

calendar days from the date of the transfer of the relevant amount. On January 5, 2017, pursuant to Resolution No. 1-E/2017 of the Ministry of Treasury, the mandatory stay period of 120 days was further reduced to 0 days.

On May 19, 2017, the Central Bank issued Communication “A” 6244 effective as of July 1, 2017 (amended by Communication “A” 6312 dated August 30, 2017), which structurally modified the exchange regulations in force, establishing a new foreign exchange regimen that significantly eased the access to the MLC. Communication “A” 6244 (as amended by Communication “A” 6312) has replaced all previous rules governing exchange transactions, the general exchange position and the provisions of Decree No. 616/05, while rules governing information and filing requirements were not replaced.

In addition, Communication “A” 6244 (as amended by Communication “A” 6312 and Communication “A” 6363) set forth:

1. The principle of freedom of exchange: Argentine and non-Argentine residents may freely access the MLC.
2. The obligation of carrying out any exchange transaction through an entity authorized by the Central Bank has been maintained.
3. Time restrictions to trade in the MLC for carrying out foreign exchange transactions have been eliminated.
4. The mandatory inflow and settlement of export proceeds through the MLC within the applicable term.
5. The obligation of Argentine residents to comply with the reporting regime, even though there has not been an income of funds to the MLC nor any future access through the transactions to be declared, is maintained.

Likewise, on November 10, 2017, the Central Bank repealed the requirement that proceeds from operations of exports of goods, services and raw materials, be repatriated and settled through the MLC.

Pursuant to Communication “A” 6401, dated December 26, 2017, a new reporting regime was created by means of which the “Review of Debt Securities and External Liabilities Issued by the Financial Sector and the Non-Financial Private Sector” established by Communication “A” 3602, and the “Survey on direct investments,” established by Communication “A” 4237, were replaced by a unified report on direct investments and debt. Only Argentine residents (both legal entities or natural persons) whose flow of balance of foreign assets or debt during the previous calendar year reaches or exceeds the equivalent of U.S.\$1 million in Pesos are required to report foreign holdings of (i) shares and other capital participations; (ii) debt; (iii) financial derivatives; and (iv) real estate, on an annual basis. Argentine residents whose flow or balance of foreign assets or debt reaches or exceeds the equivalent of U.S.\$50 million in Pesos, shall comply with the report on a quarterly basis. On January 11, 2018, with the aim of providing more flexibility to the foreign exchange system and promoting competition, allowing the entrance of new players to the system, a free floating foreign exchange market was created by means of Decree No. 27/2018 replacing the MLC.

Within the new foreign exchange market, exchange operations will be carried out by financial entities and any other person authorized to by the Central Bank to engage in permanent or customary trade in the purchase and sale of foreign coins and banknotes, gold coins or bars and traveler’s checks, money orders, transfers or similar operations in foreign currency.

255

[Table of Contents](#)

By virtue of Communication “A” 6443 of the Central Bank, which entered into force on March 1, 2018, companies from any sector that operate in the foreign exchange market may operate as an exchange agency solely by registering via an electronic form entitled the “Registry of Exchange Operators” (*Registro de Operadores de Cambio*).

As of the date of this annual report, in accordance with current regulations, all individuals and legal persons, assets and other universities may operate freely in the MLC and foreign exchange transactions shall be carried out at the exchange rate freely agreed between the parties. All exchange and/or arbitrage operations must be carried out through financial or exchange entities authorized by the Central Bank, and must comply in all cases with the provisions applicable to each transaction. Transactions that do not fall within the scope of the foreign exchange regulations will be subject to the Foreign Exchange Regime Law.

Item 10.E Taxation

The following discussion contains a description of the principal Argentine and United States federal income tax consequences of the acquisition, ownership and disposition of our Class B shares or ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase our Class B shares or ADSs and is not applicable to all categories of investors, some of which may be subject to special rules, and does not specifically address all of the Argentine and United States federal income tax considerations applicable to any particular holder. This summary is based upon the tax laws of Argentina and the regulations thereunder and the tax laws of United States and the regulations thereunder as in effect on the date of this annual report, which are subject to change, possibly with retroactive effect, and to differing interpretations. Each prospective purchaser is urged to consult its own tax advisor about the particular Argentine and United States federal income tax consequences to it of an investment in our Class B shares or ADSs. This discussion is also based upon the representations of the depository and on the assumption that each obligation in the deposit agreement among us, The Bank of New York Mellon, as depository and the registered holders and beneficial owners of the ADSs, and any related documents, will be performed in accordance with its terms.

Material Argentine Tax Considerations

The following opinion of material Argentine tax matters is based upon the tax laws of Argentina and regulations thereunder as of the date of this annual report, and is subject to any subsequent change in Argentine laws and regulations which may come into effect after such date. This section is the opinion of the law firm of Errecondo, González & Funes insofar as it relates to matters of Argentine tax law. This opinion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a holder of such securities. No assurance can be given that the courts or tax authorities responsible for the administration of the laws and regulations described in this annual report will agree with this interpretation. Holders should carefully read “Item 3.D Risk Factors—Risks Relating to Our Class B Shares and the ADSs—Changes in the Argentine tax laws may adversely affect the results of our operations and the tax treatment of our Class B shares and/or the ADSs.” Holders are encouraged to consult their tax advisors regarding the tax treatment of our Class B shares and ADSs as it relates to their particular situation.

