

We propose a tax system in **Argentina** that is **simpler, more transparent, and supportive of economic growth**. The objective is to reduce the heavy tax burden that discourages investment, formal employment, and entrepreneurship while ensuring the state can finance essential functions.

1. Simplify the Tax System

Argentina's tax structure is highly complex, with dozens of national, provincial, and municipal taxes administered by agencies such as Administración Federal de Ingresos Públicos.

We propose:

- Reducing the number of taxes across all levels of government
- Eliminating overlapping or distortionary taxes
- Creating a clearer and more predictable national tax code

A simpler system would reduce compliance costs and make it easier for businesses and workers to operate within the formal economy.

2. Reduce Distortionary Taxes

Several existing taxes discourage investment and production.

Reform should prioritise gradually eliminating or reducing:

- Turnover taxes such as provincial gross receipts taxes
- Taxes on financial transactions
- Export taxes that penalise productive sectors

Reducing these taxes would strengthen competitiveness and encourage economic activity.

3. Lower Marginal Tax Rates

High marginal rates on income, labour, and corporate profits discourage formal employment and entrepreneurship.

Reform should focus on:

- Lowering income and corporate tax rates
- Reducing payroll taxes that increase the cost of hiring workers
- Ensuring that additional work and investment are not excessively taxed

Lower rates can encourage businesses and workers currently in the informal economy to formalise their activities.

4. Broaden the Tax Base

Rather than relying on high rates applied to a narrow base, the tax system should apply **moderate rates across a broader base**.

This includes:

- Reducing exemptions and special regimes
- Ensuring similar economic activities are taxed consistently
- Improving enforcement while keeping rules simple

Broadening the base allows rates to fall without undermining public revenue.

5. Encourage Saving and Investment

Long-term economic growth in Argentina requires higher levels of investment.

The tax system should therefore:

- Reduce taxes on reinvested business profits
- Avoid double taxation of savings
- Provide stable and predictable tax treatment for long-term capital investment

Stable rules are particularly important in rebuilding investor confidence in Argentina.

6. Rationalise Consumption Taxes

Consumption taxes such as the value-added tax administered through Impuesto al Valor Agregado should be simplified.

Possible reforms include:

- Reducing the number of different rates
- Limiting exemptions that complicate compliance
- Improving efficiency in tax collection

A simpler consumption tax system is easier to administer and less distortive to economic activity.

7. Ensure Fiscal Stability

Tax reform must go hand in hand with responsible fiscal policy.

Coordination with monetary authorities such as the Banco Central de la República Argentina is essential to ensure:

- Sustainable public finances
- Reduced reliance on inflationary financing
- Greater macroeconomic stability

Fiscal discipline strengthens confidence in the economy and encourages long-term investment.

✓ In summary:

We propose a tax system in Argentina that is **simpler, lower, and more predictable**, reducing distortionary taxes, encouraging investment and formal employment, and supporting long-term economic growth while maintaining fiscal responsibility.