



BUDGET BILL 2023 CHAMBER OF DEPUTIES' APPROVAL

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Executive Summary

This document analyzes the amendments introduced to the Budget Bill 2023 (PP2023) by the Honorable Chamber of Deputies of the Nation (HCDN) with an impact on revenues and expenditures.

On October 26, the PP2023 was approved by the HCDN, after the introduction of a set of amendments whose impact on total projected national resources for 2023 could not be estimated because of the lack of appropriate information.

The amendments introduced imply an increase in expenditure of ARS 567.7 billion, equivalent to 0.4% of Gross Domestic Product (GDP). This increase is not reflected in the level of expenditure provided for in Section 1 (ARS 28,954.031 billion) of PP2023, so it is expected that these adjustments will imply a reduction in other expenditures, or an increase in expenditures after the enactment of the Law with the increase in the respective financing.

The approval by the Chamber of Deputies includes certain provisions that have specific impact on the cross-cutting policies on Gender Equality (PPG), Children and Adolescents (NNA), Assistance to Persons with Disabilities (DIS) and Sustainable Environment and Climate Change (ACC). An additional ARS 244.413 billion to finance cross-cutting policies is included within the total added by the HCDN.

Amendments to Revenues

At the time of preparation of this document, the appropriate information is not available to estimate the impact of the measures included in the approval process by the HCDN that affect tax revenues. As it becomes available, such estimates will be presented.

Table 1 summarizes the Sections related to taxation with the reference to the impact of the amendments on the the revenues involved, always under the waived revenue method, which assumes no change in the behavior of economic agents.

Table 1. Sections with impact on revenues

Sec.	Summary	Impact
61	Includes as beneficiary of the National Airport System Regulatory Agency the exemption on tax and customs resources for imports destined to the strengthening of the National Airport System and for the reimportation of temporarily exported goods.	Unclear
65	Limitation of the exemption on tax and customs duties on imports for consumption required for the execution of the "President Néstor Kirchner Natural Gas Pipeline", applicable only to ENARSA.	Unclear
95	Tax Regularization Regime - Condonation of debts for the National Government, provinces, CABA and municipalities for tax and customs concepts, except for those destined to Social Security and Labor Risk Insurance Companies.	No
96	Increase of the internal tax rate for imported goods. Reduction to 50% for those manufactured by beneficiaries of the Regime of Law 19,640.	Increase of revenues
97	VAT: Adjustment of turnover brackets and rates for activities related to information and communications.	Unclear
98	Restatement of the provisions of the first and second paragraph of the section added without number after section 28 of the VAT Law.	Increase of revenues
99	Inclusion of education expenditures for dependent family members in Income Tax.	Loss of revenues
100	Increase of the amount to be deducted as per diems in the Income Tax for the activity of long-distance land transportation.	Loss of revenues
101	Exemptions on tax and customs duties for INVAP S.E. imports.	Loss of revenues
102	Exemption from duties for exports made by State-owned enterprises.	Loss of revenues
103	Exemption from taxes and customs duties for the National Commission of Space Activities. VAT reimbursement or remission for expenses related to the ongoing activities of the SPACE PLAN.	Loss of revenues
104	Exemption from duties for exports made by the National Commission of Space Activities.	Loss of revenues
105	Condonation of customs debts of the National Commission of Space Activities.	Loss of revenues
106	Exemptions from tax and customs duties for imports made by the company VENG S.A.	Loss of revenues
107	Exemption from duties for exports made by VENG S.A.	Loss of revenues
108	Refers to Sections 106 and 107	-
109	Collection of the contribution created by Section 95 of Law 27,591 by the Superintendence of Insurance of the Nation.	No
110	Condonation of the National Tax on Transportation Control for the year 2020, applicable to certain vehicles of motor transportation of passengers under national authority.	No
112	The contribution to the Health Insurance System by Simplified Regime Taxpayers is modified, establishing a scale of differentiated amounts that establishes increasing payments for categories D to K.	Increase of revenues
115	This Section establishes the "Aviation Security Tax" to be paid by passengers boarding international, regional, or domestic flights from airports or aerodromes belonging to the National System of Airports of the Argentine Republic.	Increase of revenues

Sec	Summary	Impact
118	The inclusion of Section 195 to the Income Tax Law establishes a financial benefit for taxpayers who, due to their high concentration of fixed assets (except automobiles) adjustable for inflation, determine a positive adjustment for inflation in the first and second fiscal years beginning on or after January 1, 2022, allowing them to allocate in thirds in successive periods, to the extent that these investments during each of the two fiscal years immediately following the computation of the first third of the period in question, are greater than or equal to ARS 30 billion.	Loss of revenues
119	The Consumer Defense Law is amended to update and adjust the penalties set forth in Section 47 thereof.	Increase of revenues
122	It amends the National Mining Code increasing from ARS 4 to ARS 24 the fee per square kilometer for exploration works from airplanes established in its section 31.	Increase of revenues
123	It amends Section 2013 of the National Mining Code delegating the setting of the annual fee to the Secretariat of Mining of the Nation, or the agency that replaces it, based on the year-on-year variation of the CPI prepared and published by the INDEC under the terms established by the regulations.	Increase of revenues
124	It amends Section 215 of the National Mining Code, updating the fee established for the three subsections.	Increase of revenues
125	It amends Section 2019 of the National Mining Code increasing the surcharge as a penalty for the expiration of the concession for lack of payment from 20% to 100% under the same terms.	Increase of revenues
126	It amends Section 221 of the National Mining Code increasing the undercut fee from ARS 800 to ARS 4,800 per each 100 meters.	Increase of revenues

SOURCE: OPC, based on 2023 Budget Bill and Chamber of Deputies' approval.

Amendments to Expenditures

General level

Total current and capital expenditures of the National Government, as defined in Section 1 of the HCDN's approval, remain at ARS 28,954.031 billion, as submitted by the National Executive Branch. The new expenditures authorized by the Chamber of Deputies represent 0.4% of the GDP and amount to ARS 567.700 billion.

