

## Senate set to approve Fernández's emergency bill



New President Alberto Fernández was on the brink of passing his first legislative test at press time last night, with government officials expecting his sweeping emergency economic reform package to pass through the Senate sometime on Saturday.

As senators opened debate on the new president's sweeping legislative package at 4pm Friday afternoon, government officials publicly affirmed they "had the numbers" for the bill's approval, thanks to the unified Peronist caucus in the upper house. "There is a comfortable number [of votes] for the law to pass," Senator Alfredo Luenzo told the El Destape radio station.

Cristina Fernández de Kirchner, who led the nation as head of state between 2007 and 2015 and now oversees the Senate in her capacity as vice-president, led the debate.

She started things off colourfully enough, ridiculing the leader of the Frente de Todos caucus, Jose Mayans, for addressing her as "presidente" and not "presidenta," which the vice-president said revealed his machismo.

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## THE HOTTEST JOB IN ARGENTINA? HELPING THE 1% HIDE THEIR CASH



BY IGNACIO OLIVERA DOLL  
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## ECONOMY BLOOMBERG

# Hottest job in Argentina: helping the 1% hide their cash abroad

Argentines have long stashed their money outside of the country to protect savings from the boom-to-bust cycles that have cursed the agriculture giant for decades.

BY IGNACIO OLIVERA DOLL  
BLOOMBERG  
@IOLIVERADOLL

**F**rancisco Reinson has never been busier, fielding calls and holding meetings in his office in downtown Buenos Aires. The wealth adviser can thank President Alberto Fernández, who is making rich Argentines very nervous.

"They're afraid that the new government will be aggressive with its tax policies," said Reinson, the chief accounting officer at Amicorp's local subsidiary which specialises in organising and administering trusts which have surged in popularity. Most of the firm's clients have just one request: help them protect the savings they've stashed overseas.

They have good reason to worry. Fernández, a left-leaning populist, is bringing the country back to the days of the Peronists, the movement born in the 1950s under Juan Domingo Perón that favours social spending and local industry. In his first speech as president, he made it clear:

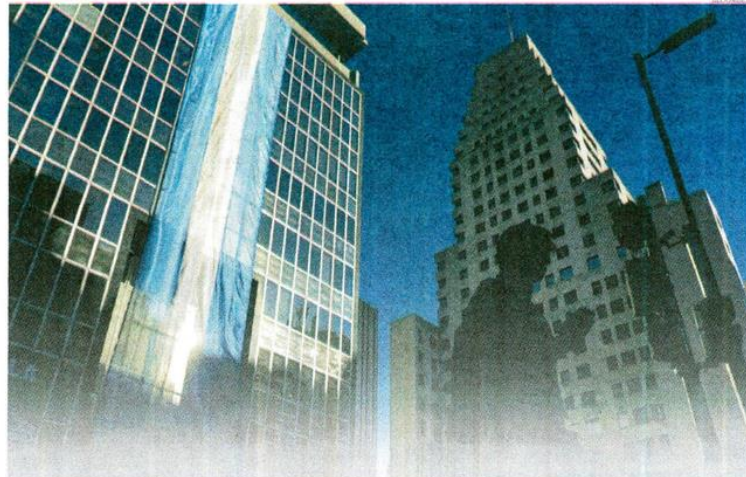
"In order to eliminate hunger we will ask for greater solidarity from those who have more capacity to give it," Fernández said on December 10.

Those simple words justify the concerns among affluent Argentines, according to economist Martín Tetaz.

"It's more taxes on personal assets," Tetaz wrote on Twitter. "If he were talking about export taxes he would say 'those who produce most,' if he were talking about income taxes, he would say 'those who make the most.'"

