, showing the purpose of the VPU. The documentation must be certified by a notary public or by the competent corporate oversight authority
 - b. **Unique Project Managed by the VPU.** Documentation proving that the Unique Project to be developed is under the responsibility of the VPU.
 - c. **Sworn Statement.** A sworn statement signed by the legal representative of the VPU declaring that the entity will not carry out activities or hold assets unrelated to the Unique Project, except for:
 - i) Temporary investments associated with working capital;
 - ii) Cases in which ownership of assets allocated to the Unique Project is not possible due to legal requirements; and
 - iii) Cases of **right-of-use assets** in the context of Long-Term Strategic Export Projects.

Domicile and Representative

Establishment of a physical and electronic domicile through an email address, to which all notifications sent shall be considered valid, and designation of a representative before the Competent Authority, including their contact information.

Total Amount.

Total investment amount of the Unique Project in eligible assets.

Main Categories

Details of the main categories to which the investment in eligible assets will be allocated, including capital and operating costs, and the planned assets, properly itemized.

Schedule

The estimated schedule of the total investment of the Unique Project, including a description

of the construction period, the estimated start date of operations, and the expected useful life of the Unique Project.

Report

A report must also be provided demonstrating the long-term or extended-duration nature of the investment.

Initial Amount

The amount of investment in eligible assets to be made during the first and second years, counted from the Date of Enrollment.

Declaration of No Distortion of the Local Market

A sworn statement must be provided affirming that the development of the RIGI Project will not distort the local market. This statement must be supported by:

- A technical study conducted by a lawyer or a professional in economic sciences with specific knowledge in competition law, which must include at a minimum:
 - a. A description of the product or service to be offered;
 - b. Definition and projection of the likely evolution of the relevant market;
 - c. Identification of the market participants under analysis who could be affected by the Unique Project;
 - d. An analysis of the potential positive and negative effects of the projected investment on the actors in that relevant market; and
- Information demonstrating that there will be no distortion of the local foreign exchange market.

Deadline

The deadline is the date by which the VPU commits to achieving and having completed the minimum investment amount in eligible assets. The deadline must not be inconsistent with the practices of the relevant Sector for the reasonable development of the Unique Project. In the case of Long-Term Strategic Export Projects, it shall be the last day of each of the first two Stages.

Financing

Description of the source and/or method of financing the investment, including the amount,

schedule, whether the source is external or local, and, in the case of external sources, whether it will be brought in through the foreign exchange market. In all cases, the financing shall be at the sole account and risk of the VPU.

Employment

The application must include details of the total number of direct and indirect employees for each Stage of the Unique Project, as well as the estimated percentage of employees to be hired who reside and/or have their actual domicile in the country.

Local Suppliers

Supplier development plan, in accordance with the provisions below, which must include:

- A commitment that, for the development of the Unique Project, local suppliers will be contracted for the provision of goods and works for a percentage of at least 20% of the total investment amount allocated to payments to suppliers of goods and works related to the Unique Project. This is conditional upon the availability of local suppliers offering market-competitive prices and quality. The commitment must expressly state that the aforementioned percentage will be maintained during the construction and operation stages.
- An indication of the total investment amount allocated to contracting both local and foreign suppliers for the provision of goods and works for the development of the Unique Project.

Production and Export

Estimated production and, if applicable, the estimated export amount with a projected schedule through the end of the useful life of the project.

Balance and Foreign Exchange Flow

Estimated trade balance and foreign exchange flow of the Unique Project for the first three years from the date of approval of the corresponding investment plan for the Unique Project.

Feasibility

A statement regarding the technical, economic, and financial feasibility of the Unique Project, providing reasonable evidence of such feasibility, including a risk matrix, a mitigation plan, and

a report from an independent economic-financial evaluator. The Competent Authority will assess whether the trade balance and foreign exchange flow of the submitted project are compatible with the priority objectives. The statement must indicate whether the feasibility of the Unique Project anticipates the use of the provided incentives and, if applicable, an estimate of the date on which such use will begin.

Permits and Authorizations

Description of the permits and authorizations obtained by the VPU that are necessary for the development of the investment plan, as well as those still pending, in accordance with the applicable substantive law for the VPU's sector of activity. The following must be provided:

- The type of authorization and/or permit;
- The jurisdiction and competent authority responsible for its evaluation and issuance; and
- If applicable, evidence of submission, the status of the procedure, and the estimated date of issuance.

Project Benefits

Technical analysis demonstrating that, according to the investment plan, the Unique Project aligns with the priority objectives of the RIGI in accordance with Article 166 of Law No. 27,742.

Effects of Submission

The submission of the enrollment application to the regime shall signify:

- The VPU's acknowledgment, agreement, and acceptance of all RIGI regulations; and
- The VPU's acknowledgment, agreement, and acceptance of all RIGI regulations.

Local Supplier Development Plan

For the purposes of the minimum 20% requirement established in subsection l of Article 176 of Law No. 27,742, contracts with local suppliers for the provision of goods and/or works related to the Unique Project, whether or not they are registered in the RIGI, shall be considered. Goods or works provided by companies affiliated with the acquiring VPU shall not be counted toward this percentage, except when such companies are the only ones capable of meeting the demand for the good or service required by the VPU.

Consultation with Other Bodies or Agencies

The Competent Authority may request a non-binding opinion from other public, private, or mixed bodies or agencies, in order for them to provide input based on their competencies and suitability according to the Sector in which the Unique Project and its suppliers will operate.

Act of Acceptance or Rejection

The Competent Authority must issue a decision regarding the enrollment application and the investment plan within a maximum period of 45 business days.