Considering that no increase in total expenditure is forecast, it is expected that these adjustments will imply either a reduction in other expenditures or an increase in total expenditure after the enactment of the Law with the increase in the respective funding.

Table 2. Increased expenditures introduced by Chamber of Deputies' approval

2023, in millions of ARS

Section	Concept	Amount
11	Authorization of works and acquisition of goods and services affecting future fiscal years.	198,878
17	National Fund for the Enhancement and Conservation of Native Forests.	1,000
	National Program for the Protection of Native Forests.	500
81	Compensation Fund for Urban and Suburban Public Transportation of Passengers outside the Greater Buenos Aires Area.	18,946
83	Allocation to the province of La Rioja and its municipalities.	21,300
116	Adds appropriations to certain programs	327,075
Total increased expenditures		567,700

SOURCE: OPC, based on 2023 Budget Bill and Chamber of Deputies' approval.

In Section 11, referring to works whose execution term exceeds the fiscal year 2023, the Chamber of Deputies includes the authorization of 798 new works for ARS 198.878 billion through the attached Schedule 2. This new authorization complements the original schedule submitted by the Executive Branch, for a total of 743 works, equivalent to ARS 196.936 billion. Thus, the total of authorizations for the contracting of 1,541 works would amount to ARS 395.815 billion in 2023.

The works detailed in Schedule 1 proposed by the National Executive Branch include the respective funding, whereas the works in Schedule 2, added by the HCDN in Section 11, authorize the Chief of Cabinet of Ministers to make the necessary compensations within the total of the approved budget appropriations.

Table 3. Authorization of works with impact on future fiscal years by agency

2023, in millions of ARS and number of works

Agency	Attached schedule 1 (submitted by Executive Branch)		Attached schedule 2 (added by HCDN's approval)		Total	
	Number	Amount	Number	Amount	Number	Amount
Ministry of Public Works	584	165,626	523	124,526	1107	290,152
Ministry of Transportation	11	12,244	27	8,731	38	20,976
Ministry of Economy	42	5,762	116	38,885	158	44,647
Ministry of Tourism and Sports	14	1,561			14	1,561
Ministry of Environment and Sustainable Development	17	3,950	2	550	19	4,500
Ministry of Social Development	4	2,286			4	2,286
Judicial Branch	28	1,935	1	250	29	2,185
Ministry of Labor, Employment and Social Security	15	1,231			15	1,231
Ministry of Defense	4	249			4	249
Ministry of Internal Affairs	2	500	3	111	5	611
Ministry of Education	4	435	97	12,741	101	13,176
Office of the President of the Nation	1	447			1	447
Ministry of Science, Technology, and Innovation			1	400	1	400
Ministry of Culture	1	400			1	400
Ministry of Health	10	148	8	1,732	18	1,880
Ministry of Security	2	67	1	200	3	267
Public Prosecutor's Office	4	95			4	95
Ministry of Territorial Development and Habitat			16	10,359	16	10,359
Legislative Branch			1	300	1	300
Ministry of Women, Genders, and Diversity			2	93	2	93
Total	743	196,936	798	198,878	1,541	395,815

SOURCE: OPC, based on 2023 Budget Bill and Chamber of Deputies' approval.

On the other hand, Section 17 establishes the budget allocations for the National Fund for the Enhancement and Conservation of Native Forests, pursuant to the provisions of Section 31 of Law 26,331 on Minimum Budgets for the Environmental Protection of Native Forests, and for the National Program for the Protection of Native Forests, which was amended by the Chamber of Deputies. For the Fund, the amount is increased from ARS 8 billion to ARS 9 billion. The National Program for the Protection of Native Forests increased the appropriation from ARS 500 million to ARS 1 billion, resulting in a higher expenditure of ARS 1.5 billion.

By means of Section 81, the Chamber of Deputies increased from ARS 66.054 billion to ARS 85 billion the amount allocated to the Compensation Fund for Urban and Suburban Public Transportation of Passengers by Motor Vehicles outside the Greater Buenos Aires Area, implying a higher expenditure of ARS 18.946 billion.

The Chamber of Deputies' approval increased the allocation for the province of La Rioja from ARS 25.7 billion to ARS 47 billion, in accordance with the amendment introduced to Section 83, which represents a higher expenditure of ARS 21.3 billion.

The new Section 116, introduced by the Chamber of Deputies' approval, empowers the Chief of Cabinet of Ministers to make the necessary budgetary adjustments to add appropriations for a total amount of ARS 327.075 billion for certain budgetary programs. These allocations are detailed in Table 4:

Table 4. Allocations, new Section 116¹

2023, in millions of ARS

Agency	Program	Amount
Ministry of Social Development	Food Policies	101,890
Ministry of Labor, Employment and Social Security	Family Allowances (active population) (NNA) (DIS)	90,830
Ministry of Education	Management and Allocation of Education Grants	59,542
Ministry of Education	National Teacher Incentive Fund	31,175
Ministry of Social Development	Social and Urban Integration	19,700
Ministry of Social Development	Food Policies - School Canteens (Province of Buenos Aires)	12,969
Ministry of Territorial Development and Habitat	National Land, Housing and Urban Development Program	4,500
Ministry of Education	Infrastructure and Equipment	4,149
Ministry of Environment and Sustainable Development	National Fire Management Plan	1,500
Ministry of Education	Radio and Television Services of the University of Córdoba (SRT)	300
Ministry of Social Development	Actions for the Redress of Rights of Children and Adolescents who are Children of Victims of Femicide - Ley Brisa (Brisa Law)	200
Ministry of Social Development	Actions of Accompaniment for Youngsters without Parental Care	200
Ministry of Public Works	Remodeling of San José Palace	120
Total		327,075

SOURCE: OPC, based on 2023 Budget Bill and Chamber of Deputies' approval.

