

Taxing Energy Use 2018

Argentina

This note describes the taxation of energy use in Argentina. It contains the country's energy tax profiles, followed by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). The note contains four energy tax profiles for Argentina:

Figure 1: Effective tax rates on energy use in national currency and EUR/GJ, 2015, including electricity output taxes and energy use from biomass

Figure 2: Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, including electricity output taxes and energy use from biomass

Figure 3: Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

Figure 4: Effective tax rates on energy in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass

The main insights from the second vintage of the *Taxing Energy Use* database, including a systematic comparison of patterns of the taxation of energy use across countries, sectors and fuels are available in *Taxing Energy Use 2018* (OECD, 2018) at: <http://oe.cd/TEU2018>.

1. Energy tax profiles for Argentina

Figure 1. Effective tax rates on energy use in national currency and EUR/GJ, 2015, including electricity output taxes and energy use from biomass

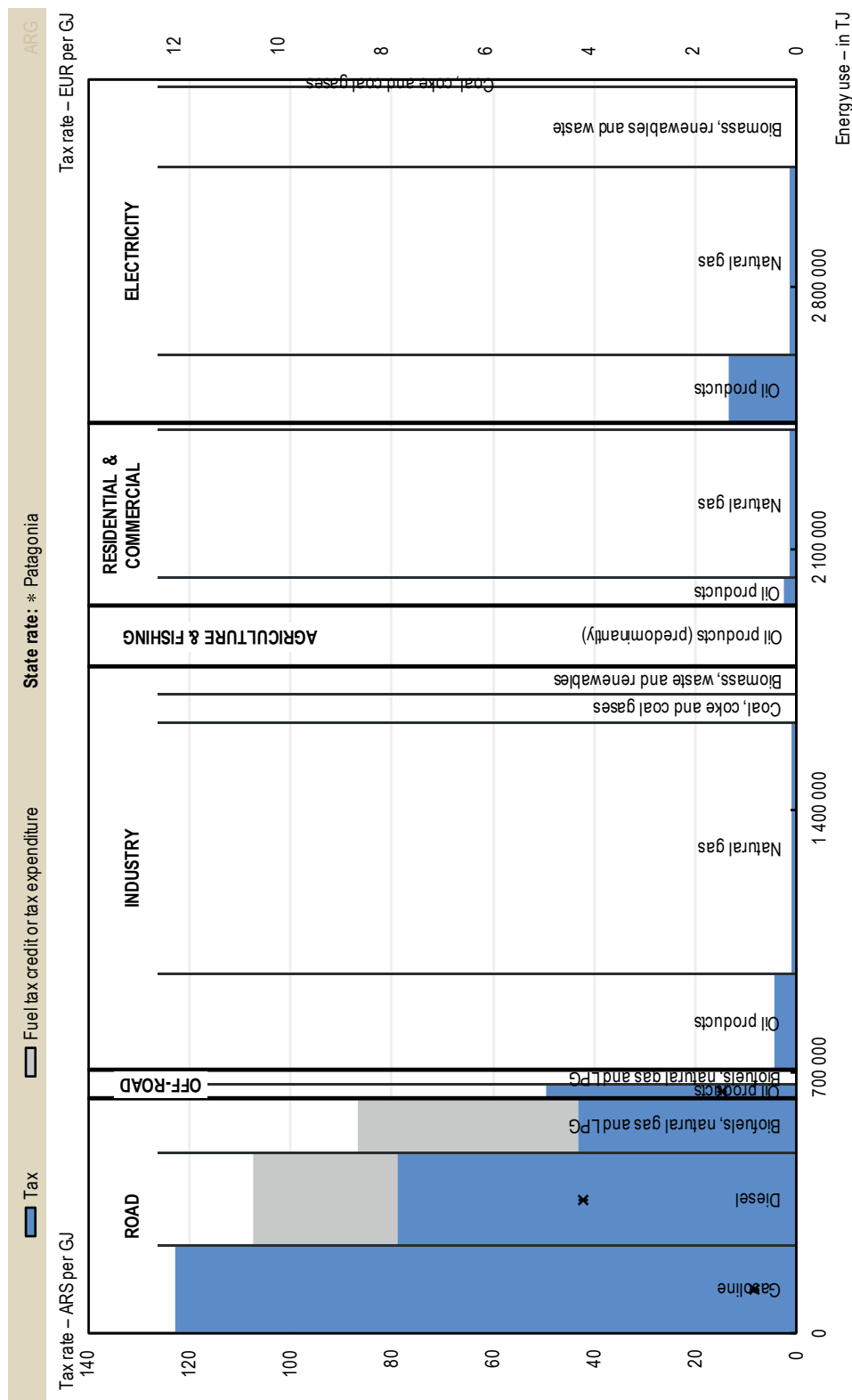


Figure 2. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, including electricity output taxes and carbon emissions from biomass

