

October 6, 2021

Report on Central Bank Communication “A” 7375

Below, you will find a detailed analysis prepared by Ms. Carmen Caballeiro about [Communication “A” 7375](#) issued by the Central Bank, which addresses the changes introduced to the advance payment mechanism applicable to purchases made abroad.

Dear Members,

The latest measures adopted by the Central Bank have affected the import sector as follows:

* OBLIGATION TO REPORT TO THE BCRA ANY MONEY OUTFLOW MADE THROUGH THE LOCAL FX MARKET (MLC) FOR OR IN EXCESS OF USD 10,000 PER DAY, FOR ALL PURPOSES AND CONSIDERING ALL BANKS (e.g., PAYMENT OF IMPORTS, SERVICES, FINANCIAL LOANS, ETC.)

Effective October 6, 2021, as established by the Communication attached to this report, any client who seeks access to the MLC for FX outflows for a daily amount above USD 10,000, is required to report it to the BCRA, through its banking entity, at least two business days in advance.

All outflows for which access to the MLC is sought should be reported to the BCRA, considering all purposes and including all banks.

Note that if, for any reason the MLC is not accessed on the designated day, a new process should be started with the BCRA, which implies waiting again for two business days in order to execute the transaction.

To date, this requirement applied solely when accessing to the MLC for daily outflows equal to or higher than USD 50,000.

COM. A 7375 SECTION 2. This section provides that the “FX Transaction Advance Reporting” scheme established under subsection 3.16.1 of the “Foreign Trade and Foreign Exchange” rules shall be filed for all transactions to be completed on and after October 6, 2021 where such money outflows involve access to the FX market in a daily amount which is equal to or higher than USD 10,000 (ten thousand US Dollars).

Below is subsection 3.16.1 of the Foreign Trade and Foreign Exchange rules, which deals with the FX Transactions Advance Reporting scheme.

Entities are required to file with the BCRA every COB, with a two (2) business-day advance notice, information on transactions to be executed at the request of clients or proprietary transactions to be executed by the banking entity itself as client, provided such transactions involve access to the FX market for a daily amount equal to or higher than USD 10,000 (ten thousand US Dollars) for each one of the three (3) business days computed as from the reporting day.

That is, on T = 1 they shall report transactions to be executed on T = 3, T = 4 and T = 5; on T

= 2 they shall report transactions to be executed on T = 4, T = 5 and T = 6, and so on.

Clients are required to report to the authorized entities with due time in advance in order for the entities to comply with the requirement set forth in the preceding section and for clients to carry out the intended FX transaction, provided all other applicable regulatory requirements are also met.

On the transaction(s) date, the client may choose to carry out the reported transaction(s) through any authorized entity.

In such a case, the intervening entity shall have received evidence by the reporting entity that any such transaction has been duly reported.

*** SUSPENSION OF THE SUBSECTION THAT SPECIFICALLY RELEASED ADVANCE PAYMENTS FOR BK GOODS FROM THE PRIOR REPORTING REQUIREMENT.**

As you already know, advance payments for goods designated as BK (capital goods) under the Customs Nomenclature were covered by a specific exception that released them from the prior BCRA reporting requirement as a precondition to accessing the MLC.

However, Communication “A” 7375 suspends such benefit at least from October 6, 2021 through October 31, 2021: “1.4. The section suspends the operation of section 10.11.7 of the “Foreign Trade and Foreign Exchange” rules.

The suspended subsection read as follows: “10.11.7. It is an advance payment for imports related to the acquisition of capital goods. To such effect, capital goods are defined as those with tariff positions designated as BK in the Mercosur Common Nomenclature (Executive Order No. 690/02 as supplemented). If one single advance payment is used to pay capital goods and other non-capital goods, payment may be made as per this subsection on condition that the capital goods represent at least 90% of the total value of goods acquired from the supplier in such transaction and that the entity has received an affidavit from the client stating that the remaining goods are spare parts, accessories or materials necessary for the operation, construction or assembly of the capital goods being acquired.”