Table 5 details the additional allocations introduced by the HCDN's approval, by function.

Table 5. New allocations by function

2023, in millions of ARS

Function	Budget Bill 2023	Additional after HCDN approval
Internal Affairs	562,771	21,300
Ecology and Environment	93,935	3,000
Transportation	1,160,461	18,946
Education and Culture	1,754,022	95,286
Social Promotion and Assistance	1,368,576	123,899
Social Security	12,945,535	101,890
Housing and Urban Planning	435,185	4,500
Total	18,32,486	368,821

(*) Does not include schedule 2 works, annexed to Section 11.

SOURCE: OPC, based on 2023 Budget Bill and Chamber of Deputies' approval.

¹ The following chapter analyzes in detail the expenditures included in the Bill to fund cross-cutting policies.

With the increase approved by the Chamber of Deputies, expenditure in the Education and Culture function comes to 1.26% of GDP. To reach the minimum allocation for education in 2023, equivalent to 1.33% of the GDP, as provided for in Section 130 introduced by the Chamber of Deputies, a higher expenditure of ARS 108.078 billion is estimated

Cross-cutting policies

Amendments introduced with Chamber of Deputies' approval

The Chamber of Deputies' approval includes certain provisions that have a specific impact on the cross-cutting policies on Gender Equality (PPG), Children and Adolescents (NNA), Assistance to Persons with Disabilities (DIS) and Sustainable Environment and Climate Change (ACC).

Although the same total expenditure is projected for fiscal year 2023 with the same allocation by purpose as in the initial submission, Sections 17 and 116 of the Bill empower the Chief of Cabinet of Ministers to make the necessary budget amendments to include the allocations detailed in Table 6.

Table 6. Budget amendments with impact on cross-cutting policies

In millions of ARS

Sec.	Agency	Concept	Amount to add	Impact			
				PPG	NNA	DIS	ACC
116	Ministry of Social Development	Food Policies	101,890	X	X	X	
116	National Social Security Administration	Family Allowance (active population) (NNA) (DIS)	90,830		X	X	
116	Ministry of Education	National Teacher Incentive Fund	31,175		X		
116	Ministry of Social Development	Food Policies - School Canteens (Province of Buenos Aires)	12,969		X		
116	Ministry of Education	Infrastructure and Equipment	4,149		X		
116	Ministry of Environment and Sustainable Development	National Fire Management Plan	1,500				X
17	Ministry of Environment and Sustainable Development	National Fund for the Enhancement and Conservation of Native Forests	1,000				X
17	Ministry of Environment and Sustainable Development	National Program for the Protection of Native Forests	500				X
116	Ministry of Social Development	Actions for the Redress of Rights of Children and Adolescents who are Children of Victims of Femicide - Ley Brisa (Brisa Law)	200	X	X		
116	Ministry of Social Development	Actions of Accompaniment for Youngsters without Parental Care	200		X		
Total			244,413				

SOURCE: OPC, based on 2023 Budget Bill and Chamber of Deputies' approval.

Note that the following analysis assumes that any budget decreases resulting from the reallocations will not affect the items related to cross-cutting policies. Otherwise, the variations described in Table 6 above will be minor.

Consequently, and based on the provisions of the aforementioned Sections, the impact in nominal and real financial terms² implied by these adjustments is analyzed for each cross-cutting policy.

Variation in Gender Equality Policies

The amendments with an impact on the cross-cutting gender equality policy are those related to food policies and the Brisa Law (Actions for the Redress of Rights of Children and Adolescents who

² For the measurement in real terms, the average consumer price inflation projected for 2023 is 76.1%, based on data from the Secretariat of Economic Policy.

are Children of Victims of Femicide) of the Ministry of Social Development and would imply a year-on-year variation and expenditure share as shown in Table 7:

Table 7. Gender-responsive budgeting (PPG)

In millions of ARS and YoY variation (nominal and real)

Concept	2022	Original Budget Bill			Additional after HCDN approval		
		PP2023	YoY var. %	YoY real var. %	Sec. 116	YoY var.	YoY real var. %
PPG Expenditure	2,981,100.5	5,253,271.1	76.2%	0.1%	102,090	79.6%	2.0%
Total Expenditure (GT)	16,906,435.4	28,954,031.3	71.3%	-2.7%	-	71.3%	-2.7%
Share of PPG Expenditure in GT	17.6%	18.1%			18.5%		

SOURCE: OPC, based on 2023 Budget Bill, Ministry of Economy projections and Chamber of Deputies' approval.

With the additions made, PPG allocations would go from being in line with prices to showing a slight increase (2% real).

Likewise, the share of PPG in total expenditure would slightly increase.

Table 8 shows the variations in allocation by agency.

Table 8. Gender-responsive budgeting by agency

In millions of ARS, YoY variation (nominal and real) and percentage share

Agency	2022	Original Budget Bill			Additional after HCDN approval		
		PP2023	YoY var. %	YoY real var. %	Sec. 116	YoY var.	YoY real var. %
Ministry of Social Development	578,374.3	931,492.0	61,1%	-8,5%	102,090	79.6%	2.0%

SOURCE: OPC, based on 2023 Budget Bill, Ministry of Economy projections and Chamber of Deputies' approval.

The increases in food policies would reverse the negative variation for the gender policies of the Ministry of Social Development as evidenced in the original Bill, thus showing an increase in real terms of 2.0%.

Individually, the *Alimentar* benefit would continue to have a negative year-on-year variation in real terms, with a positive variation only when considering the set of policies that the agency contributes to PPG.

The funds allocated to the Brisa Law, which would have an increase of ARS 200 million, would continue to show a decrease in real terms, which was originally -30.6% YoY and with this increase would be -10.3% YoY.