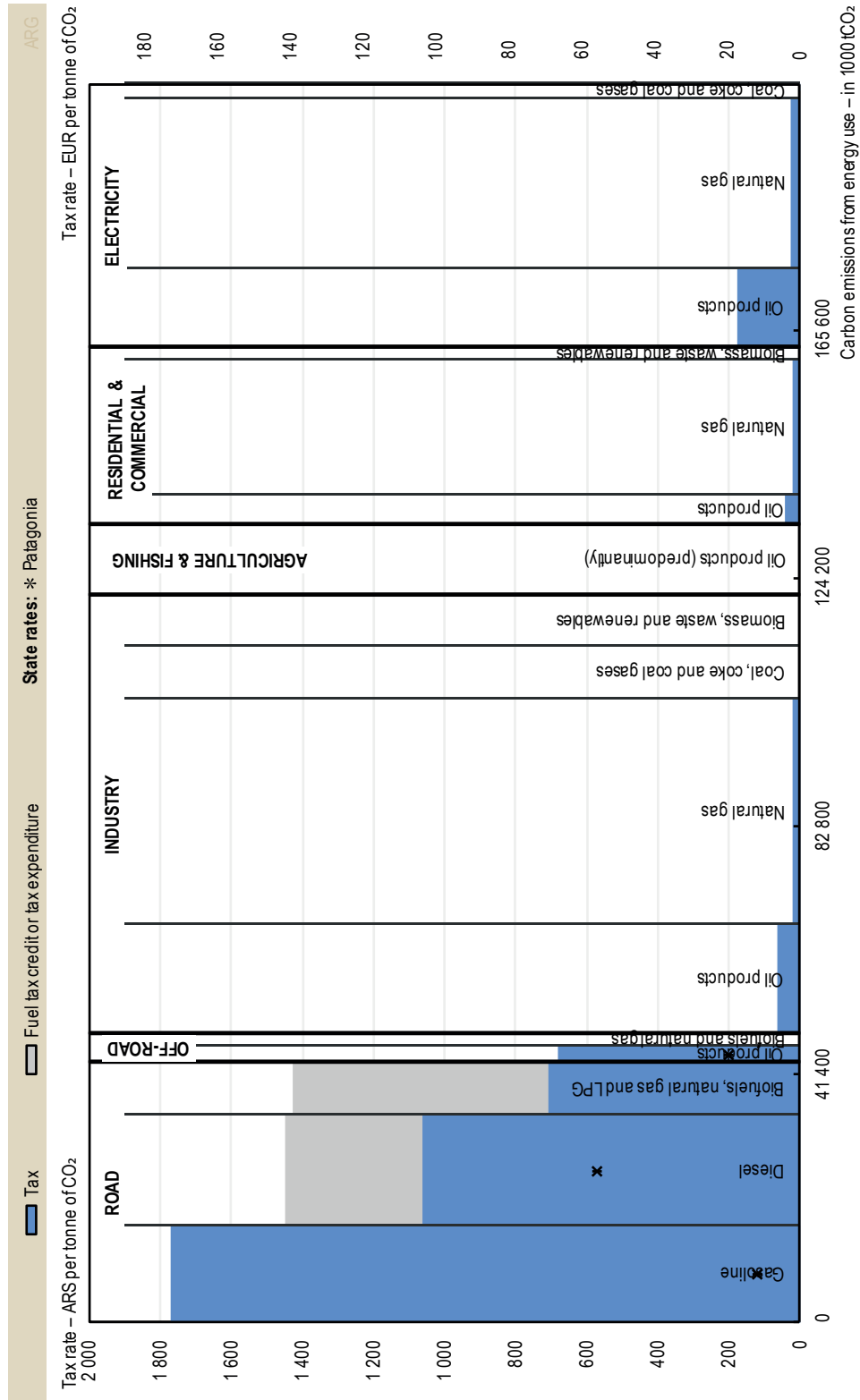


Figure 3. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output, including carbon emissions from biomass