As a result, advance payments for BK goods may only have access to the MLC provided the client has available quota pursuant to the provisions of 10.11.1, which, by the way, has also been reduced by Communication “A” 7375.

NEW RULES APPLICABLE TO THE PAYMENT OF IMPORTS, EFFECTIVE OCTOBER 6, 2021 UNTIL AND INCLUDING OCTOBER 31, 2021.

The provisions of Communication “A” 7375, effective as from today and until the end of the month, imply significant changes in how imports are paid. Below, we share our first interpretation of such provisions.

1. The ceiling stated in subsection 10.11.1 is reduced from USD 1,000,000 to merely USD 250,000, thus reducing the quota that clients have been using so far in making advance payments and payments of imports shipped or landed before July 1, 2020.
2. As for the use set forth under subsection 10.11.2, the sight payment option has been eliminated.
3. Payments made under subsection 10.11.2 are not included for purposes of computing the

ceiling established under section 10.11.1. Therefore, they are deducted from the quota in subsection 10.11.1.

4. The specific subsection governing the payment of imports designated as BK under the common nomenclature is suspended; as a result, the advance payment for BK goods becomes subject to the general rule — i.e. subsection 10.11— provided the importer has available quota to do so.

5. Payments of medicines, inputs for manufacturing, health and health care related goods that could be paid prior to their shipment, now by operation of subsection 10.11.10 may only be paid upon shipment, on sight or deferred terms, but before formalization of the customs clearance registration.

CHANGES INTRODUCED BY COMMUNICATION “A” 7375:

- It replaces the first paragraph of subsection 10.11.1 of the “Foreign Trade and Foreign Exchange” rules as follows: “10.11.1. The entity has received an affidavit from the client stating that the total amount of payments associated to the imports of goods paid through the local FX market as per subsection 1.1.2020, including the payment being requested, does not exceed, by the equivalent to USD 250,000 (two hundred fifty thousand US Dollars), the amount that results from:” Before, it read USD 1,000,000.
- It replaces subsection 10.11.1.3 of the “Foreign Trade and Foreign Exchange” rules as follows: “10.11.1.3. Plus the amount of payments made pursuant to subsections 10.11.3 to 10.11.6, 10.11.8 and 10.11.9, not associated to imports covered by subsections 10.11.1.1. and 10.11.1.2.”. Before, payments made under 10.11.2 and 10.11.7 could be added.
- It replaces the first paragraph of subsection 10.11.2 of the “Foreign Trade and Foreign Exchange” rules as follows: “10.11.2. It is a deferred payment for the import of goods corresponding to transactions that originated as from July 1, 2020 or, where originated before that date, they have not arrived to the country by such date.” Before, sight payments were allowed.
- To suspend the operation of section 10.11.7 of the “Foreign Trade and Foreign Exchange” rules. **ADVANCE PAYMENTS FOR BK GOODS ARE NOW GOVERNED BY THE GENERAL RULES BECAUSE THE SPECIFIC EXCEPTION IS SUSPENDED.**
- To replace the first paragraph of subsection 10.11.10 of the “Foreign Trade and Foreign Exchange” rules pursuant to the provisions of Communication “A” 7348 by the following: “10.11.10. The entity has received an affidavit from the client stating that, including the payment of goods with pending customs clearance registration, the amount that results from considering subsections 10.11.1.1. to 10.11.1.5 does not exceed an amount equal to USD 3,000,000 (three million US Dollars) and it involves payments for the import of goods related to medical supplies and other health and/or medical related goods or inputs necessary for their production”. Before, this subsection was applicable to advance payments and it is now used for shipped goods, albeit without a formalized customs clearance registration.