Variation in Policies for Children and Adolescents

Cross-cutting policies on children and adolescents would receive the largest amount of funds in accordance with the provisions of Section 116, totaling an additional ARS 241.413 billion.

The increases provided for would allow reducing the negative variation of 11.7% shown in the original Bill, but the expenditure on policies for children and adolescents would continue to show a real year-on-year variation of -4.0%.

Table 9. Policies for children and adolescents (NNA)

In millions of ARS and YoY variation (nominal and real)

Concept	2022	Original Budget Bill			Additional after HCDN approval		
		PP2023	YoY var. %	YoY real var. %	Sec. 116	YoY var.	YoY real var. %
NNA Expenditure	1,770,152.1	2,751,433.8	55.4%	-11.7%	241,413	69.1%	-4.0%
Total expenditure (GT)	16,906,435.4	28,954,031.3	71.3%	-2.7%	-	71.3%	-2.7%
Share of NNA Expenditure in GT	10.5%	9.5%			10.3%		

SOURCE: OPC, based on 2023 Budget Bill, Ministry of Economy projections and Chamber of Deputies' approval.

After the amendments introduced, the share of resources allocated to policies for children and adolescent in total expenditure would be close to that observed in 2022.

Table 10 shows the variations in allocation by agency.

Table 10. Expenditure on policies for children and adolescents by agency

In millions of ARS, YoY variation (nominal and real) and percentage share

Agency	2022	Original Budget Bill			Additional after HCDN approval		
		PP2023	YoY var. %	YoY real var. %	Sec. 116	YoY var.	YoY real var. %
ANSES	1,155,851.5	1,761,092.7	52.4%	-13.5%	90,830	60.2%	-9.0%
Ministry of Education	208,335.1	392,979.8	88.6%	7.1%	35,324	105.6%	16.7%
Ministry of Social Development	337,405.1	459,316.6	36.1%	-22.7%	115,259	70.3%	-3.3%

SOURCE: OPC, based on 2023 Budget Bill, Ministry of Economy projections and Chamber of Deputies' approval.

The Ministry of Education, which originally had a positive real variation in policies for children and adolescents, would increase this variation by 9.6 p.p. with the additions to Section 116. After the amendments made, the funds allocated to School Infrastructure and Equipment would increase by 39.8% in real terms, whereas the Teacher Incentive Fund would fall by 3.4% with respect to 2022.

ANSES and the Ministry of Social Development would continue to show a negative real variation in all expenditures related to policies for children and adolescents, despite the increases provided.

For ANSES, the increase in family allowances for the active population would not be enough to maintain the benefit amounts received during 2022, showing a reduction of 18.3% in real terms.

As for Social Development, the increase provided for school canteens in the province of Buenos Aires would allow the budgetary activity of all school canteens in the country to go from having a negative real variation to a positive variation. However, the reinforcement of the total Food Policies would not be enough to reverse the negative variation of the budget program, so that the policies for children and adolescents within the scope of the Ministry of Social Development would continue to show a real decrease, although closer to inflation.

Variation in Policies for the Assistance to Persons with Disabilities

For the policy of assistance to persons with disabilities, the amendments made have an impact only on the food policies of the Ministry of Social Development and on the family allowances of ANSES.

Since only a proportion of these policies are intended for persons with disabilities and there is no information disaggregated by beneficiaries that would allow knowing the amount that will be

allocated to this population group, it is estimated that the amendments introduced with the Chamber of Deputies' approval will result in an increase of an additional ARS 11.019 billion.

Table 11. Policies for the assistance to persons with disabilities (DIS)

In millions of ARS and YoY variation (nominal and real)

Concept	2022	Original Budget Bill			Additional after HCDN approval		
		PP2023	YoY var. %	YoY real var. %	Sec. 116	YoY var.	YoY real var. %
DIS Expenditure	624,327.3	1,010,211.6	61.8%	-8.1%	11,018.9	63.6%	-7.1%
Total expenditure (GT)	16,906,435.4	28,954,031.3	71.3%	-2.7%	-	71.3%	-2.7%
Share of DIS Expenditure in GT	3.7%	3.5%			3.5%		

SOURCE: OPC, based on 2023 Budget Bill, Ministry of Economy projections and Chamber of Deputies' approval.

The resources allocated to this cross-cutting policy would maintain the negative variation, although it would be reduced by 1 p.p. with respect to the original Bill, practically without affecting the share of DIS expenditure in total expenditure.

Table 12 shows the variations in allocation by agency.

Table 12. Expenditure on policies for the assistance to persons with disabilities, by agency

In millions of ARS, YoY variation (nominal and real) and percentage share

Agency	2022	Original Budget Bill			Additional after HCDN approval		
		PP2023	YoY var. %	YoY real var. %	Sec. 116	YoY var.	YoY real var. %
ANSES	100,944.9	150,664	49.3%	-15.2%	9,083	58.3%	-10.1%
Ministry of Social Development	4,887.4	6,499.2	33.0%	-24.5%	1,935.9	72.6%	-2.0%

SOURCE: OPC, based on 2023 Budget Bill, Ministry of Economy projections and Chamber of Deputies' approval.

For those agencies whose appropriations would be modified, the year-on-year variation would remain negative in real terms.

Variation in Sustainable Environment and Climate Change Policies

Finally, with respect to the cross-cutting policy of Sustainable Environment and Climate Change, Sections 17 and 116 add ARS 3 billion to the Ministry of the Environment and Sustainable Development. This increase would modify the year-on-year variation as shown in Table 13.

Table 13. Sustainable environment and climate change policies (ACC)

In millions of ARS and YoY variation (nominal and real)

Concept	2022	Original Budget Bill			Additional after HCDN approval		
		PP2023	YoY var. %	YoY real var. %	Sec. 116	YoY var.	YoY real var. %
ACC Expenditure	247,708.7	497,248.7	100.7%	14.0%	3,000	101.9%	14.7%
Total expenditure (GT)	16,906,435.4	28,954,031.3	71.3%	-2.7%	-	71.3%	-2.7%
Share of ACC Expenditure in GT	1.5%	1.7%			1.7%		

SOURCE: OPC, based on 2023 Budget Bill, Ministry of Economy projections and Chamber of Deputies' approval.

