

Construction and Projects: Overview (Argentina)

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This Practice Note gives an overview of construction and projects law and practice in Argentina.

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Developments and Reform

In an evolving construction and projects sector, practitioners must frequently navigate a complex list of regulations and negotiate contractual arrangements. To do this, they must stay up-to-date with the latest developments and be aware of the various procurement arrangements, transaction structures, and financing options.

This Note is intended to provide a guide to these issues in Argentina, considering the main trends, major projects, and common practices within the local and international construction markets. It discusses the usage of standard forms of contracts, the allocation of risks, and summarises the legal framework governing employment, health and safety, and environmental issues.

Each project is individual and will require consideration of its own specific issues. This Note is therefore intended to be a starting point for a practitioner in this area and does not replace the need for consultation with local legal advisers.

Construction and Projects Sector Overview

Main Trends

The Milei Administration, which took office in December 2023, has continued to advance substantive fiscal, monetary, and regulatory reforms aimed at restoring macroeconomic stability, reducing the state's footprint in the real economy, and promoting a more market-oriented framework. The fiscal consolidation initiated in 2024 resulted in a significant improvement in public accounts and a sustained deceleration of inflation throughout 2024 and 2025. These adjustments, combined with reductions in public works, subsidies, and public-sector payroll, contributed to a prolonged recession, although with increasingly differentiated sectoral dynamics.

Following the sharp contraction recorded in 2024, especially in construction and consumption-related activities, data published by the [National Institute of Statistics and Census](#) (*Instituto Nacional de Estadística y Censos* or INDEC) during 2025 indicate a progressive stabilization of economic activity. This recovery has been supported by improved relative-price signals, a firmer disinflation trend, and renewed interest in investment-intensive sectors.

Despite these positive developments, the short-term political and economic environment at the end of 2025 continues to present challenges, including:

- Residual macroeconomic imbalances.

- A still-elevated, though steadily declining, inflation rate.
- The gradual and incomplete dismantling of foreign exchange restrictions.
- Limited access to domestic and international financing.
- The financial fragility of the public sector.

Looking ahead to 2026, the authors consider that improving macroeconomic fundamentals, in combination with ongoing regulatory changes and the positive outcome of the recent mid-term elections for Milei, could create a more favorable environment for new projects, particularly in the mining, oil and gas, energy, and infrastructure sectors. Should current trends continue, these industries may become key drivers of the next phase of economic recovery.

Major Projects

Major projects executed or scheduled to begin in 2025 are mostly in the energy and mining sectors.

These include:

- The reversal of the northern gas pipeline and construction to allow the record-breaking Vaca Muerta natural production to flow to northern Argentina and (through the Bolivian transportation system) to Brazil. The project is expected to cost USD700 million.
- Oldelval's Duplicar Norte project, which will significantly increase the transportation capacity for the crude oil produced in northern Vaca Muerta. Financing of the capex required for this project has been secured by prepayments from the main offtakers.
- Following the construction of the Vaca Muerta Sur 1 oil pipeline, the second stage of this project, named VMOS, is being executed by a joint venture company formed by YPF, Pan American Energy, Vista Energy, Chevron, Shell, Pluspetrol, and Tecpetrol. This new pipeline will run from within the Province of Río Negro, from Allen to Punta Colorada, on the Atlantic Ocean. The project includes the construction of the 500-kilometer pipeline, with an initial transportation capacity of 150,000 barrels per day (to be eventually expanded to 700,000 barrels per day), as well as storage facilities and a new maritime terminal at Punta Colorada. The cost of the project is around USD3 billion and is being financed through a loan made by a group of banks.
- There are several lithium projects undergoing their construction phases in the mining sector, including, among other projects, Sal de Oro, Sal de Vida, Tres Quebradas, Rincón, and Sal de los Ángeles. The construction of multi-billion copper projects may launch soon.
- Compañía MEGA is expanding its gas to liquids (LPG, ethane, methane, propane, butane) plant in Bahía Blanca, Province of Buenos Aires, adding a new fractioning train that would allow the plant to increase its processing capacity in 2,300 tons/day. The project cost is around USD260 million. Phase I was expected to be completed within 2025, and Phase II is expected to be completed within 2026.

