

Starting a Business - Argentina

STANDARDIZED COMPANY

Legal Form: *Sociedad de responsabilidad limitada (S.R.L.)* - Private limited company

Minimum capital requirement : Arps3,000¹

City: Buenos Aires

Registration Requirements:

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| Procedure 1. The name of the company is verified by the Office of Corporations (Inspección General de Justicia) (IGJ) | |
| Time to complete: | 1 day |
| Cost to complete: | Arps 18 |
| Comment: | The reservation of a name is mandatory to incorporate any new company or make any change to the corporate name of an existing one. The form of "Reservation of name" (<i>Reserva de nombre</i>) costs \$18 and expires in 30 days. |
| | Argentina's convertibility regime, that pegged the domestic currency with the US dollar at a 1-to-1 exchange rate, was modified in January 2002 under Law 25.561. The Federal Government introduced a floating rate regime. |
| Procedure 2. Certify signatures of quota holders by a notary public. | |
| Time to complete: | 1 day |
| Cost to complete: | Arps\$175, assuming 5 signatures |
| Comments: | It is not obligatory to notarize bylaws. They can be formally constituted under a private document. However, it is required that the signatures of the founding members be certified by a public notary. Each certification for a signature costs about 40 pesos. At the inaugural meeting of partners/quotaholders draft statutes are approved and capital is subscribed and paid. The capital must be fully subscribed upon incorporation, but only 25% must be paid in. The balance must be paid in two years. |
| Procedure 3. Obtain a bank account in the name of the company to certify that 25% of the subscribed capital is paid-in | |
| Time to complete: | 1 day |
| Cost to complete: | no charge |
| Comment: | The cost depends on the bank, ranging from zero to Arps36. |
| Procedure 4. Publish the new company's notice in the official paper (<i>Boletín Oficial</i>) | |
| Time to complete: | 7 days within the City of Buenos Aires and 14 days within other jurisdictions |
| Cost to complete: | Arps \$325 |
| Comment: | The applicant has to wait for the actual publication before proceeding to the next step. The cost ranges Arps \$200-450, depending on the length of the notice and the purpose of the company. |
| Procedure 5. Payment of the incorporation fee | |

¹ There is no legal capital requirement in the law. The minimum of Arps3,000 is based on a customary practice which has been imposed by the Superintendency of Corporations. Also the Superintendency of Corporations has refused to register certain companies under specific situations, as it considered that the capital established by the partners/quotaholders of such companies was not enough to fulfill the activities as described by the company's incorporation documents (e.g. the Public Registry of Commerce has refused a capital of 3.000 for one PLC that gives computers services).

Time to complete: 1 day

Cost to complete: Arps 30

Procedure 6. Register at the *registro publico de comercio* at the *Inspection General de Justicia* (IGJ).

Time to complete: 5 days

Cost to complete: Arps 94 (regular filing) / Arps. 282 (special and urgent filing)

Comments: Companies located outside the federal capital register the documents with the Public Register of Commerce maintained by the local Commercial Court in provincial jurisdictions. Enter the official record of incorporation, together with the documents of directorial nomination approval, and a copy of the publication. During the period of formation, that is, after the inaugural meeting and before the final registration at the Public Registry of Commerce, the corporation may validly operate, other than for customs clearing purposes, under its name with the addition of the words *en formación*, but its partners and managers are jointly and severally responsible and are not protected by limitation of liability during this period unless their actions have been expressly authorized in the inaugural meeting deed.
Time: 5-14 days (regular filing, 5 days if no objection) and 1-3 days (special and urgent filing).

Procedure 7. Buy special books

Time to complete: 1 day

Cost to complete: fees included in procedure 8. Cost of each book is approximately Arps 40.

Procedure 8. Get a form from the Public Notaries College and a notary public submits the company books for rubrication by IGJ

Time to complete: 5 days

Cost to complete: Arps 400

Comments: Once the SRL is duly registered by the IGJ, it must rubricate at least a Book of Minutes of Quotaholders' and Managers' Meetings, and other four books for accountant matters. The procedure of rubric of the books can only be developed after the company is registered. The cost includes purchasing books, notary form and fees, and stamping by IGJ. The rubrication of books of account with the IGJ must be applied for by a public notary, who must file a form given by the Public Notaries College. The form costs \$115, and it may include up to five books for their rubrication. In case the company wishes to rubricate more than five books, another form of same value is necessary.
The cost includes: Arps200 of books, Arps115 of form and approx. Arps.85 of notary fees.

Procedure 9. Obtain a tax identification number (CUIT) from the National Tax Office (*Administración Federal de Ingresos Públicos* , AFIP)

Time to complete: 4 days

Cost to complete: Arps 50 notarization fees. Corporations must file an application subscribed by its President, being its signature certified by a notary public.

Comments: There is a national tax on assets, administered by the *Dirección General Impositiva* (DGI). It is assessable annually on the financial year-end tax value of assets. The rate of the tax is one percent, and it is applied on tax-valued assets. The process takes 1-7 days.

Procedure 10. Obtain social security number from AFIP

Time to complete: 1 day

Cost to complete: Arps 50 notarization fees.

Comments: Pursuant to Argentine legislation, corporations must be registered as employers with the AFIP, by filing an application describing the number of employees and the date of their hiring. Employers pay pension fund, family allowances fund, social health, social services. Employees can choose between state and private pension systems.
Corporations must file an application subscribed by its representative, being its signature certified by a notary public.

Procedure 11. Register turnover tax at local level at the *Dirección General de Rentas* ("DGR"), in the City of Buenos Aires

Time to complete: 1 day

Cost to complete: Arps 50 notarization fees.

Comments: Each of the 24 jurisdictions imposes a tax on turnover (sales) arising within its boundaries, without regard to whether the beneficiary of such sales maintains a domicile or place of business in its jurisdiction. The related rates of tax, rules and other assessment procedures are determinable solely by the government authority of each jurisdiction. Industries and construction – 1.5%; Commerce and services - 3.0%. The company must file an application, together with a copy of the Articles of Incorporation registered with the IGJ and a copy of the CUIT. The DGR shall normally grants the corresponding number of registration to the company at the same moment of the filing of the documentation.
Corporations must file an application subscribed by its representative, being its signature certified by a notary public.

Procedure 12. Register with the Unified System for Labor Registration ("USLR")

Time to complete: 1 day

Cost to complete: no charge

Comments: Employers must make social security withholdings and pay contributions to the USLR calculated on the salaries paid to employees under relationship of subordination. The USLR manages: (i) the retirement pension fund, (ii) the family allowances fund, (iii) the social security fund, and (iv) the unemployment fund.

Procedure 13. Contract an insurance for employees with a Risk Labor Company (ART, *Aseguradora de Riesgos del Trabajo*)

Time to complete: 1 day

Cost to complete: no charge

Comments: ART are private companies.

Procedure 14. Register with AFJPs (*Aseguradoras de Fondos de Jubilaciones y Pensiones*)

Time to complete: 1 day

Cost to complete: no charge

Comments: Employees inform their employers the AFJP they choose so that the employers are able to deposit the installment of the worker' pension.

Procedure 15. Rubricate books of wages in the *Ministerio de Trabajo* (Ministry of Labor)

Time to complete: 1 day

Cost to complete: Arps 75