The increase of this cross-cutting policy in real terms would be 14.7%, 0.7 percentage points higher than the original Bill.

These increases do not substantially affect CCA’s share of total expenditure.

Table 14 shows the variations in allocation by agency.

Table 14. Expenditure on policies for sustainable environment and climate change, by agency

In millions of ARS, YoY variation (nominal and real) and percentage share

Agency	2022	Original Budget Bill			Additional after HCDN approval		
		PP2023	YoY var. %	YoY real var. %	Sec. 17 and 116	YoY var.	YoY real var. %
Ministry of Environment and Sustainable Development	14,738.8	33,439.5	126.9%	28.8%	3,000	147.2%	40.4%

SOURCE: OPC, based on 2023 Budget Bill, Ministry of Economy projections and Chamber of Deputies' approval.

The only agency that would receive increases, the Ministry of the Environment and Sustainable Development, already had real increases in the labeled activities; therefore, with the amendments introduced, the increase will be greater.

Despite the referred increase, the amendments introduced by the Chamber of Deputies would not be enough to offset the real fall shown by the National Fund for the Enhancement and Conservation of Native Forests and the National Fire Management Plan (-10.5% and -49.5%, respectively). The National Fire Management Plan is expected to experience nominal reductions from ARS 7.291 billion in 2022 to ARS 6.488 billion in 2023.

Analysis of the amendments introduced by the Chamber of Deputies

Section 6

Original (Executive Branch): establishes the number of National Government employment positions and teaching hours and states that increases that exceed the totals set forth in the schedules annexed to the Section cannot be approved. In addition, it establishes exceptions to such limitation which may be made by the Chief of Cabinet.

Amendment (HCDN): includes the requirement for the Ministry of Treasury to publish a report on the total number of employees and new hires on its website by the fifth business day following each quarter of the fiscal year.

Section 11

Original (Executive Branch): authorizes the contracting of works or acquisition of goods and services whose term of execution exceeds the Financial Year 2023 in accordance with the detail shown in the attached schedule.

Amendment (HCDN): empowers the Chief of Cabinet to make the necessary compensations within the budget appropriations approved by PP2023 to finance the execution of the works detailed in the attached schedule 2 added to the Section.

Section 17

Original (Executive Branch): allocates ARS 8 billion for the National Fund for the Enhancement and Conservation of Native Forests and another ARS 500 million for the National Program for the Protection of Native Forests.

Amendment (HCDN): increases such amounts by ARS 1.5 billion, of which ARS 1 billion are for the National Fund for the Enrichment and Conservation of Native Forests and ARS 500 million for the National Program for the Protection of Native Forests.

Section 18

Original (Executive Branch): annuls Sections 2 and 3 of Law 25,152 on the Administration of Public Resources. Section 2 establishes fiscal rules and Section 3 provides two budget administration criteria: 1) current and capital expenditures which have not been accrued in previous fiscal years may not be included as financial application (amortization of debts), except for the debts referred to in subsection f) of Section 2 of this law, and 2) in the event of present or future expenditures exceeding those authorized in the Budget, the Secretariat of Treasury and the General Auditing Office of the Nation, upon becoming aware of such situation, shall immediately inform the Attorney General's Office so that it may take the necessary legal actions for violation of Section 248 of the Criminal Code.

Amendment (HCDN): deletes the reference to Section 3 of Law 25,152 on the Administration of Public Resources, resulting in the budget administration criteria set forth in said Section in force for 2023.

Section 43

Original (Executive Branch): authorizes the granting of National Treasury guarantees for USD 3.181 billion. The specific transactions and amounts are detailed in an attached schedule.

Amendment (HCDN): increases the authorization for the granting of guarantees to USD 3.203 billion. Specifically, the guarantee for the financing of the Arauco Solar Park is reduced (from USD100 million to USD46 million) and the guarantee for the financing of the Arauco II Wind Farm (stages 3 to 6) is increased (from USD128 million to USD204 million), in both cases the guaranteed entity is the Province of La Rioja.

Section 49

Original (Executive Branch): approves the financial flows and the use of trust funds totally or mostly composed of assets or funds of the National Government for 2023, in accordance with the details of the attached schedule.

Amendment (HCDN): introduces a requirement for reports submitted by the Chief of Cabinet to Congress, as well as the progress of the budget execution status of the funds to be public, updated monthly and under the conditions defined in Law 27,275 on Rights of Access to Public Information, accessible in physical and digital format on the Open Budget web page.

Section 61

Original (Executive Branch): exemption on tax and customs duties for imports for the strengthening of the National Airport System and for the reimportation of temporarily exported goods. The beneficiary of this measure is the Regulatory Agency of the National Airport System, whenever the national industry is not able to supply such goods.

Amendment (HCDN): exemption on tax and customs duties for imports destined to the strengthening of the National Airport System and for the reimportation of goods temporarily

exported. The beneficiaries of this measure are the Regulatory Agency of the National Airport System and the Trust Fund for the Strengthening of the National Airport System, whenever the national industry is not able to supply such goods.

Section 65

Original (PEN): exemption on tax and customs duties on imports required for the execution of the work "President Néstor Kirchner Natural Gas Pipeline". Likewise, the taxes due for such work shall be remitted.

Amendment (HCDN): Exemption on taxes and customs duties on imports for consumption acquired by *Energía Argentina Sociedad Anónima* with respect to the equipment required for the execution of the "President Néstor Kirchner Gas Pipeline" project. Likewise, the taxes due for such work will be remitted.