Withdrawal

In cases where the administrative act approving the enrollment application includes any imposition or condition, the VPU may withdraw the application by means of a written and duly authenticated notice within 5 business days of being notified. Such withdrawal shall take effect retroactively to the date of submission of the application.

Rejection

The reasons justifying the rejection of the enrollment application must be clearly stated so as to allow the applicant to be informed and, if applicable, submit a revised investment plan.

Deadline for Submitting a New Plan

In the event of rejection of the application, a revised investment plan may be submitted up to two times during the same calendar year in which the notification of the first rejection was received.

Failure to Issue a Decision

The failure of the Competent Authority to issue a decision within the 45 business day period shall not be interpreted as approval. Notwithstanding the foregoing, the applicant may, through the applicable legal remedies, request a decision from the Competent Authority.

Section IV – Project Expansion

Expansion of a Preexisting Project Not Enrolled in RIGI

In cases where enrollment in the RIGI is requested for the execution of a Unique Project whose purpose is the Expansion of a Preexisting Project not enrolled in RIGI, the Expansion Project may qualify as a Unique Project benefiting from the RIGI when, at the discretion of the Competent Authority:

- The Expansion Project of the Preexisting Project meets all the requirements established under the RIGI and equals or exceeds the minimum investment amount established for the corresponding Sector.
- The applicant submits a plan demonstrating and committing that the RIGI incentives will be applied exclusively to the Expansion of the Preexisting Project. Under no

circumstances shall the admission under the RIGI of a Unique Project consisting of the Expansion of the Preexisting Project allow the application of RIGI incentives in favor of the original Preexisting Project.

Expansions of RIGI Projects

The Expansion of a RIGI Project, in order to be valid, must not alter the status of a Unique Project or the conditions established in these regulations. In such cases, prior authorization from the Competent Authority is not required, and the additional investments shall enjoy, regardless of their amount, the incentives provided under the RIGI on the same terms and conditions as the RIGI Project being expanded, with the amount of the investment involved in such Expansion being irrelevant.

Chapter IV Tax and Customs Incentives

Section I – Income Tax

Rate

The 25% rate provided in Article 183 of Law 27,742 shall apply to the net taxable income generated by VPUs enrolled in the RIGI during a fiscal year. This rate shall apply to all income generated from the date of enrollment onward.

Special Depreciation Regime

For the special depreciation regime, the following provisions apply:

- The regime is optional for the VPU.
- If the regime is chosen, the VPU must annually declare the useful life of all its depreciable assets, in accordance with AFIP guidelines.
- Depreciable assets must remain in the VPU's estate until the end of the activity for which they were acquired or until the end of their useful life. If this requirement is not met, the VPU must repay the special depreciation claimed, together with interest, charges, and applicable penalties.
- Beneficiaries may choose to apply depreciation either according to the Income Tax Law or under the accelerated regime. The choice must be communicated to the Competent Authority and AFIP and must apply to all investments during the life of the VPU.
- For assets enabled in fiscal years prior to the approval of the application, the benefit shall only apply to the residual value of the assets allocated to the RIGI Project.

Dividends or Profits

The rate applies to any dividend or profit distributed by the VPU as a result of the Unique Project, after seven years from the end of the fiscal year of enrollment in the RIGI, regardless of the period in which the profit was generated.

If the dividends or profits distributed are not taxable for the beneficiary, the rate shall only apply to dividends or profits that the beneficiary distributes to its individual shareholders or undivided estates, up to an amount equivalent to the dividends or profits previously distributed by the VPU. For this purpose, amounts originating from the VPU shall be considered as distributed first.

Payments

Payments made by VPUs of Long-Term Strategic Export Projects to foreign beneficiaries shall be exempt from Income Tax for:

- Lease or maritime charter services;
- International transportation services for exports from Argentina;
- Services under engineering, procurement, and construction (EPC) contracts.

Other Payments

Payments made by holders of Long-Term Strategic Export Projects to foreign beneficiaries shall be considered Argentine-source income at a 30% rate, unless a more favorable tax treatment applies.

Supplementary Application

The Income Tax Law and its regulatory decree shall apply supplementarily to aspects not specifically regulated, in relation to benefits, exemptions, rights, or obligations connected to income tax.

Section II – Value Added Tax (VAT)

Tax Credit Certificates

VAT invoiced or payable by the holder of a VPU for the purchase, final importation of goods, lease of works, or provision of services may be settled through a tax credit certificate, without prior authorization from AFIP. AFIP shall establish the rules regarding the form, automaticity, and procedure for issuing these certificates.

Non-Compliance

Failure to comply with the provisions regarding the use of Tax Credit Certificates for the

acquisition of goods and services shall obligate the VPU to pay AFIP the amount corresponding to the tax settled through such certificates, together with the applicable interest and penalties.

Supplementary Application

The VAT Law and its regulatory provisions shall apply supplementarily to aspects not specifically regulated, with respect to benefits, rights, or obligations related to VAT.

Section III – Tax Treatment of Temporary Joint Ventures or Other Associative Contracts

Temporary joint ventures and other associative contracts that enroll in the RIGI as VPUs shall be considered subject to income tax.

Section IV – Imports

Incentive Provided in Article 190 of Law No. 27,742

Upon approval of a VPU's enrollment in the RIGI, a list of goods eligible for the incentives and benefits provided shall be defined. This list may be adjusted later based on the execution of the RIGI Project. To use these incentives, the VPU must submit to the Competent Authority, in the form of a sworn statement and together with import documentation, the following information:

- Details of the goods for which the incentive is requested;
- Identification of the VPU and the RIGI Project to which the goods will be allocated;
- A sworn statement confirming that the goods will be used for the RIGI Project;
- Establishment of the required guarantee.