Common Procurement Arrangements

Local Projects

The most common procurement arrangements with local parties are:

- Real estate projects, owner-contractor procurement and construction contracts. The design, structure engineering, and project direction are usually contracted with a separate contractor.
- Industrial projects, engineering, procurement, and construction (EPC) schemes. These include all design, materials, and construction services. A different contractor can sometimes supply the technology to be used in the plant. Contracts are usually structured as lump-sum turnkey arrangements.
- Engineering, procurement, and contract management (EPCM) schemes. EPCM schemes are seen in certain cases, where several works (construction, repair, maintenance, assembly, and so on) may be carried out within a defined area or site in which the contractor acts as the owner's agent, performing certain works and services directly or by contracting third parties, or both.

International Projects

Procurement arrangements with international parties are substantially similar to those with local parties. When international contractors are involved, and parties do not have a regular presence in the country (through a subsidiary or branch), a consortium is usually formed with a local contractor that will take care of activities such as dealing with governmental authorities, on-site manpower, unions, and sub-contractors.

Common Transaction Structures

Local Projects

While projects are typically developed by special purpose vehicles (SPVs) under the form of corporations (*sociedades anónimas*), in the real estate sector, trusts (*fideicomisos*) are extensively used to isolate projects from the sponsors' risks.

International Projects

SPVs are typically used to implement international joint ventures.

Financing of Projects and Security

Local Projects

Local projects are mainly financed through equity, capital market transaction (debt instruments almost exclusively), and bank loans. In the real estate sector, financing is commonly achieved directly from investors acquiring units in the developments, either purchasing the units or investing in the trusts (*fideicomisos*) created to develop the projects.

Security and Contractual Protection

Typical securities are mortgages on real estate properties (commonly, the real estate in which the project is to be developed but could include others) or collateral trusts to capture cashflows from the project or other projects. Contractual protections are usually similar to those found in financing agreements, such as negative covenants to impede outflows of funds, milestone dates for developing the project, informative requirements, and so on.

International Projects

International projects have been severely affected by Argentina's limited access to the international markets. While the capital market has been extensively used in the past, financing has recently been concentrated in export credit agencies, international financing agencies and development finance institutions, with limited participation from local banks. With the Milei Administration, increased interest is shown by international players, with some companies having reached the international debt market during the first quarter of 2024. In addition, more activity is expected from local banks since the government, either directly or through the Central Bank, has ceased to incur debt through issuance of local bonds, which was substantially subscribed by local banks.

Security

Since "all assets pledges" are not available in Argentina, a collateral package requires the co-existence of multiple securities to cover material assets. This is typically achieved through a combination of:

- Collateral trusts (*fideicomisos de garantía*) to capture cashflows and intangibles (concessions and contractual rights).
- Mortgages (*hipotecas*) on real estate properties.
- Chattel pledges (*prendas con registro*) on tangible assets.
- Pledges (*prendas*) on equity participations in the project's SPVs.

Contractual

In addition to standard covenants, contracts generally include:

- Step-in-rights.
- Penalty clauses (*penalidades*), which impose payments irrespective of actual damages, both for delay and performance.
- Third-party guarantees, both under the form of bank guarantees or surety insurance.

Standard Forms of Construction Contract

Although certain provincial engineering and architectural associations publish standard forms of contracts, contracts are generally negotiated.

Local and International Projects

No standard forms are generally used for project development, either for local or international projects. However, contracts tend to meet certain minimum standards and include key provisions, including arbitration clauses. As an exemption, in the most recent public private partnerships (PPP) program, launched in 2016 and currently inactive (see [PPP Projects](#)) included standard, pre-packaged contracts.

PPP Projects

Typical Procurement or Tender Process

The government, through the Ministry of Public Works (or a specific public service within the government), makes a public call to tender for the concession of public works, which are regulated under the PPP Law, [Law 27,328](#) (in Spanish).

