

The Real Estate Market

AFIP: New rules for real estate market

REAL ESTATE TRANSACTIONS REGISTER

Between February 1st and March 16th, 2007 all **Real Estate Agencies and Realtors offering five or more immovable properties** and collecting \$8,000 per month or \$96,000 per year should register officially.

RG 2168/06 establishes that real estate professionals who on own account or on a third party's account regularly buy, sell, or lease properties should register in the Real Estate Transactions Register of the Internet site of the AFIP (Public Revenue Agency), using their assigned fiscal number.

Registration is mandatory for: Physical persons, undivided successions, societies, companies, trusts, condominiums, any local association or entity established in the country and any foreign company representing physical or legal persons.

Registration is aimed at preventing under-valuation in title deeds and the consequent underpaid transference taxes and personal property taxes.

TAX ON PROPERTY TRANSFERENCE / PROPERTY VALUE INDICATED IN TITLE DEED:

The strategy of the AFIP is to control not only the real estate professionals but also the buyers and sellers (Personal Property Tax payers) who avoid paying the tax on Property Transference (ITI), which is determined by the value of the property.

Those who sell in order to buy a new home are exempted from paying the ITI, if the second transaction is done within a year of the first one. In these cases the sellers are granted a non-taxable-sale certificate, but it will still be necessary to follow up the first transaction during a year.

This way, the AFIP will be able to identify those who participate in real estate sales and rentals previous to enforcing the use of special forms.

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As it is clear, the aim of this new regulation is to give transparency to transactions, reduce tax evasion and eliminate distortions in property valuations.