This submission may be made with each import or in advance for a set of operations through a customs window. Compliance with these requirements shall allow imports with the established incentives.

Exemption for Import Duties and Others

The exemption provided to VPUs enrolled in the RIGI (import duties, statistical and destination verification fees, and any national and/or local tax perception, collection, advance, or withholding regimes) applies to the import of new capital goods, spare parts, and components directly related to the approved Investment Plan. Additionally, the VPU may request the import of other goods, provided they are essential for the fulfillment of the RIGI Project and have been exceptionally authorized by the Competent Authority. This customs benefit does not apply to consumables.

Verification of Use

Goods imported by a VPU under the exemption mentioned above shall be subject to verification of use.

Non-Compliance with Use

In the event of non-compliance with the intended use of goods imported under the mentioned incentives, the infringing party shall be required to pay the corresponding duties, taxes, fees, or other charges.

Deallocation

The deallocation of goods imported with incentives occurs automatically upon payment of the corresponding duties and taxes, allowing free availability of the goods. The importer must notify AFIP within 5 days of payment. If deallocation is due to re-exportation, it must be verified that the goods are the same as those imported under the exemption. During an administrative investigation for non-compliance, re-exportation may not occur until a final clearance is obtained.

Supplementary Application

In matters not contrary to these regulations and which facilitate verification of use, the provisions of AFIP General Resolution 2193 of January 9, 2007, and its complementary and amending regulations, shall apply.

Chapter V

Foreign Exchange Incentives Start-Up

For the purposes of Article 198 of Law No. 27,742, the “start-up date” of the VPU shall be the earlier of:

1. The date of the first export of the product that constitutes the main object of the Unique Project; or
2. The date on which FORTY PERCENT (40%) of the minimum investment amount in eligible assets is completed, net of:
 - o Any investments made by the VPU in eligible assets that may only be considered up to FIFTEEN PERCENT (15%) of the minimum investment amount, pursuant to subsections a)6 and b)7 of Article 38 of these regulations;

- Any investments made by the VPU in eligible assets that may only be considered up to TWENTY PERCENT (20%) of the minimum investment amount, pursuant to Article 39 of these regulations, related to the contracting of essential services approved by the Competent Authority.

The start-up date must be reported by the VPU to the Competent Authority as a sworn statement, detailing how one of the two conditions listed above has been met. This information shall be forwarded by the Authority to the BCRA (Central Bank of Argentina).

Incentive Percentage

It shall be calculated based on the value received according to the agreed sales terms of goods exports, shipped after the start-up date has passed.

Collections

Collections shall be subject to the general regime regarding the obligation to remit and/or settle them through the foreign exchange market, unless more favorable provisions apply to the VPU.

Application of Incentives

The incentives provided shall apply to export advances, pre-financing, and post-financing of exports, both domestic and foreign, related to the VPU enrolled in the Regime, to the same extent, terms, and conditions as the incentive applies to the financed export. Free availability of foreign currency shall not be subject to any restrictions or limitations. However, the amount of liquid foreign assets held abroad by VPUs under the RIGI incentives shall be subject to the rules established by the Central Bank of the Argentine Republic (BCRA) regarding the use of such assets.

Access to the Foreign Exchange Market

- Local financing in foreign currency shall be understood as financial indebtedness with local entities, issuance of securities with local registration, promissory notes, and/or other instruments approved by the BCRA.
- Access to the foreign exchange market for the payment of principal on financial indebtedness abroad and for the repatriation of direct investments by non-residents may occur at any time before the maturity of the relevant obligation, provided that such funds have been remitted and settled, and without needing to meet the minimum stay period in the case of direct investments.
- Regarding the obligation to remit and settle, in whole or in part, the proceeds from exports, the Central Bank of the Argentine Republic (BCRA) may require that VPUs

enrolled in the Regime include the incentive provided under Article 198 of Law No. 27,742.

- Investments made through foreign contributions in kind of capital goods or the importation of financed capital goods shall receive the same benefits as funds remitted and settled, provided they have been duly registered and comply with the procedures established by the Competent Authority and the BCRA.

In cases where VPUs have partially remitted through the foreign exchange market the amounts corresponding to capital contributions, other investments, or loans or other financial indebtedness abroad destined for the RIGI, access to the foreign exchange market for the payment of profits, dividends, or interest to non-resident parties shall not exceed the proportional part of the capital contributions, investments, and loans or other financial indebtedness abroad that have been remitted and settled through the foreign exchange market.

Non-resident creditors of the VPU, including related parties, who have received pesos in the country as a result of a collection against the VPU arising from a VPU default, as well as guarantors of the VPU's obligations whose guarantee is established in the indebtedness agreements for the payment of such guarantee provided, shall have access for the repayment of principal and interest under the same terms and conditions that would have applied to the VPU.

The Central Bank of the Argentine Republic (BCRA) may establish:

1. Mechanisms for access to the foreign exchange market so that the VPU may provide guarantees, either domestically or abroad, for the payment of principal and interest on foreign indebtedness that has been remitted and settled through the foreign exchange market; and
2. The possibility to accumulate proceeds from exports of goods and services in accounts, either domestically or abroad, for the purpose of securing the repayment of such indebtedness.

In addition, the BCRA shall issue the necessary and complementary regulations to implement these provisions within the foreign exchange regulations. These rules shall cover cases of contributions of assets by foreign parties and mechanisms to manage guarantees for both domestic and foreign financing.

