

Argentina Research and Development (R&D) Tax Credits

Argentina offers an R&D tax credit to companies conducting qualifying R&D activities in the country. The R&D tax credit program for calendar year 2010 opened up in mid-April with a deadline to submit applications by June 15, 2010.

Qualified R&D activities may include process optimization, lean manufacturing, pre-production runs, product enhancements or reformulations, along with many other activities. The tax credit is up to 50 percent of qualifying expenses. The credit can be applied against federal income tax and carried forward for up to three years.

Detailed R&D tax credit applications of the expected R&D projects to take place during 2010 must be submitted by June 15, 2010. Filings are subject to technical and financial review by the Argentinean Technological Fund (FONTAR) to determine the tax credit award.

There are two types of qualifying projects:

- > Research and Development Projects: Includes development of new products, materials, or manufacturing processes.
- > Technological Improvement Projects: Improvements of functionality or characteristics of an existing product, material, or process in order to increase effectiveness, productivity, and market share. Technology upgrades (including software development), quality system implementations, and any effort associated with the development of engineering that generates a positive impact on the company.

Qualifying expenditures include:

- > Gross wages of staff directly involved in R&D
- > Investment in equipment and infrastructure necessary for the project's completion
- > Construction or remodeling of facilities required for the project
- > Consulting and technical services
- > Supplies and materials
- > Prototypes or pilot plants
- > Training of personnel
- > Licensing and patent costs

Contacts

Baker Tilly's team of experienced R&D professionals and their multilingual talents have helped clients obtain significant R&D tax credits and incentives in foreign jurisdictions. If you would like to further discuss this opportunity, please contact [Gina Staudacher](mailto:Gina.Staudacher@bakertilly.com) at 248 368 8882 or gina.staudacher@bakertilly.com.

Baker Tilly Tax Alerts provide you with timely updates about tax savings opportunities and changing regulations. Contact us at tax@bakertilly.com with questions.