Standard Forms of PPP Project Agreements/Related Contracts

In recent envisaged PPP projects, standard forms were used for the PPPs and related contracts, which were prepared and issued by the Ministry of Public Works. The contracting entity was permitted to introduce any type of contractual clauses if they were compatible with the PPP regime and the nature of the specific project.

Contractual Provisions

Contractors' Risks

Risk allocation typically depends on negotiation between the parties and the nature of the project, but it is common for construction risks to be allocated to the contractor.

Under the [Civil and Commercial Code](#) (in Spanish) (Law Number 26,994 (*Código Civil y Comercial de la Nación*) (CCCN)), the contractor is liable if the construction has defects that affect the building's strength or that make the building unfit for its purpose, unless it can demonstrate that the cause is alien to it. The contractor's liability applies in respect of damages occurred within ten years from the receipt (completion) of the building.

The claimant must allege and prove, through expert witnesses, that the building's defects are of a magnitude that its whole structure is affected, or that, even when the whole structure is not at risk or materially affected, the building cannot be used for the specific purpose for which its construction had been contracted.

The contractor will be also liable for hidden defects that do not meet the above requirements, if the defects are identified or become apparent within three years from the reception of the works.

Ground conditions are not generally a valid cause for exempting the contractor's liability for construction defects.

Risks are typically managed by providing for a hold-back of around 5% of the total construction price, which is released on final receipt of the construction works, which typically occurs between 6 to 12 months after the construction is finalized.

Surety insurances are also typically hired to offset the risks.

Excluding Liability

Contractor's liability is not typically fully excluded, although certain types of damages (consequential or punitive damages) are commonly excluded.

Common limitations include force majeure events, acts of God, or government measures.

Caps on liabilities are negotiated on a case-by-case basis. See [Caps on Liability](#).

Caps on Liability

Liability is not typically capped on local agreements. Caps are more common on international construction agreements of significant value, and the cap is generally equal to the price of the agreement or a portion of that price.

It is common to exclude the cap from applying to certain indemnities (in particular, labor indemnities) or situations (like gross negligence, fraud, or willful misconduct).

Force Majeure

Force majeure exclusions are always included and enforceable. Although the CCCN contemplates the concept of force majeure, parties generally regulate the scope and applicability of force majeure events through a specific clause in the agreement. Given the specific market conditions applicable in Argentina, certain events are generally excluded from the force majeure concept, such as labor strikes, import impediments, currency fluctuations, and other governmental measures.

Material Delays

Liquidated damages or similar penalties are typically provided, the most common being a daily penalty for delays to the agreed construction schedule.

Early termination plus penalties when delays exceed a pre-determined period are also typically agreed.

Where the delay to the project is due to a cause not attributable to the contractor, an extension of the term and the recognition of additional costs are usually provided.

Variations

Variations to the works are generally covered through a specific contractual mechanism that:

- Entitles the contractor to accept or deny the requirement based on its operational possibilities.
- Determines a specific mechanism for agreeing the price and new construction schedule derived from such variations.

The above type of clause is typically used in all types of construction agreements, including in fixed global price agreements (*ajuste alzado*).

It is common to agree that delays on the schedule attributable to variations to the works are not subject to any penalty from the contractor.

Other Negotiated Provisions

Price adjustment clauses are generally the most heavily negotiated due to high inflation, constant currency depreciations, and foreign exchange restrictions.

To cover these risks derived from the market-specific macro-economic conditions, parties generally resort to a relative fixed price system (*ajuste alzado relativo*) in which a global price and volume of work is agreed beforehand but specific contractual clauses are included to update the price based on inflation, currency variations, or specific construction indexes. This allows for a more balanced economic risk approach to the project.

Although automatic index-based price adjustment has been prohibited in Argentina since the early 2000s, the prohibition is rarely enforced, and parties generally resort to careful contract drafting to circumvent the prohibition legally (that is, the index is used as a reference for the adjustment instead of applying it automatically).

Default interest, liquidated damages, and special indemnities are also typically subject to heavy negotiation.

Rights of Third Parties Under Contracts

In the absence of specific contractual provisions, the CCCN contemplates a "subrogation action" that allows a creditor to exercise the debtor's rights before a court if their debtor fails to do so and the failure affects the collection of the creditor's credit.