Chapter VI – Stability, Compatibility with Other Regimes, Assignments. Regulation of Articles 201 to 208

Tax and Customs Stability

Tax and customs stability applies to all taxes, levies, fees, and contributions for which VPUs are the taxpayers, as well as to import or export duties, tariffs, or other charges. The incentive means that even if Title VII of Law No. 27,742 (RIGI) is amended and/or repealed, VPUs enrolled in the regime shall have the right, for THIRTY (30) years from the date of enrollment, to pay only:

- The taxes under the incentives provided by the RIGI; and
- Taxes not included in the RIGI that were in effect at the date of enrollment, until their elimination.

This grants the VPU the right to reject any imposition of additional taxes or higher rates. It also has the right to offset, automatically and without prior authorization from any authority, any tax that has been charged in violation of Law No. 27,742 or its regulations against other taxes. The VPU shall also have the right to benefit from any elimination or exemption of taxes under the general regime, as well as any eventual reduction of their rates. This benefit shall extend to the jurisdictions of the Autonomous City of Buenos Aires, provinces, and municipalities that adhere to the RIGI.

Protection of the property and the enrolled project under the regime's provisions is not time-limited and shall remain in effect for the entire life of the project.

The expiration of the stability period shall not imply the termination of the RIGI or the incentives granted, unless otherwise provided by applicable regulations.

Chapter VII

Termination of RIGI Incentives

Regulation of Articles 209 and 210

End of the Project's Useful Life

The VPU must notify the Competent Authority in writing and through a verifiable means of the end of the Unique Project due to the expiration of its useful life, within 10 calendar days of its occurrence.

Bankruptcy

The VPU must notify the Competent Authority in writing and through a verifiable means of the bankruptcy ruling within 10 calendar days of its issuance. For the termination of rights and incentives to take effect, the ruling must be final and binding. The termination shall have retroactive effect to the date of the original bankruptcy ruling.

Voluntary Withdrawal

The VPU may request voluntary withdrawal at any time, in compliance with the terms and

conditions established by the regulations, and such request must be approved by the Competent Authority. The Authority shall issue a decision within 45 business days, through the corresponding administrative act.

Once approved, the requesting entity shall be released from its obligations from the date of the withdrawal request. From that moment onward, it shall be considered to have forfeited all rights, guarantees, and incentives provided under the RIGI, without retroactive effect and without affecting rights previously utilized prior to the withdrawal.

Chapter VIII

Infraction and Appeals Regime Applicable to the VPU

Regulation of Articles 211 to 217

The regulations establish various sanctions in the event that a VPU enrolled in the RIGI commits any of the following breaches:

- Use or enjoyment of incentives through deceit, fraud, or abuse of rights;
- Failure to achieve FORTY PERCENT (40%) of the minimum investment amount within the first TWO (2) years, unless modified by the Competent Authority;
- Failure to meet the long-term investment requirement as provided in the second paragraph of Article 172 of Law No. 27,742; or
- Failure to achieve ONE HUNDRED PERCENT (100%) of the minimum investment amount within the declared deadline, unless a modification is authorized.

In the event of non-compliance, or on a date subsequent to the day on which, according to a final and binding ruling, the non-compliance occurred, the VPU has used or benefited from any of the RIGI incentives.

Failure to comply with the commitment to hire local suppliers shall be considered a breach contemplated in subsection g) of Article 211 of Law No. 27,742.

The sanctions to be applied are graduated according to the severity of the infraction and may include, pursuant to Article 213 of Law 27,742, the following, without prejudice to those that may arise under applicable tax, customs, social security, and/or criminal law:

- Warning, for the cases contemplated in subsections a)11 and b)12 of Article 211;
- Fine of ten million pesos (ARS 10,000,000) to thirty million pesos (ARS 30,000,000) for the acts contemplated in subsection a) of Article 211;
- Fine of one hundred million pesos (ARS 100,000,000) to four hundred million pesos (ARS 400,000,000) for the acts contemplated in subsections b), c)13, and d)14 of Article 211; or a fine of one percent (1%) to three percent (3%) of the minimum investment

amount under subsection a) of Article 172 for the acts contemplated in subsection e)15 of Article 211;

- Fine of five percent (5%) to fifteen percent (15%) of the minimum investment amount under subsection a)16 of Article 172 that remains pending, for the acts contemplated in subsection f)17 of Article 211;
- Termination of the RIGI for the acts contemplated in subsection f) of Article 211, which shall result in the total forfeiture of RIGI incentives from the date the non-compliance with these obligations has been finally and definitively resolved by the competent court;
- Disqualification to request enrollment of a new project under the RIGI, as an additional or accessory sanction to the one provided in the previous subsection, depending on the severity of the conduct. This shall take effect from the date on which the ruling imposing the sanction has been finally and definitively resolved by the competent court, which shall constitute the effective date of termination; and
- Repayment of tax, customs, and foreign exchange incentives, for the acts contemplated in subsection g) of Article 211, together with compensatory interest.

In the event of any of the situations contemplated in Article 211, the Competent Authority shall apply, either jointly or alternatively, the sanctions provided in this Article.

If a final and binding decision by the competent court orders the lifting and/or revocation of the RIGI termination, and a preliminary suspension of incentives has been imposed under the terms of Article 214 of Law No. 27,74218, the VPU shall be entitled to the corresponding incentives, provided that it fulfills the obligations it would have had to perform had the preliminary suspension not been imposed.

Chapter IX – Competent Authority

The Competent Authority shall be the Ministry of Economy.