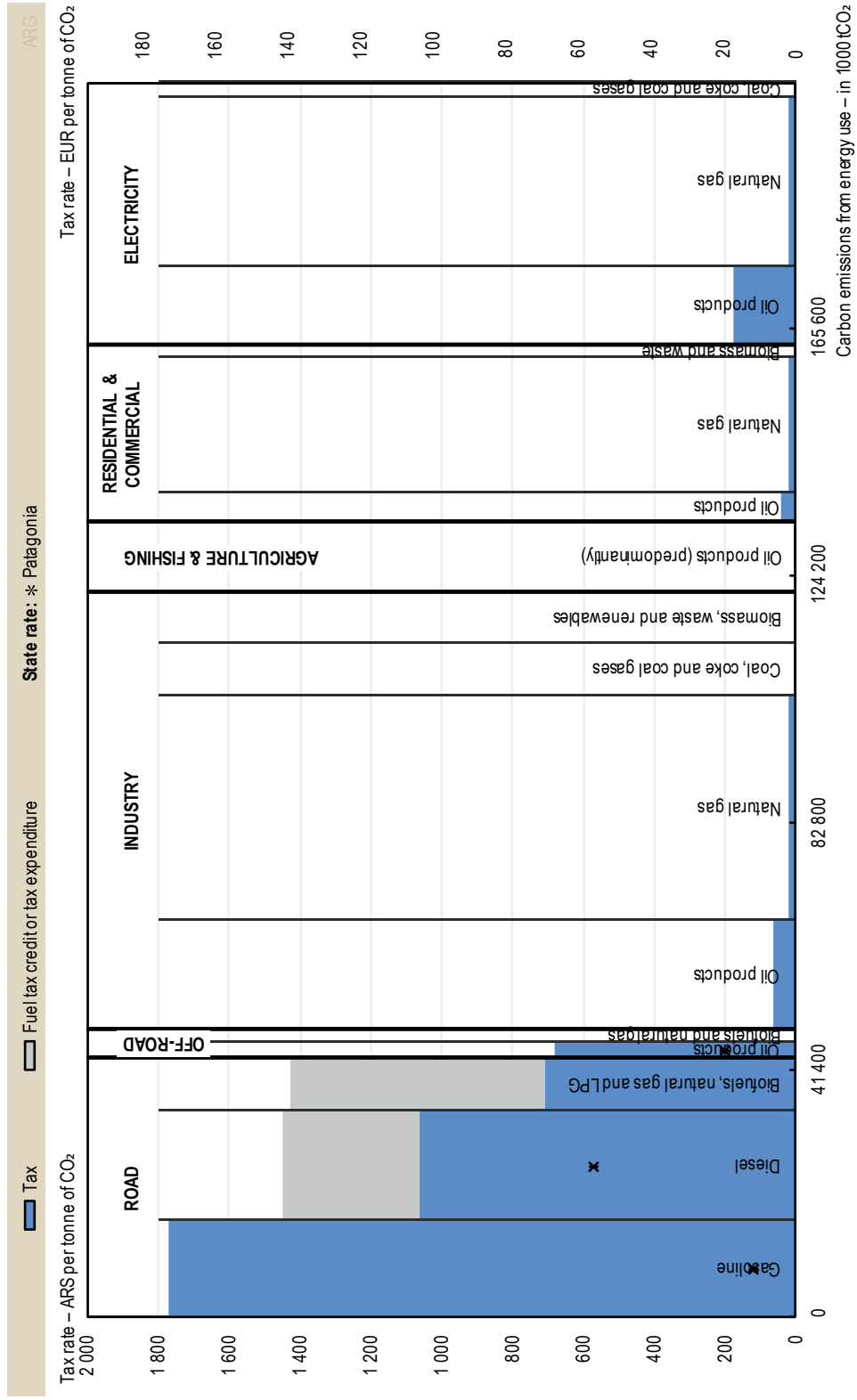