Architects, Engineers, and Construction Professionals

Selection and Appointment

Construction professionals must have a degree proving their technical qualifications (for example, architect or engineer) and be enrolled with the relevant professional body or association. They can be hired as autonomous service providers or through a contractor.

A developer holding a construction permit must appoint a project director and a technical representative, who must be qualified professionals with appropriate qualifications.

Among other duties, the project director executes the construction plans that are filed with and approved by the relevant authorities.

Professionals' Contracts

Negotiated Provisions

In addition to the professional fees, the most negotiated provisions are those relating to warranties, limitation of liability, and indemnification rights.

Caps on Liability

Liabilities are commonly capped at a percentage of the contract price, although such a cap is usually subject to exceptions for example, for gross negligence and willful misconduct.

Under the CCCN:

- Professionals (among others) are liable for damages affecting the building's structural strength or that make the building, or facilities unfit for their intended purpose.
- Any contractual waiver or limitation of this liability will be null and void.

Malpractice insurance for construction professionals' liability is available in the Argentine market.

Payment for Construction Work

Methods of Payment

Payments are usually made by an advance payment at the beginning (to be used to acquire materials and supplies and for other costs to be incurred by the contractor. The advance payment is typically secured with a surety or performance insurance and, subsequently, by periodic payments based on the progress made or on completion of agreed milestones.

Securing Payment

Contractors can mitigate the risks of non-payment by requiring the owner or developer to provide an on-demand guarantee (bank guarantee or surety bond issued by an insurance company) or by a parent company guarantee when the owner or developer is an SPV without any assets other than the project itself.

Under Argentine law, a contractors' right to be paid is protected by a:

- Retention right on the works or supplies, until the amounts owed are paid.
- General preferred right (ranked below certain "special" preferred rights) taking priority over other unsecured creditors from the proceeds of the realization of the constructed assets.

Subcontractors

Construction agreements generally allow the constructor to hire subcontractors without intervention or approval from the project sponsor or owner. However, the owner typically requests the contractor to assume joint liability for the actions of its subcontractors (in particular, for labor claims from a subcontractor's employees against the owner).

In some cases, owners request subcontractors to execute and deliver an indemnity letter to cover labor claims from the subcontractor's employees.

Licensing

Before

Construction projects require construction permits from the relevant local (municipal) authorities and, in certain cases, from provincial or federal authorities (when the project is subject to provincial or federal jurisdiction).

Certain projects require an environmental license, which is obtained by completing and filing an environmental impact assessment (EIA) and, in some cases, holding public hearings.

Certain projects require permits or approvals from specific authorities like the [National Gas Regulator](#) (*Ente Nacional Regulador del Gas* or ENARGAS) (for the construction of gas transportation facilities) or the [Secretariat of Energy](#) (for the construction of crude oil transportation facilities).

During

No licenses must be obtained during the course of the project, but the project is subject to the continuing monitoring of relevant authorities, typically the relevant monitoring agency in each municipal or provincial jurisdiction.

Depending on the nature of the project, certain specialised authorities may be involved, for example, the gas regulator ENARGAS in connection with gas transportation and distribution infrastructure.

On Completion

A project completion certificate issued by the relevant local authority is always required, along with similar documents issued by other authorities with jurisdiction over certain specific projects (such as hydrocarbon transportation projects).

Projects Insurance

Compulsory Insurance

Compulsory insurances include the following:

- Civil liability towards third parties (required by the City of Buenos Aires to conduct construction works within the city territory, and similar insurance required by other local jurisdictions).
- Labor risk insurance and life insurance for employees (required by federal labor laws).

- Motor vehicle insurance (required by federal law).

Non-Compulsory Insurance

These include:

- Construction and assembly all risk insurance including general civil and cross liability.
- All risk in transportation of machinery, equipment, and materials.
- Surety insurance for securing advance payments from the owner and guarantee completion.