An Evaluation Committee for Projects shall be established, composed of the heads of the secretariats of the National Executive Power or officials of equivalent or higher rank, which will review the applications for enrollment.

Chapter X

Jurisdiction and Arbitration

Definitions.

Dispute

A dispute is a controversy between the National Government and a VPU.

ICSID Arbitration Rules (Complementary Mechanism)

These are the rules of the Complementary Mechanism of the International Centre for Settlement of Investment Disputes (ICSID).

Existence of a Dispute

A VPU enrolled in the RIGI may establish, together with the Competent Authority, the forms, procedures, and other requirements to communicate the existence of a Dispute and to serve documents related to that Dispute. Notification of the existence of a Dispute must be made to the Competent Authority, with a copy to the Office of the Attorney General of the Nation (Procuración del Tesoro de la Nación).

Arbitration Agreement

In the enrollment application, the VPU must provide written acknowledgment that both the VPU and its Partners or Shareholders shall resolve Disputes (including those regarding rights, benefits, and incentives obtained by its members, partners, or shareholders) through the mechanisms provided in Article 221 of Law No. 27,74219, including the RIGI Panel. The arbitral tribunal shall be composed of three (3) arbitrators selected in accordance with the applicable procedural rules. None of the arbitrators may be a national of Argentina or of the home country of the VPU's majority shareholder. Arbitration shall be conducted in Spanish, except in cases of disputes under ICC or ICSID rules submitted to arbitration by foreign partners or shareholders, in which case it may be conducted in Spanish or English. Once enrollment in the RIGI is accepted, the arbitration agreement between the National Government and the VPU enrolled in the RIGI shall be considered perfected. This agreement shall only take effect from the date of the administrative act approving the enrollment application and the investment plan submitted by the VPU in accordance with Article 177 of Law No. 27,742.

Damages

Impact on the economic-financial balance: The calculation of compensation shall consider actual damages and loss of profits in each case, as applicable, as well as the impact on the economic-financial balance of the Unique Project, resulting from actions or omissions in violation of the RIGI.

Dispute Resolution

If the Dispute cannot be resolved through consultations and amicable negotiations between the National Government and the VPU enrolled in the RIGI after the expiration of the sixty (60) calendar days period provided in Article 221 of Law No. 27,742, the VPU enrolled in the RIGI shall submit the Dispute to arbitration. If the arbitration involves rights, benefits, or incentives obtained by the VPU for foreign Partners or Shareholders, the VPU may only submit the Dispute to arbitration in accordance with subsections b)20 and c)21 of the second paragraph of Article 221 of Law No. 27,742.

The National Government may file a counterclaim for breach of the RIGI and its regulatory rules by the VPU enrolled in the RIGI—or its partners or shareholders—and may seek reparation. Once the enrollment application and investment plan have been approved, the express written consent of the National Government is required to resolve the Dispute through expedited procedures, emergency arbitration mechanisms, or their equivalents.

Applicable Law

The law applicable to any Dispute shall be Argentine law.

Pursuant to the authority granted in the last paragraph of Article 221 of Law No. 27,742, the Competent Authority may propose to the National Executive Power, with the express consent of the VPU enrolled in the RIGI, specific dispute resolution mechanisms for the RIGI project in question. The RIGI Panel is hereby established, empowered to:

- Receive claims from enrolled VPUs and decide on their admissibility and initial processing.
- Summon the parties to a conciliation hearing and, if a satisfactory agreement is reached, ratify it with the force of an arbitral award.
- Order the execution of evidentiary measures necessary for the resolution of the cases.
- Resolve issues submitted to its jurisdiction by the parties, within the scope of its competence.

The procedures and requirements that a VPU enrolled in the RIGI must fulfill to submit a Dispute in accordance with any of the mechanisms provided in the second paragraph of Article 221 of Law No. 27,742 also apply and must be observed when submitting a Dispute before the RIGI Panel.

The RIGI Panel constituted to resolve a Dispute shall be composed of three (3) professionals from the following areas: engineering, economics, and at least one (1) legal professional, all of whom must be included in the list of qualified professionals maintained by the Competent Authority for this purpose. The professionals appointed to resolve a Dispute within the RIGI Panel must issue a decision on the dispute within sixty (60) calendar days from the date on

which the Panel declares the process closed, extendable once for a maximum period of sixty (60) calendar days.

Protected Investment

An investment shall not be considered a protected investment under bilateral or multilateral investment promotion and protection treaties until the RIGI enrollment application and the investment plan have been approved, and only to the extent and within the scope established in the applicable investment promotion and protection treaty.

Chapter XI Transitional Provisions of the RIGI

Imports of new capital goods, spare parts, components, and consumer goods, as well as temporary imports carried out by VPUs enrolled in the RIGI, shall be exempt from import duties, statistical and destination verification fees, and from any system of collection, assessment, advance payment, or withholding of national and/or local taxes.