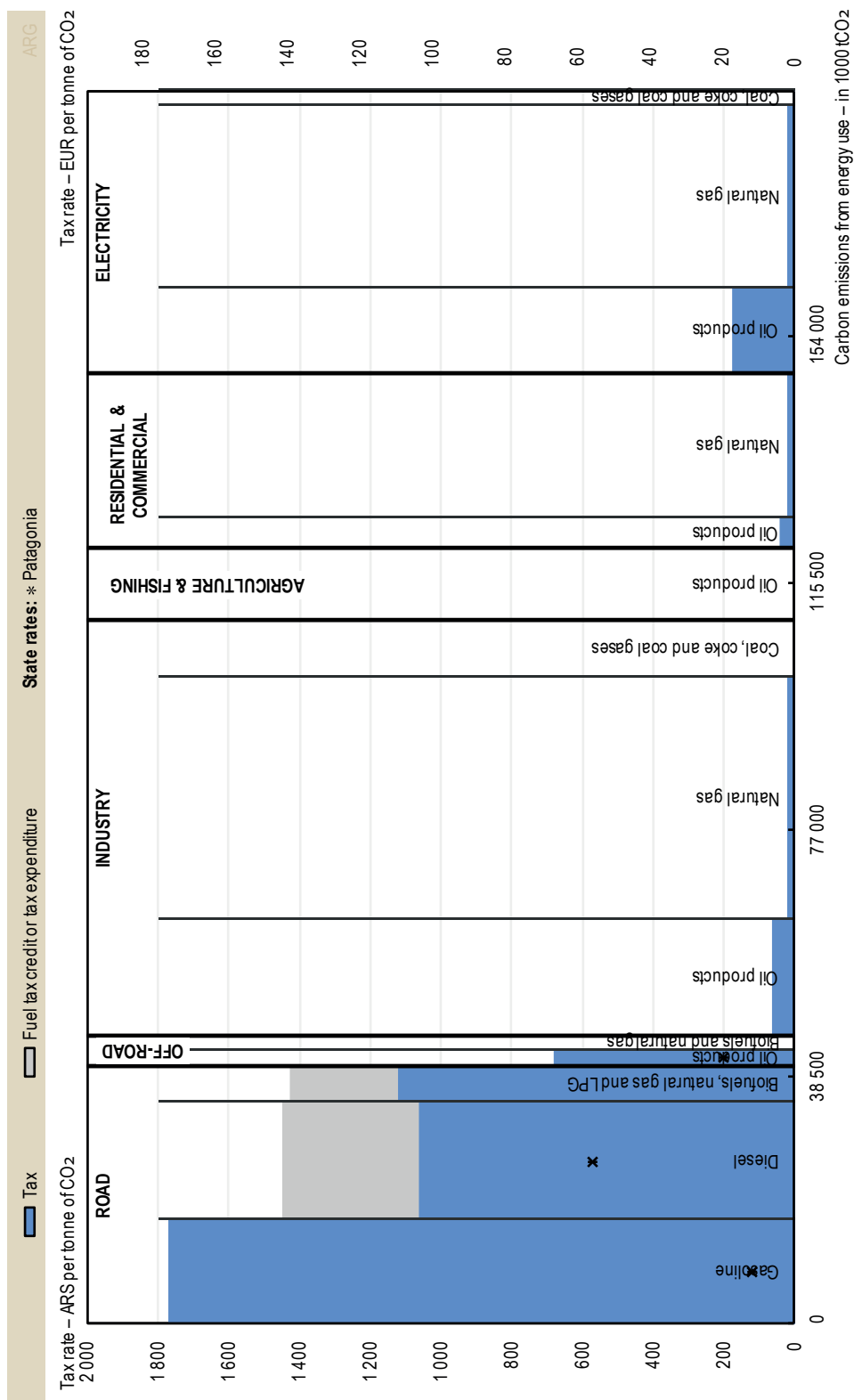


