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## Argentine crisis legislation is flawed, say lawyers

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To help soften the blow of the financial crisis, Argentina has announced temporary reforms to its social security and labour laws - although local counsel question the efficacy of the new rules.

The new laws, enacted on 24 December, will see some outstanding fines for social security breaches overturned, and some judicial proceedings for tax offences dismissed or suspended.

María Paola Trigiani of [Alfaro Abogados](#) says, "This law was enacted to reduce the negative financial impact of the international crisis on the government budget. However, it is not a good example. It would have been a better option to reward the employers that comply with the law instead of rewarding the non-compliers."

Benefits will also be awarded to employers who register their full staff for social security purposes, which will include the cancellation of unsettled security payments and outstanding fines for non-registration.

Employers will also receive tax breaks on their wage bills, and reductions in their social security contributions.

Nilo Pedro Albano Thomas, a partner with [Bruchou, Fernández Madero & Lombardi](#) explains that Argentina has a large number of self-employed and casual workers, and says the new law "gives small and medium firms the opportunity to regulate their labour force for the future without it been a major contingency."

But he sees difficulties in restrictions in the way employers can use benefits and the consequences for employers not complying.

He explains, "The limitation that employers have to maintain the same size workforce for 24 months, is nearly impossible to comply with. It does not seem reasonable or possible to expect an employer to maintain his current workforce for so many years in these difficult economical and financial times."

Thomas worries this requirement will dissuade employers from claiming the benefits, and says he hopes to see the government address this problem in a further decree.

Other reforms introduced by the law include waiving some fines for

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failure to pay social security taxes, with more attractive discounts available for the taxpayers who have kept up to date with their payments for six months or more.

Judicial and administrative tax proceedings can be dismissed at the defendant's request, provided court costs are paid, and criminal tax proceedings may be dismissed once the outstanding back tax is paid.

Both lawyers expect to see an increase in work explaining the new regulations to their clients, while Trigiani says, "We also expect that clients will request further help in the implementation of any labour restructuring resulting from the approval of the regulatory decree."

The reforms will be effective for two years; Argentina's President, Cristina Fernandez de Kirchner, has requested the country's central bank and labour ministry to fast-track enacting the new laws to have them in place by the end of February.

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