Taxation on dividends

Pursuant to Law No. 26,893, dividends and other profits paid in cash or in kind –except for stock dividends–by companies and other entities incorporated in Argentina referred to in the Income Tax Law, Sections 69 (a)(1), (2), (3), (6) and (7), and Section 69(b), were subject to income tax at a 10% rate except for those beneficiaries that were domestic corporate taxpayers. Law No. 27,260 repealed this withholding tax as of July 23, 2016. Consequently, no withholding tax is to levied on dividends distributed to either Argentine or non-Argentine resident shareholders since then. This treatment applies only to dividends to be distributed at any time out of retained earnings accumulated until the end of the last fiscal year starting before January 1, 2018.

Likewise, the portion of those dividends exceeding the company’s accumulated net taxable income (as determined by application of the Argentine Income Tax Law), if any, is subject to a 35% withholding tax on such excess (the “Equalization Tax”). For purpose of the Equalization Tax, the amount of accumulated net taxable income to be considered shall be determined by (1) deducting the income tax paid by the company, and (2) adding the dividends

256

[Table of Contents](#)

and profits not subject to tax received as distributions from other corporations. If the distribution is in-kind, then the corporation must pay the tax to the Argentine tax authorities and will be entitled to seek reimbursement from the shareholders.

Dividends to be distributed out of earnings accrued in fiscal years starting on or after January 1, 2018, are to be subject to a tax treatment different from the one previously described, based on the recent enactment of a comprehensive tax reform -Law No. 27,430-, published in the Official Gazette on December 29, 2017, and generally effective since January 1, 2018.

Pursuant to Law No. 27,430, dividends and other profits paid in cash or in kind –except for stock dividends–by companies and other entities incorporated in Argentina referred to in the Argentine Income Tax Law (the “Income Tax Law”), Sections 69 (a)(1), (2), (3), (6), (7) and (8), and Section 69(b) out of retained earnings accumulated in fiscal years starting on or after January 1, 2018, will be subject to withholding tax at a 7% rate (on profits accrued during fiscal years starting January 1, 2018 to December 31 2019), and at a 13% rate (on profits accrued in fiscal years starting January 1, 2020 and onwards), provided that they are distributed to Argentine resident individuals and foreign shareholders. No dividend withholding tax applies if dividends are distributed to the aforementioned Argentine corporate entities required to assess the dividend withholding tax. In addition, the Equalization Tax is repealed. Holders are encouraged to consult a tax advisor as to the particular Argentine income tax consequences derived from any profit distributions we may make not only on our Class B shares but also on the ADSs.

Capital gains

The results derived from the transfer of shares and other equity interests, bonds and other securities of Argentine companies are subject to Argentine capital gains tax, regardless of the type of beneficiary who realizes the gains.

Capital gains obtained by Argentine corporate taxpayers (in general, entities organized or incorporated under Argentine law and local branches of non-Argentine entities) derived from the sale, exchange or other disposition of shares are subject to income tax at the corporate rate on net income. Recently, Law No. 27,430 decreased the corporate income tax rate from 35% to 30% for fiscal years beginning on January 1, 2018 to December 31, 2019, and to 25% for fiscal years beginning on January 1, 2020 and onwards.

Individual resident’s capital gains tax

Law No 27,430 established that as from January 1, 2018, gains realized by Argentine resident individuals from the sale, transfer or disposition of shares, securities representing shares and certificates of deposit of shares are exempt from capital gains tax in the following cases: (i) when the shares are placed through a public offering authorized by the CNV, (ii) when the shares are traded in stock markets authorized by the CNV, under segments that ensure priority of price-time and interference of offers, or (iii) when the sale, exchange or other disposition of shares is made through an initial public offering and/or exchange of shares authorized by the CNV. For periods prior to 2018, it is currently under discussion the extent of the exemption (established by Law No. 26,893 and its implementing decree 2334/2013) applicable to the sale of shares and other securities through a stock exchange market, so as to determine whether it applies only sales of securities made in stock exchanges duly authorized by the CNV or in any stock exchanges.

Nonresident’s capital gains tax

Pursuant to Law No. 26,893, capital gains obtained by non-Argentine residents from the sale, exchange or other disposition of shares and other equity interests, bonds and other securities of Argentine companies were subject to capital gains tax until December 30, 2017, even if those transactions were entered into between nonresidents.