1. *The following entities shall be considered VPUs:*
 - a) *Public limited companies, including single-shareholder public limited companies, and limited liability companies;*
 - b) *Branches established by companies incorporated abroad in accordance with Article 118 of the General Companies Law;*
 - c) *Dedicated Branches as provided in Article 170 of this law; and*
 - d) *Temporary unions and other associative contracts.*
2. *The priority objectives of the RIGI are as follows, without distinction:*
 - a) *To incentivize large national and foreign investments in the Argentine Republic to ensure the country's prosperity;*
 - b) *To promote economic development;*
 - c) *To develop and strengthen the competitiveness of various economic sectors;*
 - d) *To increase exports of goods and services abroad included in activities under the RIGI;*
 - e) *To promote job creation;*
 - f) *To immediately generate conditions of predictability and stability for the large investments contemplated under the RIGI, and competitive conditions in Argentina to attract investments and ensure their execution through the early implementation of macroeconomic investment solutions, without which certain industries could not develop;*
 - g) *To create, for large investments meeting the RIGI requirements, a regime granting certainty, legal security, and special protection in case of potential deviations and/or non-compliance by the public administration or the State under the RIGI;*
 - h) *To foster the coordinated development of competencies among the National Government, the provinces, and the respective authorities regarding natural resources; and*
 - i) *To foster the development of local production chains associated with investment projects covered by the RIGI.*
3. **Hiring of local suppliers** for goods and/or works for the development of the Project, equivalent to at least twenty percent (20%) of the total investment amount allocated for supplier payments related to the Project, provided that local supplier offerings are available and meet market conditions regarding price and quality. This minimum percentage must be maintained during the construction and operational stages.
4. **Exemption from import duties, statistical and destination verification fees, and from any collection, assessment, advance payment, or withholding system of national and/or local taxes.**
5. **Improper enjoyment of tax, customs, and foreign exchange benefits** under this regime.
6. **Failure or delay** in submitting the information required by the competent authority or other relevant bodies under this law.
7. **Submission of false or inaccurate information or sworn statements** to the competent authority or other relevant bodies under this law.
8. **Failure to obtain prior and express authorization** from the competent authority when required under the RIGI.
9. **Disposal (by sale or re-export) of goods** imported under RIGI benefits or in compliance with obligations under subsections a) and b) of Article 172, prior to the deadlines set in the second paragraph of Article 179 and the third paragraph of Article 190.
10. **Engaging in activities outside the VPU's unique purpose** in violation of the obligation in the second paragraph of Article 169; or, in the case of suppliers, failure to comply with the requirements and obligations set out in paragraphs five to eight of Article 169.
11. **Involving an investment amount per project in computable assets** equal to or greater than the minimum investment amount set in the first paragraph of Article 173, which must be completed before the deadline indicated in the investment plan.
12. **Unjustified failure to comply** with the obligations set out in subsections a) and b) of Article 172.
13. **In the same resolution in which the competent authority orders the opening of the infraction proceedings, it may instruct the initiation of relevant actions so that the competent court can provisionally suspend the enjoyment of RIGI incentives until a final and binding decision is issued. During this period, compliance with other obligations under the RIGI will also be considered suspended.**
14. **Arbitration Rules accepted by the VPU:**
 - a) *CPA Arbitration Rules 2012;*
 - b) *ICC Arbitration Rules – except for the Expedited Procedure Rules; or*
 - c) *Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) of March 18, 1965, or, where applicable, the ICSID Arbitration – Supplementary Mechanism Rules.*

Client Alert

Except where the VPU opts for arbitration under the ICSID Convention, the arbitral tribunal or administering institution, according to the applicable rules, will determine the **seat of arbitration**, which must be **outside Argentina** and in a country that is a party to the **New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, dated June 10, 1958**.

20. ICC Arbitration Rules – except for the Expedited Procedure Rules.
21. ICSID Convention or, where applicable, the ICSID Arbitration – Supplementary Mechanism Rules.
22. The **National Executive Power** is empowered to establish **dispute resolution mechanisms** with the VPU, specific to each project, in the administrative act that approves the adhesion request and the investment plan.

Regulatory Notice | “Incentive Regime for Large Investments” | Argentina

“Large Investments Incentive Regime (RIGI) Law”

June 2024

On June 28, 2024, the National Congress approved the bill called the “Law on Foundations and Starting Points for the Freedom of Argentinians” (the “Law”). Only the promulgation or veto by the President of the Nation remains pending. The Law includes a section called “Large Investments Incentive Regime” (RIGI), a regime for Single Project Vehicles (VPU) that meet certain requirements, granting them certain foreign exchange and tax incentives, as well as legal certainty and protection of acquired rights. The main aspects of RIGI are as follows:

- *Eligible Entities*
Adherence to RIGI may be requested by Single Project Vehicles (VPU) that hold one or more phases of a project qualifying as a “Large Investment” in the forestry, industrial, tourism, infrastructure, mining, technology, steel, energy, oil, and gas sectors. The deadline to apply for participation in RIGI will be 2 years from the date it comes into force, which may be extended for an additional year by the Executive Branch.

The VPU shall have as its sole and exclusive purpose the execution of one or more phases of a single investment project admitted to RIGI. Consequently, the VPU must not carry out activities or hold assets unrelated to that project, except for temporary working capital investments necessary for the prudent management of the company’s funds.

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In cases where a local company or a branch of a company incorporated abroad wishes to join RIGI and carries out one or more activities or holds assets that are not allocated to the project, it may opt to establish a branch solely for the purpose of its adhesion. If so, the benefits of RIGI will only apply in relation to that branch.

The incentives and benefits of RIGI may only be used by the VPU exclusively in relation to the adhered project.

Additionally, suppliers of goods or services with imported merchandise may apply for RIGI in order to obtain the same import benefits. Only merchandise imported for the purpose of supplying goods or services to an adhered VPU will be considered under this regime. Adhered suppliers must:

- i) bill annually, for goods sold and/or services rendered and supplied to adhered VPUs, a percentage of their total billing not lower than that established by the Application Authority; and
- ii) report this percentage to the Application Authority through a sworn statement accompanied by certification issued by a licensed public accountant.

In case of non-compliance, the supplier will be automatically and immediately suspended from the benefits of RIGI. In the event of a second suspension, the Application Authority may order the permanent removal of the supplier.