Section 81

Original (Executive Branch): provides for the extension of the Compensation Fund for Urban and Suburban Public Transportation of Passengers by Motor Vehicle outside the Greater Buenos Aires Area

Amendment (HCDN): includes an amount of ARS 85 billion for the Fund. Such amount will serve as a minimum from which the operation of the system will be reviewed for the purpose of updating the amount by means of permanent monitoring of the system.

On the one hand, it removes the power granted to the Ministry of Transportation to establish the criteria for the distribution and allocation of the Fund, and on the other hand, it establishes the creation of the Federal Council for the Administration of Subsidies to Public Motor Vehicle Passenger Transportation to evaluate the use and allocation of resources and the implementation of the Single Electronic Ticket System (SUBE) as a means of collecting the fare.

It is stated that the Ministry of Transportation will be responsible for regulating the operation of the Council and that it may extend the deadline for the implementation of the SUBE System for a maximum term of 4 months.

Section 83

Original (Executive Branch): allocates ARS 25.2 billion to the province of La Rioja and ARS 500 million for its municipalities. Of the ARS 500 million, ARS 250 million will be allocated to the City of La Rioja and the rest will be distributed among the rest of the municipalities as follows: 60% based on the unsatisfied basic needs index and 40% based on population. It is stated that these amounts will be transferred in full in 12 monthly and equivalent installments.

Amendment (HCDN): allocates ARS 47 billion to the province of La Rioja and its municipalities. Unlike the Section included in PP2023, the amount allocated to the province and the amount allocated to its municipalities is not specified, and the distribution method between the City of La Rioja and the rest of the municipalities is not included.

Section 89

Original (Executive Branch): refers to the control and fulfillment of the payment of transactions for energy consumption, power, and its associated concepts, by the suppliers of electric energy in each jurisdiction. A period of 6 months is established, as from the effective date of PP2023 as a Law, for each granting jurisdiction to establish or adapt its regulations, if necessary, to ensure and guarantee the payment of the invoices issued and to be issued in the future by CAMMESA.

In addition, it is stated that the provinces will be jointly and severally liable under this regime and that, upon expiration of the above-mentioned term, the Chief of Cabinet through the Ministry of Economy may withhold from the funds committed in the budget transfer agreements executed between each province and any entity of the National Public Sector, the amount owed to CAMMESA by the electric power distributor for energy and power consumption.

Amendment (HCDN): It is included that within a term of no more than 90 days the distributors must publish tariff charts that allow increasing the funds to comply with the debts accumulated with CAMMESA. For the AMBA distributors (Edesur and Edenor) a commitment is established to conduct a new RTI (integral tariff review).

This implies that the distribution companies will have to update the distribution added value (VAD), with the consequent increase in the final tariff paid by the users, to have the necessary funds to face their operations and thus reduce the arrears with CAMMESA.

In summary, the power to withhold funds from the provinces is removed, but a commitment is established for the provincial regulatory entities of the distribution companies and the Nation, in the case of EDESUR and EDENOR, to increase the price of the distribution service included in the final tariff paid by users.

Finally, credits are granted to distribution companies that have no debt with CAMMESA as of September 30, 2022. This is a way of compensating the gain that the beneficiary companies of the payment plan will have (up to 96 installments).

Section 95 (new): establishes the creation of the Tax Regularization Regime for the National Government, the provinces, the Autonomous City of Buenos Aires, and the municipalities, including national, provincial, Autonomous City of Buenos Aires and municipal entities.

The regime consists of the remission of tax debts and Social Security contributions that taxpayers owe and are overdue as of October 31, 2022, including principal owed, compensatory or punitive interest or those provided for in Section 168 of Law 11,683, as amended, fines and other penalties. It does not include the dues and contributions destined to the National System of Union-run health insurances and the quotas destined to the Labor Risk Insurance Companies (ART)

Section 96 (new): as from January 1, 2023, the rate applicable to goods covered by Section 70 of the Internal Tax Law is increased. It shall reach 19% for imported goods, with a 50% reduction for goods manufactured by companies benefiting from the regime of Law 19,640 and a 0% rate for certain radio broadcasting receivers (NCM positions 8527.21.00 and 8527.29.00).

Section 97 (new): changes in the Value-Added Tax rates applicable to subjects whose activity is the publishing production, rentals of advertising spaces in newspapers, magazines, and periodical publications (increase from 2.5% to 10.5% for annual turnover equal to or lower than ARS 250 million per year -not including VAT- and a 21% for those exceeding such amount). For the activity of digital journalistic editions of online information, it is unified at a rate of 5% for annual turnover equal to or lower than ARS 250 million per year -not including VAT-, and the amounts of the following turnover brackets are updated, maintaining the rates currently in force. Also, those who are obliged to contribute to the Fund for Cooperative Education and Promotion may use the tax credit accumulated in the Value-Added Tax for the cancellation of such contribution.

Section 98 (new): establishes the updating criteria for the turnover amounts indicated in the first and second paragraph of the Section added (without number) after section 28 of the Value-Added Tax Law. The text in force prior to this amendment only referred to the first paragraph of said Section, omitting the second paragraph.

Section 99 (new): adds to the Income Tax Law a deduction for the amounts for services for educational purposes and tools for such purposes, which must be credited in the manner and under the conditions established by the regulations, paid by the taxpayer for those who are family dependents, under certain conditions. The deduction will operate up to the limit of 40% of the amount established in subsection a) of Section 30 (non-taxable income).

Section 100 (new): establishes that the deduction for travel expenses, per diems and other similar compensations paid by the employer for long distance land transportation activities may not exceed the amount resulting from increasing by four (4) times the amount of the non-taxable income (subsection a) of Section 30).

Section 101 (new): exemption from tax and customs duties on imports for consumption destined to the production of goods, services and works acquired by INVAP S.E.

Section 102 (new): Exempts exports made by State-owned enterprises from the duties levied on exports for consumption, to the extent that their purpose is to develop science, technology, and innovation activities.