Figure 4. Effective tax rates on energy use in national currency and EUR/tCO₂, 2015, excluding taxes on electricity output and carbon emissions from biomass



2. Country-specific notes

This note describes the taxation of energy use in Argentina. It contains the country's energy tax profiles, accompanied by country-specific information to complement the general discussion in *Taxing Energy Use 2018* (OECD, 2018). Tax rates are those applicable in April 2015, energy use data are for 2014.

The data shown in the energy tax profiles is from the OECD's *Taxing Energy Use* (TEU) Database. More detail on the TEU Database, the calculation of effective tax rates on energy use and the interpretation of the energy tax profiles can be found in *Taxing Energy Use 2018* (OECD, 2018).

Energy and carbon taxes

The main taxes on energy use in Argentina are the following:

- The Tax on Liquid Fuels and Natural Gas (TLFN) is levied on gasoline, biodiesel, diesel, kerosene and CNG across all sectors, including when fuels are used to generate electricity.

A general exemption applies from the TFLN applies to all fuels consumed in the Patagonian region, which is marked in the energy tax profiles.

The tax rates of the TLFN are expressed as *ad valorem* rates and also establish minimum rates expressed in per-unit values (see below for details).

- In addition the the TLFN, two taxes apply to fuels when they are used in road transport:
 - The Tax on Gasoline and Compressed Natural Gas applies to gasoline and CNG;
 - The Tax on Diesel and Liquefied Gas applies to gasoil and liquefied gas.

The rates of both of these taxes are expressed *in ad valorem* terms, and price information was used to convert the rates of these taxes in per-unit rates (see below for details).

- Two charges apply to natural gas use: The Surcharge on Natural Gas is levied on natural gas at ARS 0.004 per m³, charged at the point of entry into the distribution system,¹ and the Surcharge on the Trust Fund for Imports of Natural Gas is added to the price of natural gas, at between ARS 0.05 and ARS 0.27 per m³ of natural gas. Small residential users are exempt, and rates are tiered by user category.
- The Monitoring Fee of LPG Industry and Commercialisation is levied on the refining of liquid fuels to LPG and LPG imports.
- Electricity output is taxed (per MWh), at a uniform rate across all users.

These taxes are included in the energy tax profiles of Argentina, but the tax on electricity output is only included where separately indicated. Where more than one tax rate applies to an energy user or fuel, the energy tax profile shows their sum.

1. The surcharge is earmarked for a fund for residential gas consumption to subsidise LPG and natural gas.

Effective tax rates on energy use for different fuels and users

The tax rates on different fuels and uses are linked to Argentina's energy use² to calculate effective tax rates on energy use (in ARS/TJ and EUR/TJ) or CO₂ emissions from energy use (in ARS/tCO₂ and EUR/tCO₂). Energy use and the CO₂ emissions associated with it are shown for six economic sectors: road transport, domestic offroad transport, industry, agriculture and fishing, residential and commercial, and electricity.

The energy tax profiles (Figures 1 and 2) for Argentina show effective tax rates for different fuels and uses in terms of the fuels' energy and carbon content, respectively. Figures 1 and 2 include energy use and carbon emissions from biomass and they show output taxes on electricity. Figure 3 is identical to Figure 2, except that taxes on electricity output are excluded. Figure 4 excludes carbon emissions from biomass and taxes on electricity output.

