

# PURCHASE PROCESS IN ARGENTINA

## OVERVIEW

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### **Buying property in Argentina as a foreigner is legally straightforward:**

Real estate in Argentina is typically held, bought and sold freehold. Property can be acquired by individuals and corporations. The only restriction concerning foreign real estate ownership applies in the immediate vicinity of Argentina's borders, where such ownership is subject to prior government approval.

Owning Property in Argentina is safe for the following reasons:

Under the Argentine constitution foreigners have the same property rights as Argentine nationals. The property market is priced in US Dollars. This provides a shelter from economic crises for locals and protects foreign investors from fluctuations of the Argentine Peso. If you follow the well known 3L Rule (Location, Location, Location) you will not lose money.

### **There are also some differences with real estate transactions in other countries:**

In Argentina every single real estate purchase must go through a special attorney called an "escribano público". The escribano is crucial when buying real estate in Argentina. He has to check that the seller is registered as the owner, all taxes and duties have been paid, there is no lien on the property and that there are no existing mortgages attached. He prepares the boleto (binding pre-contract) and the deed and unlike the realtor he is fully responsible for his advice and actions.

### **Duration:**

After the sale price has been agreed it takes approximately four to six weeks until the signing of the title deed transfer (equivalent to the exchange of contracts). If you are not willing to stay in Argentina for this time period you can grant a Power of Attorney: letting the deed be signed by a person you trust.

## DOCUMENTS

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The legal side of buying property in Argentina is straightforward. The only documents needed are your passport and your personal Argentine tax number or CDI (Clave de Identificación). To obtain a CDI you must prove your address in Argentina (rental apartment, friend's house) with a "certificado de domicilio".

This can be obtained at the nearest police station to where you are staying. With this document and your passport you must then go to the nearest AFIP office (Argentine tax authority) to get the CDI. If you do not speak Spanish it is recommended that you go there with somebody who does speak the language and is also familiar with the system. Otherwise, you can let somebody else do it for you (requires a Power of Attorney).

## BUYING PROCESS

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This section explains what happens after you have found the property you wish to purchase.

### **Reserva:**

You will make an offer to buy the property at a certain price call *Reserva*. It is wise to always offer a lower price (at least 5%) even if you think the asking price is already attractive. To confirm your offer the seller's realtor will ask you for a payment in cash amounting to 2% of the offered price. The offer (*Reserva*) is usually valid for a week. During this period the realtor is supposed to take the property off the market and inform the seller of your offer. The seller will either accept your offer, reject it or, most likely, make a counter offer. Then it is your turn to accept, reject or make a counter offer. If an agreement on the price cannot be reached and the *reserva* expires, you will get your money back. If the seller accepts your offer and you back out, your money will not be returned.

**Boleto:**

The *Boleto* (a binding pre-contract) is a document normally prepared by the escribano. This is an intermediary step where the seller receives 30% of the agreed sale price. It is most commonly used when the signing of the title deed transfer is scheduled 45 days or 2 months down the line. The boleto is basically the point of no return for both the buyer and the seller. If the buyer backs out, they lose the 30% down payment. If the seller backs out, not only do they have to return that 30% but they must also pay another 30% in compensation. But, unlike the reserva, the boleto also gives the prospective buyer the legal right to enforce the property sale (although any resulting lawsuit might take years).

**Escritura:**

The *Escritura* is the actual closing date when all parties get together to sign the official deed transfer. The buyer now takes possession of the property. All taxes on the property must be fully paid up at the time of transfer.

The agreed sum is paid in cash at this time or a transfer to a foreign bank account is set up and verified at a second meeting. It is important to note that the payment required for the escritura does not need to be made in pesos. In fact, most owners will only accept US Dollars or transfers to their accounts held abroad. The buyer does not have to be physically present to sign the transfer deed if a third party is authorised by a Power of Attorney to sign in their place. It is important at this point to have requested and obtained updated floor plans that reflect actual construction. Failure to do this may result in the new buyer having to pay the unpaid taxes of the previous owner. This also guards against any unlawful construction done to the property that could lead to problems in the future with the municipal government.

**COSTS**

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**Realtor commissions:** 3% to 4% of the closing value plus 21% VAT (3.63-4.84%)

**Money transfer fee:** 0.7% to 3% (depends on the time of the year)

**Escribano fees:** 1% to 2% plus 21% VAT (1.21-2.42%)

**Stamp fee:** 2.5% in the city (Capital Federal) of Buenos Aires and 4% in the suburbs of Buenos Aires. If the property is for residential use, valued under ARS 360,000, and it is the client's first purchase the stamp fee is waived. If it is priced over ARS 360,000, the stamp fee will only be paid on the difference (Purchase price minus ARS 360,000). The stamp fee is commonly split 50:50 between the buyer and seller but you must request this when you make your offer.