Employment Laws

The main employment laws relevant to construction projects are:

- [Labor Contract Law No. 20,744](#) (in Spanish), which regulates all aspects of the employment relationship.
- [Law No. 22,250](#) (in Spanish), which provides the legal regime for construction industry workers.
- [Law No. 24,557](#) (in Spanish) on work-related accidents and occupational diseases.

Health and Safety

The main applicable health and safety laws are [Law No. 19,587](#) (in Spanish) and [Decree 911/96](#) (in Spanish), regarding safety and health management at work sites. This includes detailed regulations on different subjects such as lighting, temperature, noise, pressure, humidity, vibrations, radiation, personal protective equipment, electrical installations, fire protection, and so on.

Environmental Issues

Air

The main regulations on pollution at the national level are [Law 20,284](#) (in Spanish) and [Resolution No. 2/2007 on air quality standards for the Matanza-Riachuelo basin](#) (in Spanish), issued by ACUMAR (*Autoridad de Cuenca Matanza-Riachuelo*), the regulatory authority for the area.

At provincial level, there are several regulations on the prevention and control of air contamination, setting out quality standards, emission limits, and monitoring requirements.

Water

At national level, the following regulations have been enacted:

- [Law 25,688](#) (in Spanish), setting out the environmental protection requirements for water preservation and rational use.
- [Law 13,577](#) (in Spanish), which prohibits the discharge of industrial deposits into sewers or watercourses.
- [Law 26,221](#) (in Spanish), setting out the quality standards for supplied potable water and sewers.
- [Resolution 1/2007 of ACUMAR](#) (in Spanish), setting out acceptable limits for the discharge of liquid effluents.
- [Resolution 315/94 of the Secretariat of Natural Resources and Human Environment](#), approving the quality standards for direct liquid discharges into water bodies.

In addition, each province has implemented its own regulations related to the preservation and uses of water, effluent treatment, and pollution prevention and control.

Waste

At a national level, the following main regulations have been enacted:

- [Law 24,051 on Hazardous Waste](#) (in Spanish).
- [Law 25,916](#) (in Spanish) on minimum requirements of environmental protection for the management of household waste.

Each province has implemented its own regulations, some of which prohibit or restrict the entering of certain types of waste to their territories.

Environmental Impact Assessments (EIAs)

The [General Environmental Law, Law No. 25,675](#), provides that before initiating a construction project or activity which is capable of degrading the environment or its components on a significant level, or affect the quality of life of the population, an EIA must be performed.

Each province has regulated the procedures for performing the EIA on its jurisdiction.

Sustainable Development

The following regulations have been enacted at a national level:

- [Law No. 23,724](#) (in Spanish), which approved the Vienna Convention for the Protection of the Ozone Layer.
- [Law No. 23,778](#) (in Spanish), as complemented and amended, which approved the Montreal Protocol related to the Substances that Deplete the Ozone Layer.
- [Law No. 24,040](#) (in Spanish), which establishes a regime for the control of the manufacturing and commercialization of substances which deplete the ozone layer.
- [Law No. 24,295](#) (in Spanish), which approved the UN Framework Convention on Climate Change.
- Law Nos. [25,438](#) and [27,270](#) (in Spanish), which approved the Kyoto Protocol and Paris Agreement.
- [Law No. 27,520](#) (in Spanish) on Minimum Requirements for the Adaptation and Mitigation of Global Climate Change.

Under this framework, several regulations have been enacted by the [Securities and Exchange Commission](#) (*Comisión Nacional de Valores*) (CNV) setting out the applicable terms and conditions that regulate securities, investment funds, and other financial instruments that are intended to fund projects with environmental benefits or aimed at sustainable development.

Noise Emissions

From an environmental perspective, noise emissions are typically regulated at a local level. In the City of Buenos Aires, for example, [Law No. 1,540](#) (in Spanish) sets out the prevention, control, and correction measures related to acoustic contamination, and [Decree 740/2007](#) (in Spanish) implements the Registry of Activities Potentially Classified for Noise and Vibrations Emissions, which requires the filing of an Acoustic Impact Assessment Evaluation and sets out the maximum allowed levels of noise emissions.