Section 103 (new): the National Commission on Space Activities is exempted from several tax and customs duties, not being applicable the provisions of the second paragraph of Section 2 of Law 25,413 (tax on credits and debits in bank accounts and other transactions). Likewise, it shall enjoy the remission or reimbursement of the value-added tax involved in the price charged or to be charged for the acquisition of goods in the country and for the works, leases and rendering of services which are directly or indirectly related to the activities derived from the SPACE PLAN in progress at the time this Law is in force, or those which may be updated in the future.

Section 104 (new): exempts the National Commission on Space Activities from the taxes levied on exports for consumption made within the framework of the activities derived from the SPACE PLAN in progress upon the effective date of the present Law, or those which may be updated in the future.

Section 105 (new): remission of debts owed by the National Commission on Space Activities to the General Directorate of Customs of the Federal Administration of Public Revenues (AFIP), for customs duties, fines and related expenses provided for by the Customs Code.

Section 106 (new): exemption of tax and customs duties on imports for consumption intended to produce goods, services and works, which are acquired by VENG S.A.

Section 107 (new): exempts VENG S.A. of taxes levied on exports for consumption to produce goods, services and works aimed at developing activities of science, technology, and innovation.

Section 108 (new): the benefits provided for in Sections 109 and 110 of the present Law shall be granted if the Government has a majority participation in the decision-making of the company that is the object of such franchises.

Section 109 (new): the mandatory contribution created by Section 95 of Law 27,591 (0.5% rate on premiums of automobile insurance on passenger transportation vehicles under national jurisdiction) shall be collected by the Superintendence of Insurance of the Nation in favor of the National Commission for the Regulation of Transportation.

Section 110 (new): it establishes the remission of the National Tax on Transportation Control, Law 17.233, for the year 2020 due to the period of prohibition of circulation, for vehicles used for the motor transportation of passengers of national jurisdiction. It does not include those destined to the urban and suburban motor transportation service.

If the mentioned tax has already been paid, the payment shall be considered as a payment on account of the nominal value arising from the tax payable as from 2023.

Section 111 (new): authorizes the Chief of Cabinet of Ministers to implement the actions required to settle the payment of final court rulings in favor of the Province of La Pampa, through payment agreements or compensations and their respective budgetary provision.

Section 112 (new): modifies the contribution to the Health Insurance System by Simplified Regime Taxpayers, establishing a scale of differentiated amounts with increasing payments for categories D to K., as from the first day of the month following the publication of this Law. For Categories D to K, the contribution set forth in the preceding paragraph shall amount to:

Category	Contribution
D	ARS 3,638.26
E	ARS 4,452.02
F	ARS 5,145.02
G	ARS 5,512.52
H	ARS 6,615.02
I	ARS 8,190.03
J	ARS 9,166.53
K	ARS 10,505.29

Section 113 (new): establishes the ratification of Executive Order 742/21 of the regulation of Section 21 subsection 6) of Law 26102- Airport Security Police.

Section 21 subsection 6) sets forth the powers of the Airport Security Police, specifying the power to enter into technical and financial cooperation agreements with public or private entities, free of charge for the National Government.

Section 114 (new): for the purpose of creating a new "Aviation Security Rate" and to associate more specifically the denomination with the purpose of the rates to be applied, the denomination of the existing rate in the tariff chart in force is modified to "Operational Security Rate" payable to the National Civil Aviation Administration.

Section 115 (new): it establishes the "Aviation Security Rate" to be paid by passengers boarding international, regional, or domestic flights from airports or aerodromes belonging to the National System of Airports of the Argentine Republic. The Tax shall be a fixed amount to be determined by the Ministry of Security of the Nation, which value may not exceed the equivalent to 0.25% of the basic salary of the hierarchical grade of Principal Officer of the General Scale of the Police Staff of the Airport Security Police.

Section 116 (new): empowers the Chief of Cabinet to make the necessary budget amendments to include the allocations of the attached schedule, which includes higher expenditures for ARS 327.075 billion (for further details, see Table 4).

Section 117 (new): states that the agencies and entities of the National Government included in subsection a) of Section 8 of Law 24,156, the State-owned enterprises included in subsection b) and the Entities included in subsection c), which have their headquarters in the provinces, shall take the necessary actions to decentralize at least 50% of the contracting processes for works, goods and services, performing them in the alternate capital of each Province, as provided for in Law 27,589. Furthermore, the Judicial Branch of the Nation and the Public Prosecutor's Office are invited to apply similar measures in their areas.

Section 118 (new): through the inclusion of Section 195 to the Income Tax Law, a financial benefit is established for subjects that, because of their high level of fixed assets (except automobiles), adjustable for inflation, determine a positive adjustment for inflation in the first and second fiscal years beginning on January 1, 2022, inclusive, allowing them to be imputed in thirds in successive periods, to the extent that these investments during each of the two fiscal periods immediately following the computation of the first third of the period in question, greater than or equal to ARS 30 billion.

Section 119 (new): amends the Consumer Defense Law to update and adjust the penalties set forth in Section 47. Thus, the fines set forth in subsection b) of such section, between ARS100 and ARS 5,000,000, are replaced by the equivalent of the Basic Food Basket for a Household type 3. On the other hand, it adjusts the disclosure of the condemnatory resolution or a summary of the facts that originated it, the type of infraction committed, and the sanction applied, which previously could only be disseminated through graphic media.

Section 120 (new): amends Section 59 of Law 11,672 (Permanent Budget Supplementary Law) and empowers the Ministry of Economy with some functions of the Secretariat of Strategic Affairs (under the Office of the President of the Nation), related to public credit operations of the agencies and entities of the National Public Sector with international financial organizations or foreign governments.