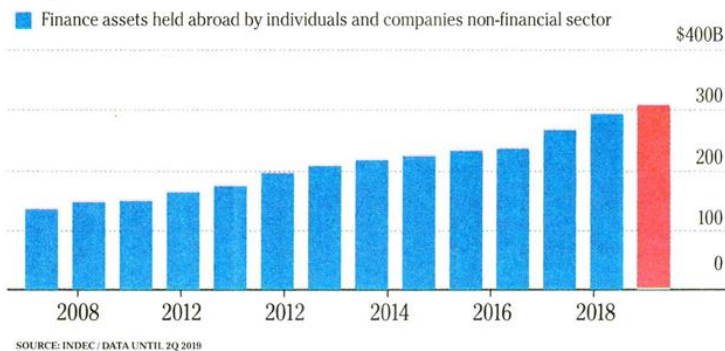
Argentines didn't have to wait long to see the first measures. Fernández's Cabinet chief, Santiago Cafiero, told the *La Nación* newspaper on December 14 that a bill will be sent to Congress to outline tax policies which will include an increase on personal property tax and higher rates for those with assets abroad.

Farmers have already gotten ahead of export tax increases by unloading as much of their wheat, soybean and corn crop before the new government took office. Last weekend, Argentina confirmed the rise in export taxes to fund new government's spending. At the



## Safe Savings?

### Argentines flee and take their dollars abroad



same time, officials announced a so-called tourism tax will be imposed to charge Argentines an extra 30 percent to buy international air tickets, pay for their monthly Netflix subscriptions or use their credit cards outside the country among other transactions.

#### STASHED

Argentines have long stashed their money outside of the country to protect savings from the boom-to-bust cycles that have cursed the agriculture giant for decades. They currently have more than US\$300 billion of savings abroad, according to data from the INDEC national statistics bureau. New stringent rules that require certain countries to share bank account data have made

it harder to find fiscal paradises around the world which is why the trust is becoming a hot product for the wealthy.

An Economy Ministry spokesman declined to comment.

Little known in the country until just recently, the irrevocable trust is in high demand. The instrument is normally structured for people close to retirement age who want to give control and benefit of their assets to others, until the end of their life. But now wealth advisers are even hearing of adults as young as 30-years-old with no heirs seeking out the instrument.

"There was a frenzy after the August primary elections and demand exploded after the new exchange controls," said

Martina Caunedo, a lawyer at MBP Partners, which advises large banks and fund managers in Buenos Aires.

From 2018 to 2019, MBP Partners went from mainly advising companies on infrastructure investments and financing abroad to plan family fortunes.

Argentina already has a high tax load, close to 30 percent of gross domestic product, which is substantially higher than the Latin American average of 22.8 percent, according to the Argentine Institute of Fiscal Analysis.

"The country has a real tangle of taxes, fees and contributions: 163 taxes at the three levels of government [national, provinces and municipalities]," Nadin Arganaraz, direc-

tor of the institute, said. The tax load is close to 33 percent of income for individuals and reaches 50 percent when they do everything within the formal economy.

The high tax pressure has typically lead Argentines to try to hide part of their wealth in foreign currency outside of the country.

#### AMNESTY

A challenge to the strategy to hide wealth from the new government, is that many Argentines were persuaded to take part in a sprawling tax amnesty plan under former president Mauricio Macri in 2016. In that process they paid a flat rate of up to 15 percent to declare what they had abroad with the expectation they would be safe from further taxation for now.

"Those who brought their assets back into the country during the tax amnesty, now want to take them abroad again," Caunedo said.

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With Argentina on the brink of default yet again and the economy in recession with inflation running at 50 percent annually, Fernández doesn't have many options on where to raise revenue to spend on the poor. The most viable appears to be squeezing more money from the rich.

The Frente de Todos leader told the *Telefe* network Monday that taxes on personal assets held abroad will be double the 2015 level. The measure is intended to persuade Argentines to bring their cash back to the country, he said.

"That's a lot of money," Mariano Sardans, CEO of wealth manager FDI in Buenos Aires, said. "For one person, this means the total of what they could obtain with the return on a bond investment or the rental of an apartment abroad."

For some, the solution is to change residency or move abroad to skirt the impact of Fernández's tax policies, Martín Litwak, head of a boutique legal and tax advisory firm with offices in Miami, said. For those seeking a change of residency, they must live 180 days a year in their host country.

"Argentina is exporting wealth: thousands are leaving the country to live outside, others take their businesses abroad and others put their money in these trusts," Sardans said. "The government is set to lose taxable assets."