Finally, as provided by the Building Code in the City of Buenos Aires, the technical regulations in each jurisdiction establish certain construction requirements aimed at achieving mandatory minimum values for acoustic insulation against airborne noise, impact noise, and vibrations.

Carbon Emissions or Other Targets

There are no specific regulations on carbon emissions or climate change targets.

There have been proposals for developing a national strategy aimed at encouraging sustainable construction practices within the context of the state social housing construction and repair program. The current administration has not implemented the project.

The City of Buenos Aires promotes, on a voluntary basis, the concept of sustainable construction, focused on minimizing environmental impacts on the construction process of buildings.

Prohibiting Corrupt Practices

Rules

Corrupt business practices and bribery are addressed in the [Corporate Criminal Liability Act](#) (in Spanish), Law No. 27,401 (CCLA), which imposes criminal liability on legal entities for conduct where the relevant behavior concerns offences of:

- Bribery and national and transnational influence peddling.
- Negotiations incompatible with the exercise of public functions.
- Extortion.
- Illicit enrichment of public officials and employees.
- False balance sheets and financial reports.

Legal entities are liable if:

- The offences were carried out, directly or indirectly, with their intervention or on their behalf, interest, or benefit.
- The person who acted for the benefit or interest of the legal entity is a third party who is not legally authorized to represent the entity, if the legal entity consents to the actions, even tacitly.

The legal entity will only be exempt from liability if:

- The individual who committed the crime acted for their exclusive benefit and without generating any profit for the legal entity.
- The legal entity:
 - spontaneously denounced the criminal offence under the CCLA as a result of detection and internal investigation;

- had implemented an adequate control and supervision system (the violation of which would require a considerable effort from the offender) to prevent the relevant crimes (for example, a compliance program), which the individual (or individuals) violated by committing the offence (or offences); or
- returns the undue benefit obtained.

The CCLA also regulates the minimum requirements of an adequate compliance program. These requirements are complemented by the guidelines of the [Argentinian Anti-Corruption Agency](#) (*Oficina Anticorrupción*).

Penalties

To determine the appropriate penalty on conviction for one or more of the above offences, judges take into account the following factors:

- Breach (or breaches) of internal rules and procedures.
- Number and position of officials involved as perpetrators of the corrupt conduct.
- Employees and collaborators involved in the offence.
- The lack of monitoring by the company of the activity of those involved in the offence (or offences).
- The extent of the damage caused.
- The amount of money involved in the commission of the offence.
- The size, nature, and economic capacity of the legal entity.
- Spontaneous reporting to the authorities by the legal entity as a result of its own detection or internal investigation activity.
- Subsequent behavior by the entity.
- Provision for mitigating or repairing the damage and preventing recurrence.

The following penalties can be imposed on legal entities:

- Fine of two to five times the undue benefit obtained or that could have been obtained.
- Total or partial suspension of activities, which cannot exceed ten years.

- Suspension from participating in public tenders or bidding for public works or services or in any other activity linked to the state, which cannot exceed ten years.
- Dissolution and liquidation of legal status if it had been created for the sole purpose of committing the crime, or if those acts constitute the main activity of the legal entity.
- Loss or suspension of any state benefits of which the legal entity may be in receipt.
- Publication of the conviction at the expense of the legal entity.

The above penalties are imposed irrespective of any imposed on the natural persons committing the relevant offences.

Bankruptcy or Insolvency

The [Bankruptcy Law](#) (in Spanish), Law No. 24,522 of 1995 (as amended), contemplates two types of court insolvency proceedings:

- Reorganization (*concurso preventivo*).
- Liquidation (*quiebra*).

There is also an out-of-court procedure (*acuerdo preventivo extrajudicial*) (APE). In contrast to court proceedings, this does not require the appointment of a court-appointed receiver and provides more flexibility on negotiations with creditors.

The treatment of creditors under all of the above proceedings is based on the public policy principle of equal treatment of creditors (*par condicio creditorum*), which generally prevails. All unsecured and unsubordinated creditors (including clients, funders, contractors, or consultants) are subject to this rule.