In the first place, it establishes that the Minister of Economy must give a favorable opinion and issue a report on the valuation and financial feasibility of the loans and lead the negotiations. Secondly, it empowers the Minister of Economy to authorize a change in the procurement and contracting administration of any agency of the National Government responsible for the execution of external loans to other agencies. Finally, the Minister of Economy may delegate the powers conferred by this Section.

Section 121 (new): delegates to the Minister of Economy of the Nation the power to create special customs areas.

Section 122 (new): amends the Mining Code of the Nation increasing from ARS 4 to ARS 24 the fee per square kilometer for exploration works from airplanes established in Section 31 thereof.

Section 123 (new): amends Section 213 of the National Mining Code delegating the setting of the annual fee to the Secretariat of Mining of the Nation, or the agency replacing it, in accordance with the interannual variation of the Consumer Price Index (CPI) prepared and published by the National Institute of Statistics and Census (INDEC) under the terms established by the regulations.

Section 124 (new): amends Section 215 of the National Mining Code by updating the fee established for the three subsections as follows.

1. Raises the fee from ARS 320 to ARS 1,900 for the substances of the first category set forth in Section 3 a) The following metalliferous substances: gold, silver, platinum, mercury, copper, iron, lead, tin, zinc, nickel, cobalt, bismuth, manganese, antimony, wolfram, aluminum, beryllium, vanadium, cadmium, tantalum, molybdenum, lithium and potassium; b) Fuels: coal, lignite, anthracite and solid hydrocarbons; c) Arsenic, quartz, feldspar, mica, fluorite, calcareous phosphates, sulfur, borates and wollastonite; (Subsection replaced by Section 1 of Law 25,225 O.G. 12/29/1999. d) Precious stones. e) Endogenous vapors and the productions of rivers and placers of Section 4, subsection a).

2. Raises the fee from ARS 160 to ARS 960 for the substances of the second category listed in Section 4 (a) Metalliferous sands and precious stones found in river beds, running waters and placers; (b) Waste, tailings and slag heaps from previous exploitations, while the mines remain unprotected

and tailings and slag heaps from abandoned or open beneficiation establishments, as long as they are not recovered by their owner; c) Salt flats, salt mines and peat bogs; d) Metals not included in the first category; e) Pyrite and aluminous earths, abrasives, ochers, resins, steatites, barite, graphite, kaolin, alkaline or alkaline earth salts, asbestos, bentonite, zeolites or permuting minerals, with the exception of those of item b). Also exempt from this provision are the substances of Section 4, subsection a), insofar as they are included in the previous number and insofar as they are of common use.

3. Provisional concessions for the exploration or prospecting of the substances of the first and second category, for whatever duration, in accordance with the provisions of this Code, shall pay ARS 9,680 per unit of measure or fraction, based on the dimensions established in Section 29, instead of the ARS 1,600 currently in force.

Section 125 (new): amends Section 219 of the Mining Code of the Nation increasing the surcharge as a penalty for the expiration of the concession for lack of payment from 20% to 100% in the same terms.

Section 126 (new): amends Section 221 of the National Mining Code increasing the undercut fee from ARS 800 to ARS 4,800 per 100 meters.

Section 127 (new): repeals Section 4 of Necessity and Urgency Decree (DNU) 1,013/17 of the 2017 budget amendment, which established the repeal of subsection a) of Section 3 of DNU 1,334 /14 by which the Airport Security Infrastructure Fund is created. Subsection a), currently repealed, referred to the assets that constitute the Fund, establishing that they would be a percentage of not less than 50% of the amount collected monthly by the National Civil Aviation Administration as Security Tax - Executive Order 163/98.

Section 128 (new): amends subsection a) referred to in Section 3 of DNU 1,334 /14, by adding that the assets of the Airport Security Infrastructure Fund shall also be composed of the fee, or tariff that in the future replaces or complements them, which shall be directly affected monthly to the Trust Fund, and the remaining 50% to the National Administration of Civil Aviation.

Section 129 (new): removes the participation of the Undersecretariat of Aero commercial Transportation, under the Secretariat of Transportation of the Ministry of Internal Affairs and Transportation and the Regulatory Agency of the National Airport System (ORSNA), a decentralized agency acting under the Secretariat of Transportation of the Ministry of Internal Affairs and Transportation, from the prioritization of actions for the improvement of airport safety infrastructure to be financed with resources from the Public Trust Fund created by Section 1° of DNU 1,334/2014, leaving such addressing only at the discretion of the National Civil Aviation Administration, a decentralized agency under the Ministry of Transportation.

Section 130 (new): provides that the Chief of Cabinet shall ensure that expenditure on education shall not be less than 1.33% of GDP.

Section 131 (new): states that if as of 8/31/23 the accumulated inflation rate exceeds by 10% the annual target established in the PP2023, or if revenues of the National Public Sector exceed by 10% those estimated for the accumulated period, the National Executive Branch shall send a Complementary Law to Congress to determine a new calculation of revenues and expenditures and an expenditure plan for the last quarter of the fiscal year. The submission shall be made during the month of September 2023 and shall be discussed within a period of 30 days, during which time the Executive Branch may not increase the Budget by means of a DNU.

Section 88 of PP2023 (deleted): repeals Section (unnumbered) of Law 11,672, Permanent Budget Supplementary Law (2014) as amended, related to Section 17 of Law 27,431, which approves the

National Government Budget for Fiscal Year 2018. The aforementioned Section establishes that the financial assistance received by *Aerolíneas Argentinas Sociedad Anónima* and *Austral Líneas Aéreas - Cielos del Sur Sociedad Anónima* from the National Government must be recorded as contributions made on account of future capital increases.

Section 96 of PP2023 (deleted): replaces the ninth paragraph of Section 52 of Law 27,541 on Social Solidarity and Economic Reactivation establishing that the National Executive Branch may exercise such powers until December 31, 2023. The mentioned paragraph empowers the Executive Branch to establish Export Duties.

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This report does not contain binding recommendations.

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