- **1. Large Investments**
“Large Investments” shall be considered those projects that involve the acquisition, production, construction, and/or development of assets destined for activities that meet the following conditions:
- **Minimum investment amount in computable assets** of USD 200,000,000. The National Executive Power may increase the minimum investment amount by sector or subsector up to a maximum of USD 900,000,000.
- **Computable asset investments** are those made after the entry into force of **RIGI** and destined for the

acquisition, production, construction, and development of assets allocated to activities included in **RIGI**, for the development of a project owned by an adhered **VPU**, excluding financial and/or portfolio assets and inventory.

- **Equity participations** will also be considered computable assets provided they meet certain criteria described in the Law.
- The **minimum investment amount** must be executed within the first and second year from the date of approval of the investment plan and adhesion to the regime.
- Investments must have a **long-term nature**, understood as those where the ratio between the present value of the expected net cash flow (excluding investments) during the first three years from the first capital disbursement, and the present value of planned capital investments during the same period, does not exceed 30%.

Projects that can position the Argentine Republic as a new long-term supplier in global markets in which it does not yet have a significant presence, and that involve successive capital disbursements, with a minimum investment in computable assets per stage equal to or greater than USD 1,000,000,000, may be considered **Long-Term Strategic Export Projects** by the **Application Authority** at the time of approval. In such cases, they shall enjoy the benefits and guarantees provided under **RIGI**, such as faster access to the foreign exchange market and exemptions from export duties, for the period and under the conditions specifically established in the regulations.

- **Application for RIGI Membership**
To apply for membership in RIGI, VPUs must submit an application form along with an investment plan. The Application Authority will review the application and approve or reject it within a maximum period of 45 days. The rejection of an application must be justified and cannot be appealed. However, the VPU shall have the

right to submit a new investment plan for the same project.

The approval of the application and the investment plan entails, among other things, the following:

Membership in RIGI, which entails acquiring the rights under RIGI.

RIGI adhesion date, which shall be the date of submission of the membership application.

Investment to be made in the first 2 years from the notification of RIGI membership, which must be at least 40% of the total investment amount.

Deadline to comply with the minimum investment in computable assets, as proposed in the investment plan.

Assumption by the VPU of the essential compliance commitments and requirements established under RIGI.

Sworn statement confirming that the VPU will not distort the local market.

The Application Authority shall issue a “Project Membership Certificate under RIGI” and notify the relevant authorities regarding the tax and foreign exchange incentives.

- **Continuity of the Project. Force Majeure or Acts of God**

As a condition for remaining in **RIGI**, the **VPU** undertakes to comply with all essential conditions and requirements of this regime, which implies the continuity of the project and the maintenance of the investment. However, it is understood that the execution and continuation of the project depend on a variety of factors, some of which are beyond the **VPU**'s control.

Therefore, the **VPU** may, at any time and upon the occurrence of a force majeure or act of God event, decide to suspend, restart, and/or close the project, either temporarily or permanently, in whole or in part, without incurring liability, provided that the decision is reasonably justified and notified to the competent authority.

The **VPU** shall refrain from using the incentives provided under **RIGI** for the duration of the suspension.

9. Tax and Customs Incentives

9.1. Income Tax

VPUs adhering to the regime shall be subject to a 25% rate on profits, thereby avoiding the standard progressive tax scale. They may choose to apply the respective depreciation/amortization over specific fiscal periods, following a designated amortization plan, providing flexibility in financial planning.

Tax losses incurred by the VPU in a fiscal period that cannot be offset against taxable profits of the same period may be deducted from taxable profits in the following fiscal years without time limitation. If such losses are not absorbed within 5 years, they may be transferred to third parties.

Adjustments provided under the Income Tax Law shall be calculated based on the percentage variations of the Consumer Price Index (CPI).

9.2. Dividend Tax

Net profits derived from dividends and earnings from VPUs adhering to the regime shall be taxed at a 7% rate.

When dividends are paid to foreign beneficiaries, the payer shall withhold and remit this percentage to AFIP as a single and definitive payment.

After seven years from the RIGI adhesion, dividends and earnings shall be subject to a 3.5% rate

9.3. Other Taxes

Value Added Tax (VAT): If VPUs have been invoiced VAT for the purchase, construction, manufacturing, processing, or final importation of fixed assets, or for investments in infrastructure works and/or services necessary for their development and construction, they shall be allowed to settle such VAT with their suppliers or with AFIP through the issuance of Tax Credit Certificates.

- Tax on Bank Debits and Credits: VPUs may apply 100% of amounts paid or received for the tax on debits and credits in bank accounts as a credit against Corporate Income Tax.

Customs Incentives

- Imports: Imports of new capital goods, spare parts, components, consumer goods, as well as temporary imports made by VPUs adhering to the RIGI, shall be exempt from import duties, statistical fees, and verification of destination, as well as from any national and/or local tax collection, advance, or withholding regimes.
- Exports: Exports of goods produced under the project carried out by VPUs shall be exempt from export duties after 3 years from the date of adhesion to the RIGI, and after 2 years in the case of Long-Term Strategic Export projects.
- VPUs may freely import and export the goods necessary for the project without prohibitions or restrictions. No official prices or other government measures that alter the value of imported or exported goods will apply, nor will they be subject to domestic supply prioritization.