When a contractor's operational or financial distress leads it to file for reorganization (or bankruptcy) in Argentina, the main issue is the effect of the filing on the construction contract. Under section 20 of the Bankruptcy Law, the debtor can ask the court for permission to continue with the execution of its obligations under certain executory contracts under which both parties have pending obligations (*contratos con prestaciones reciprocas pendientes*). Construction agreements usually fall into this category.

As a counterbalance to the right of the debtor to request the continuance of executory contracts, the counterparty can demand full payment of unpaid obligations that arose before the filing for bankruptcy, if the continuation of these contracts has been authorized by the court.

If the debtor's counterparty does not receive court notice that the agreement is continuing within 30 days of the start of the bankruptcy procedure, the counterparty can decide to terminate the agreement. It is unsettled whether the 30-day term acts as a deadline for obtaining the court decision to continue the agreement or whether the debtor must require the continuation of the agreement within this timeline.

Further, courts have permitted the debtor to terminate an executory contract without being subject to damages from the counterparty, although the Bankruptcy Law does not expressly provide for this possibility.

A filing for reorganization by the constructor is likely to restrict the ordinary finance means available to the constructor, causing it to incur delays on the fulfilment of its obligations. Post-filing finance will be restricted, since the DIP (debtor-in-possession) finance market is not developed in Argentina, partly because the Argentine Bankruptcy Law does not grant a priority to DIP providers.

Finally, as to proof of claims, creditors whose claims are payable outside of Argentina must demonstrate the existence of reciprocity rules with the country where their credits are payable, meaning that the bankruptcy law of the place of payment does not discriminate against creditors holding claims payable in Argentina if the creditors file a proof of claim in the foreign insolvency proceeding.

Dispute Resolution

Laws on Dispute Resolution

Disputes related to public works must be resolved by the judicial courts on contentious administrative matters (Article 55, [Law No. 13,064](#) (in Spanish)).

For other construction disputes, the method of dispute resolution can be freely chosen by the parties.

Type of Outcome

Disputes resolved by judicial courts lead to a binding and final judgment that is enforceable, but this can take several years.

When the dispute is submitted to arbitration, the final award is also a binding and final judgment, but it can be subject to a petition for set aside based on certain specific grounds. Moreover, in domestic or local arbitration, the parties can appeal the award if they did not waive it before (which is very unusual in practice). In principle, the final award is binding and enforceable, but in several cases the enforcement of the award has been suspended until the petition for set aside is resolved. If the validity of the award is confirmed by the competent judicial court, the award is enforceable.

Enforcement

In general, a judgment issued in a judicial proceeding is enforceable when there are no further ordinary recourses against it.

In arbitration, the award is binding and enforceable, but, in several cases, courts have held that the request or petition to set aside the award suspends its effects (therefore, it is only enforceable when the court confirms its validity). Similarly, in domestic arbitration, if the parties have not waived the right to appeal, the award can only be enforced when it becomes final (that is, when the arbitrators' decision has been confirmed or the term for appeal has expired without the parties having appealed the award).

Dispute Resolution Methods

The most common dispute resolution method used in Argentina to resolve local commercial disputes on construction agreements is court litigation. In some jurisdictions (in the City of Buenos Aires, for example), a prior mediation procedure is mandatory before filing a judicial claim.

Construction agreements are typically resolved by the commercial court of the applicable local (provincial) jurisdiction.

Disputes related to contracts with international parties or of high value, however, are generally submitted to arbitration.

Arbitration is the most used ADR method. Parties also generally resort to multi-tiered dispute resolution clauses (private negotiation period and subsequent submission to courts or arbitration). Independent auditors (such as the "Big Four" audit firms) may also be designated to resolve specific accounting or pricing disputes.

The use of dispute boards is becoming increasingly common in large and medium-sized infrastructure projects.

Courts and Arbitration Organizations

Although there is no specific arbitration organization dealing with construction disputes, contracts with foreign parties usually contain an arbitration clause providing for arbitration under the International Chamber of Commerce (ICC) rules, normally under Argentinian law and based in Buenos Aires.

