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LEGAL ALERT

New tax measures agreed in the Emergency Plan for Revenue Protection and Economic and Employment Reactivation

This agreement contemplates 3 main aspects: (i) an additional fiscal framework for up to USD 12 million over the next 24 months; (ii) protection of family revenues; and (iii) an economic and employment recovery plan.

From a tax perspective, the agreement provides the following measures:

- A tax credit on hiring equivalent to 23% of the value of the remuneration of each new employee.
- A 50% reduction of the Corporate Tax under the SME regime for the years 2020, 2021 and 2022.
- An extension of the suspension of payment of the Monthly Provisional Payments (PPM) for 3 months. The current suspension is effective until June 2020.
- An exceptional refund of the remaining VAT tax credit to SMEs with good tax compliance.
- An extension of the 100% instant depreciation system until December 31, 2022. This mechanism was established by Law No. 21,210 on Tax Modernization and is currently in force until December 31, 2021.
- Regarding the year 2021, a release for investment projects from the 1% regional contribution incorporated by Law No. 21,210 on Tax Modernization.

More information on the agreement reached is available on the website of the Ministry of Finance.

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