BELOW, WE TRANSCRIBE SUBSECTION 10.11.1 IN FULL WITH THE CHANGES INTRODUCED BY COMMUNICATION “A” 7375:

10.11.1. The entity has received an affidavit from the client stating that the total amount of payments associated to the imports of goods paid through the local FX market as per

subsection 1.1.2020, including the payment being requested, does not exceed, by the equivalent of USD 250,000 (two hundred fifty thousand US Dollars), the amount that results from considering the provisions below. The total amount of payments for imports of goods associated to the client's imports shall also include payments used to discharge credit facilities and/or trade guarantees made by entities in relation to client's imports. In addition to requesting an affidavit from the client, the entity shall check the affidavit against data maintained by the BCRA based on the online system implemented to such end.

NO CHANGES 10.11.1.1. The amount by which the importer would have access to the FX market in computing the imports of goods registered under their name in SEPAIMPO system, which were formalized between January 1, 2020 and the day prior to accessing the FX market.

Where the person who purchased goods abroad sells the goods in the local market to a third party who makes the relevant customs clearance registration as per 10.6.4., provided it has been reported to the BCRA, the amount of imports shall be computed to such person who has actually purchased the goods from abroad.

The imports of goods that have been customs cleared as from 1 January 2021 corresponding to tariff positions designated under 10.10.1 and 10.10.2 and that do not meet the exclusion conditions established for this position, may only be computed once the term established under 10.3.2.5 and 10.3.2.6 has expired, as applicable.

NO CHANGES 10.11.1.2. Plus the amount of payments processed through the local FX market as from July 6, 2020 for imports of goods entered into the country upon Private Request or Courier or to transactions covered under subsections 10.9.1 to 10.9.3. that were shipped as from July 1, 2020 or which, having been shipped before that date, have not yet arrived to the country by such date.

ATTENTION TO CHANGES 10.11.1.3. Plus the amount of payments made pursuant to subsections 10.11.3 to 10.11.6, 10.11.8 and 10.11.9. (PAYMENTS MADE AS PER 10.11.2 AND 10.11.7 ARE NOT INCLUDED IN THE AGGREGATE) as they are not related to imports covered under subsections 10.11.1.1. and 10.11.1.2.

NO CHANGES 10.11.1.4. Plus the payments associated to goods donated to the Argentine Ministry of Health to strengthen the country's medical and health care capacity, as provided in subsection 10.6.5.

NO CHANGES 10.11.1.5. Minus amounts yet to be settled for imports with pending customs clearance registrations made between September 1, 2019 and December 31, 2019.

ATTENTION TO CHANGES 10.11.2. It is a deferred or sight payment for the import of goods corresponding to transactions that originates as from July 1, 2020 or that, if originated before that date, have not arrived to the country by such date." In the case of deferred payments for imports formalized as from July 1, 2020, the entity shall have received an affidavit from the client evidencing that the part of such imports being paid has not been previously computed for purposes of making payments under subsection 10.11.1.

10.11.3. It relates to a payment associated to a transaction not covered under 10.11.2. and to be used in discharging import-related trade liabilities owed to an export credit agency or foreign financial entity or in relation to a trade guarantee, provided such liabilities with creditors have originated before July 1, 2020 or arise from guarantee agreements entered into before such date. If the debt was acquired by creditors from a different creditor before such date, the

payment shall not be covered in this subsection.

In the case of payments for imports formalized as from July 1, 2020, the entity shall have received an affidavit from the client evidencing that the part of such imports being paid has not been previously computed for purposes of making payments under subsection 10.11.1.

10.11.4. It relates to a payment made by: i) public sector, ii) all company organizations, regardless of their business type, where the National State has a majority equity holding or exercises significant influence, or iii) trusts created out of contributions by the national public sector.

10.11.5. It relates to a payment for the import of goods ordered by a legal entity in charge of supplying critical medicines, for which registration of the corresponding customs clearance is formalized via a Specific Application made by the medical cover beneficiary.

10.11.6. It relates to the payment of imports with customs clearance pending for the purchase of COVID-19 detection kits or other goods with tariff positions included in the list set forth in Executive Order No. 333/2020, as supplemented.