- Of the six economic sectors, the **road** sector is taxed at the highest rates, both in terms of the fuels' energy and carbon content. Tax rates are the sum of the TLFN, in the case of gasoline and CNG, the Tax on Gasoline and Compressed Natural Gas, and the Tax on Diesel and Liquefied Gas in the case of diesel and LPG.

Within the road sector, gasoline is taxed at the highest effective tax rate, diesel is taxed at a lower rate in terms of TJ and in terms of CO₂. Natural gas and LPG for road use are also taxed, but effective tax rates are lower than on gasoline and diesel. Biodiesel was exempt from the TLFN until the end of 2015 and is therefore shown as untaxed in the energy tax profiles.

- The fuels used in **off-road** transport are taxed by the TFLN only, so statutory rates are lower than on road fuels. Aviation gasoline and fuel oil used in domestic navigation are untaxed.
- Oil products and natural gas used in the **industry** and the **residential and commercial** sector are taxed by the TLFN, and the different charges on natural gas and LPG. The rates on oil products are higher than on natural gas, coal and coal products, which account for 64% of carbon emissions in the sector, as well as biomass and waste are untaxed.
- Fuels used to generate **electricity** are subject to the TLFN and the different charges on natural gas. Electricity output is taxed at ARS 5.4686 per MWh, at a uniform rate for all users.

Assumptions and caveats

- The tax rate on gasoline under the TLFN is differentiated by grade, a higher *ad valorem* rate applies to gasoline with an octane rating below 92, the rate for gasoline with an octane rating above 92 is lower. Data on gasoline consumption and prices was used to convert these rates in per-unit rates, and a weighted average rate on gasoline is included in the *Taxing Energy Use* data.
- To convert *ad valorem* rates in per-unit rates, price information was retrieved from the Ministry of Energy and Mining Database of fuel prices for the six months before and after April 2015. The average net sales prices of gasoline, diesel, CNG and LPG in Argentinean fuel stations were used as the basis for calculating per-unit rates.

2. Data on energy use is taken from the IEA's *Extended World Energy Balances*, see Chapter 1 of *Taxing Energy Use 2018* (OECD, 2018) for additional detail.

Reported tax expenditures and rebates

The following tax expenditures are included in the *Taxing Energy Use* data for Argentina:

- The different tax treatment of diesel and CNG compared to gasoline under the TLFN is reported as a tax expenditure. This tax expenditure is shown in the energy tax profile, using the *ad valorem* rate levied on gasoline as a benchmark. For illustration, the benchmark rate shown in the graphical profile is 55.8% (tax rate on gasoline), applied to the diesel price.
- The TLFN exemption in Patagonia is reported as a tax expenditure, this provision is marked in the energy tax profiles as a subnational rate.
- Biogasoline is exempt from the TLFN and the Tax on Gasoline and CNG, biodiesel is exempt from the TLFN, and, when used to generate electricity, is exempt from the Tax on Diesel and Liquefied Gas.

Reported tax expenditures or rebates might be averaged with tax rates on other energy uses, in which cases they are not visibly identifiable in the graphical profile. Additional detail on the treatment of tax expenditures is available in Chapter 1 of *Taxing Energy Use 2018* (OECD, 2018).

Sources

The main insights from the second vintage of the *Taxing Energy Use* database are analysed in:

OECD (2018), *Taxing Energy Use 2018 – Companion to the Taxing Energy Use Database*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264289635-en>.

Apart from the general sources included in OECD (2018) and consultation with national delegates, the following country-specific sources were used:

Ministry of Finance (2015a), “Tributos vigentes en la República Argentina a Nivel Nacional”, www.mecon.gov.ar/sip/dniaf/tributos_vigentes.pdf.

Ministry of Finance (2015b), “Estimación de los Gastos Tributarios en la República Argentina”, www.mecon.gov.ar/sip/dniaf/gastos_tributarios_2012-14.pdf.

Ministry of Energy and Mining (undated), “Precios de Hidrocarburos”, www.energia.gov.ar/contenidos/verpagina.php?idpagina=3269.