Foreign Exchange Incentives

- Collections from exports of products from the project adhered to the RIGI carried out by VPUs are exempt from the obligation to deposit and/or settle through the foreign exchange market according to the following percentages:
 - 20% after 2 years from the date of adhesion to the RIGI
 - 40% after 3 years from the date of adhesion to the RIGI
 - 100% after 4 years from the date of adhesion to the RIGI
- Funds corresponding to these percentages shall be freely available. Shorter periods will apply to projects classified as Long-Term Strategic Export projects.
- VPUs are not required to deposit and/or settle in the foreign exchange market the foreign currency and/or any

equivalent amounts related to other items or concepts (such as capital contributions, loans, or services) associated with the project, and such funds are freely available.

- VPUs adhering to the RIGI are not subject to any limitations on holding foreign or domestic liquid assets imposed by foreign exchange regulations.
- Foreign exchange regulations that establish restrictions or prior authorizations for access to the foreign exchange market for the payment of:
 - Loan principal or other financial debt abroad, and/or the repatriation of direct investments by non-residents; or
 - Dividends or interest to non-residents shall not apply to VPUs adhering to the RIGI.

Accounting Records and Financial Statements

- VPUs may maintain their accounting records and financial statements in United States dollars (USD) using International Financial Reporting Standards (IFRS).

Other Rights Guaranteed under RIGI

- Full disposal of the products resulting from the project, without any obligation to sell in the local market.
- Full disposal of their assets and investments, which shall not be subject to de facto or de jure confiscatory or expropriatory acts by any authority.
- Right to uninterrupted operation of the project, except where a court order intervenes and the VPU is given the opportunity to exercise its right of defense, acknowledging that the viability and continued operation of the project throughout its useful life is of essential importance.

- Right to pay profits, dividends, and interest through access to the foreign exchange market without any restrictions and without prior approval from the Central Bank of the Argentine Republic, to the extent that the investment has been entered through the Single and Free Foreign Exchange Market.
- Unrestricted access to justice and other legal remedies available for the defense and protection of their rights related to the project.
- **Stability; Compatibility with Other Regimes**
VPUs adhering to RIGI shall enjoy regulatory stability regarding their projects in tax, customs, and foreign exchange matters. The incentives granted under RIGI cannot be affected by the repeal of the law or the enactment of tax, customs, or foreign exchange regulations that are more burdensome or restrictive than those provided under RIGI.

Stability Duration

The stability period shall last for 30 years from the VPU's date of adhesion.

New Taxes

Any new taxes created after the date of adhesion, other than those existing at the date of adhesion or those specifically provided for under RIGI, shall not apply to the VPU, nor shall any increases to existing taxes.

Imports and Exports

For imports and exports, the tax regime, rate, and tax base in effect at the date of adhesion shall apply.

Beneficial Changes in Foreign Exchange Regulations

In the event of reductions or eliminations of foreign exchange restrictions resulting in a more favorable treatment than that provided under RIGI, the VPU may benefit from such changes immediately.

In the event of reductions or eliminations of foreign exchange restrictions that result in a more favorable treatment than that provided under the RIGI, the VPU may benefit from them by applying them immediately.

Termination of Incentives under the RIGI

The incentives and rights of a VPU adhering to the RIGI shall cease without retroactive effect for the following reasons:

- Completion of the project upon reaching the end of its useful life;
- Bankruptcy of the VPU;
- Voluntary withdrawal requested by the VPU, effective from the date of approval by the competent authority; or
- Termination as a sanction for a violation of the RIGI.
- Infringement and Recourse Regime

The following non-compliances shall be punishable:

- Omission or delay in submitting information required by the competent authority;
- Submission of false or inaccurate information or sworn statements;
- Failure to obtain prior and express authorization from the competent authority in cases where it is required under the RIGI;
- Disposal (whether by sale or re-export) prior to the expiry of the applicable term of goods imported under the RIGI incentives;
- Conducting activities not related to the VPU's single purpose;
- Unjustified failure to meet the mandatory investments required under the RIGI;
- Improper use of the tax, customs, and foreign exchange incentives established under the RIGI.

Jurisdiction and Arbitration

All disputes arising from or related to the RIGI between the National State and a VPU shall first be resolved through consultations and amicable negotiations.

If the dispute cannot be resolved amicably within sixty (60) calendar days from the date the VPU notified the National State of the existence of the dispute, the VPU may submit the dispute to arbitration, in accordance with – at the VPU’s choice –: the CPA Arbitration Rules of 2012; the International Chamber of Commerce Arbitration Rules (excluding the Expedited Procedure Rules); or the Convention on the Settlement of Investment Disputes between States and Nationals of Other States of March 18, 1965, or, where applicable, the CIADI Arbitration Rules (Supplementary Mechanism).

- In principle, the arbitral tribunal shall decide the seat of arbitration, which must be established outside the Argentine Republic.
- The arbitral tribunal shall consist of three (3) arbitrators, who shall be selected in accordance with the applicable procedural rules. None of the arbitrators may be a national of Argentina or of the home state of the majority shareholder of the VPU.
- Except in certain cases, the arbitration shall be conducted in Spanish

The National Executive Power is authorized to establish dispute resolution mechanisms with the VPU, specific to each project, in the administrative act that approves the application for adherence and the investment plan.

The rights and incentives acquired under the terms and conditions of this regime shall be considered protected investments within the meaning of applicable bilateral investment promotion and protection treaties. Any impairment of such rights and incentives may give rise to the international

responsibility of the National State in accordance with the provisions of those treaties, without prejudice to the remedies provided under this regime.

- Local jurisdictions

The provinces, the Autonomous City of Buenos Aires, and the municipalities are invited to adhere to the RIGI under all its terms and conditions.

It is established that provinces, the Autonomous City of Buenos Aires, and municipalities that adhere to the RIGI may not impose new local taxes on the VPU, except for fees for services actually rendered



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