SUSPENDED 10.11.7. It is an advance payment for imports related to the acquisition of capital goods. To such effect, capital goods are defined as those identified with tariff positions as BK in the Mercosur Common Nomenclature (Executive Order No. 690/02 as supplemented). If one single advance payment is used to pay capital goods and other non-capital goods, payment may be made as per this subsection on condition that the capital goods represent at least 90% of the total value of goods acquired from the supplier in such transaction and that the entity has an affidavit from the client stating that the remaining goods are spare parts, accessories or materials necessary for the operation, construction or assembly of the capital goods being acquired.”

10.11.8. It relates to the repayment of principal under trade liabilities for the import of goods as per the provisions of section 10.2.4. and the client has a “Certificate for the increase in exports of goods in 2021”, issued under section 3.18 in an amount equal to such for which payment is required.

10.11.9. It relates to the repayment of principal under trade liabilities for the import of goods as per the provisions of section 10.2.4. and the client has a certificate issued by an entity under section 3.19 in an amount equal to such for which payment is required.

ATTENTION CHANGES 10.11.10. The entity has received an affidavit from the client where it states that, including the advance payment with pending customs clearance registration, the amount that results from considering subsections 10.11.1.1. to 10.11.1.5 does not exceed the equivalent of USD 3,000,000 (three million US Dollars) and it involves payments for the import of goods related to medical supplies and other health and/or medical related goods or inputs necessary for their production”. In addition to requesting an affidavit from the client, the entity shall check the affidavit against data maintained by the BCRA based on the online system implemented to such end. The BCRA shall continuously check compliance with the provisions in this subsection based on information related to the payment for the imports of goods made through the local FX market and a description of formalized import customs clearance including in SEPAIMPO.

Sincerely,

October 29, 2021

BCRA introduces new changes to the Import Payment Scheme. Communication A7385

The BCRA benefited sight payments only for inputs to be used in domestic manufacturing and, once again, it reinstates the exception for capital goods, albeit effective as from December 2021.

Dear Members,

Yesterday, the Central Bank of Argentina (BCRA) published Communication A7385, which once again introduces changes to the payments of imports. Below we share a summary prepared by Mrs. Carmen Carballeiro. This report will be supplemented with further information and analysis in the course of the day.

Com. A 7385 by the BCRA modifies once again the rules that govern the payment of imports.

Unfortunately, these modifications do not include raising the excess amount set forth in subsection 10.11.1— currently USD 250,000— as we were eagerly expecting.

In fact, we believe that, as modifications of Communication A 7375 were included in the Foreign Trade and Foreign Exchange rules, they shall be subject to the original effective term which expires on December 31, 2021.

It further adds a new exception under 10.11.11. This exception benefits sight payments and payments of trade liabilities without customs clearance registration, but only for inputs to be used in the domestic manufacturing industry.

This exception is limited to a new quota whereby payments in any one calendar month and in all entities is limited to an amount which cannot exceed the average total imports of computable goods under 10.11.1 over the last 12 calendar months, net of amounts pending settlement for payments where customs clearance registration is pending due to delays by the

importer.

In other words, for payments to be made in November 2021, imports made from November 2020 through October 2021 should be computed in computing the ceiling established under section 10.11.1, less EACH AND EVERY payment pending without customs clearance registration due to delays (that is, those which are past due for the corresponding Customs Clearance Registration and reported to the BCRA by the intervening local banks).

As regards goods designated as BK under the Common Nomenclature, the BCRA has decided not to apply exceptions for payments in November; exception 10.11.7, as modified, shall enter into effect in December 2021.

This exception — which requires that BK designated goods covered by the transaction represent at least 90% of the transaction— is also subject to maximum percentages for the use of codes and descriptions. Advance payment before shipment may not exceed 30% of the transaction; neither shall payment exceed 80% when including payments without customs clearance registration (which includes 30% of the advance payments mentioned above). In other words, 20% of the goods are to be paid following the formalization of the customs clearance registration.

This is our first interpretation and will certainly improve as the new rules become effective.

All our Foreign Trade team is available to all members for further information or clarifications.

Sincerely,

Cámara de Importadores de la República Argentina (Chamber of Importers of the Argentine Republic)