Further, the main local arbitral institutions to which construction disputes are usually submitted are:

- [The General Arbitral Tribunal of the Buenos Aires Stock Exchange](#).
- [The Business Centre for Mediation and Arbitration \(CEMA\)](#).
- [The Center for Mediation and Commercial Arbitration of the Argentine Chamber of Commerce \(CEMARC\)](#).

Tax

Tax Issues in Construction Projects

Typical tax issues related to projects are:

- VAT on construction at the rate of 21% or 10.5%. The general rate applicable to the construction activity is 21%.
- The following construction-related works are taxed at a 10.5% rate when they are intended for housing:

- works carried out directly or through third parties on the property of third parties, such as constructions, civil, commercial, and industrial installations, repairs and maintenance and conservation work; and
- works carried out directly or through third parties on personal property.

The installation of pre-built housing is deemed to be construction work.

The 10.5% rate must not be applied to other types of construction that may be part of a building intended for housing, such as shops, offices or garages that do not meet the requirements set out above, or to works which consist of supplementary infrastructure works to neighborhoods intended for housing.

- Income tax at progressive rates of between 25% and 35%.
- At a local (provincial) level:
 - turnover tax which is levied on the exercise of regular economic activity, the average tax rate being 3%; and
 - stamp tax on contracts which are formally executed at the rate of 1%.
- At the municipal level, construction levies are normally applicable at different rates depending on the municipality.
- Tax on the generation of arid waste may also apply to construction projects.

Mitigating Tax

Stamp tax applies in cases of formally executed contracts or deeds (signed by both parties). However, offer letters containing the terms of a contract that is accepted by an act are not instruments subject to stamp tax.

Buildings constructed by construction companies that have been leased or subject to other rights of use for a continuous or discontinuous period of three years before the transfer of the property are not subject to VAT.

Developments and Reform

[Law No. 27,742](#) (in Spanish) created the Large Investments Incentives Regime (*Régimen de Incentivo para Grandes Inversiones*) (RIGI). The regime contemplates significant tax and foreign exchange benefits, as well as regulatory stability and an international arbitration disputes resolution mechanism, for investment complying with certain requirements in the infrastructure, oil and gas, mining, forestry, energy, tourism, steel, and technology sectors. The RIGI is applicable to investments involving capital expenditures exceeding USD200 million (USD600 million in the upstream sub-sector of the oil and gas industry). The main benefits contemplated in the regime include:

- An exemption from the obligation to repatriate into Argentina and exchange the following percentages of exports proceeds for Argentine Pesos:

- twenty percent from the second year;
- forty percent from the third year; and
- one hundred percent from the fourth year, starting from the project commencement date.

Projects classified as long-term strategic export projects will benefit from these exemptions from the first, second, and third years, respectively. These benefits will apply to the extent that there is no other more favourable regime in force.

- Guaranteed right to access the foreign exchange market for the payment of external financing or capital repatriation and to pay dividends, by accessing the foreign exchange market without any restriction whatsoever, provided that the investment entered the country and was exchanged for Argentine Pesos at the foreign exchange market.
- Reduced income tax rate (25% as opposed to the 35% general rate).
- Accelerated amortization of the investment and elimination of time-limitations to compute tax losses.
- The import of new capital goods, supplies, and consumable goods will be exempt from import duties and any other charge or withholding of national or provincial taxes.
- Guaranteed right to export the production generated by the project.
- Zero percent export duties on exports generated by the project after three years from the commencement of the project.
- Tax, regulatory and foreign exchange stability for 30 years.
- The beneficiary or beneficiaries' ability to submit disputes to international arbitration under Permanent Court of Arbitration, International Chamber of Commerce, or International Centre for Settlement of Investment Disputes rules, if they so decide.

RIGI was a condition required by several companies to launch large investment projects that will involve the execution of large EPC contracts, including YPF's LNG liquefaction and Vaca Muerta Sur 2 projects, Lundin's-BHP's Josemaría copper project and Eramine's lithium project, among others. The regime, which will be open for project owners to submit applications for two years (extendable for an additional year by the National Executive) will likely induce other companies in the sectors contemplated by the regime to launch large investment projects during the next two years.