Law No. 27,430 provides that the capital gains tax applicable to nonresidents for transactions entered into between September 23, 2013 and December 30, 2017, is still due. However, no taxes will be claimed to nonresidents with respect to past sales of Argentine shares or other securities traded in CNV’s authorized markets (such as ADSs) as long as the cause of the non-payment was the absence of regulations stating the mechanism of tax collection at the time the transaction was closed. General Resolution (AFIP) 4.227, which will come into effect on April 26, 2018,

257

[Table of Contents](#)

stipulates that the income tax should be paid to the AFIP under the following procedures: (i) in case the securities were sold through an Argentine stock exchange market, and the withholding has been made, then the withholder must pay the tax, (ii) in case the securities were sold but not through an Argentine stock exchange market and there is an Argentine buyer involved, then the Argentine buyer should pay the income tax; and (iii) when both the seller and the buyer were foreign beneficiaries and the sale was not performed through an Argentine stock exchange market, the person liable for the tax is the buyer and the payment shall be made through an international bank via wire transfer to the AFIP. The payment of capital gains tax applicable for transactions entered into before December 30, 2017 is due on June 11, 2018.

In turn, Law 27,430 and Decree 279/2018, maintain the 15% capital gains tax (calculated on the actual net gain or a presumed net gain equal to 90% of the sale price) on the disposal of shares or securities by nonresidents. However, nonresidents are exempt from the capital gains tax on gains realized from the sale of (a) Argentine shares in the following cases: (i) when the shares are placed through a public offering authorized by the CNV, (ii) when the shares were traded in stock markets authorized by the CNV, under segments that ensure priority of price-time and interference of offers, or (iii) when the sale, exchange or other disposition of shares is made through an initial public offering and/or exchange of shares authorized by the CNV; and (b) depository shares or depository receipts issued abroad, when the underlying securities are shares (i) issued by Argentine companies, and (ii) with authorization of public offering. The exemptions will only apply to the extent the foreign beneficiaries reside in, or the funds used for the investment proceed from, jurisdictions considered as cooperating for purposes of the exchange of tax information.

In addition, it is clarified that, from 2018 onward, gains from the sale of ADSs will be treated from Argentine sources.

In case the exemption is not applicable and, to the extent foreign beneficiaries do not reside in, or the funds do not arise from, jurisdictions not considered as cooperative for purposes of fiscal transparency, the gain realized from the disposition of shares would be subject to Argentine income tax at a 15% rate on the net capital gain or at a 13.5% effective rate on the gross price. In case such foreign beneficiaries reside in, or the funds arise from, jurisdictions not considered as cooperative for purposes of fiscal transparency, a 35% tax rate on the the net capital cagin or at a 31.5% effective rate on the gross price should apply.

In such scenarios, according to General Resolution (AFIP) 4227, the income tax should be withheld and paid to the AFIP under the following procedures: (i) in case the securities were sold by a foreign beneficiary, through an Argentine stock exchange market, the custodian entity should withhold and pay the tax if it is involved in the payment process; if it is not involved in the payment process but there is an Argentine buyer involved, the Argentine buyer should withhold the income tax (ii) in case the securities were sold by a foreign beneficiary, but not through an Argentine stock exchange market and there is an Argentine buyer involved, the Argentine buyer should withhold the income tax; and (iii) when both the seller and the buyer are foreign beneficiaries and the sale is not performed through an Argentine stock exchange market, the person liable for the tax shall be the legal representative of the seller of the shares or securities being transferred or directly by the seller, in the event that there was no local legal representative. In this case, the payment shall be made through an international bank via wire transfer to the AFIP.

Holders are encouraged to consult a tax advisor as to the particular Argentine income tax consequences derived from the holding and disposing of ADSs or Class B Shares.

Personal assets tax

Argentine companies, such as us, have to assess and pay the personal assets tax corresponding to their shareholders that are Argentine individuals and non-Argentine resident persons. As of December 31, 2016, Law No. 27,260 lowered the rate to 0.25%, which is to be assessed on the proportional net worth value (valor patrimonial proporcional), of the shares as per the Argentine entity’s last financial statements prepared under Argentine GAAP. Pursuant to the Personal Assets Tax Law, the Argentine company is entitled to seek reimbursement of such paid tax from the applicable Argentine domiciled individuals and/or foreign domiciled shareholders.

Pursuant to Law No. 27,260, Argentine companies that have properly fulfilled their tax obligations during the two fiscal year periods prior to the 2016 fiscal year and comply with certain other requirements may qualify for an

[Table of Contents](#)

exemption on personal asset tax for the 2016, 2017 and 2018 fiscal years. The request for this tax exemption had to be filed before March 31, 2017. The Company has already filed this request and has been granted the exemption for the referred fiscal years. Notwithstanding, in the future, the Company may not be exempt from the payment of the personal assets tax.

Value added tax

The sale, exchange or other disposition of our Class B shares and ADSs, and the distribution of dividends in connection therewith, are exempted from the value added tax.

Tax on debits and credits on Argentine bank accounts

Credits to and debits from bank accounts held at Argentine financial institutions, as well as certain cash payments, are subject to this tax, which is assessed at a general rate of 0.6%. There are also increased rates of 1.2% and reduced rates of 0.075% that may apply in certain cases. Owners of bank accounts subject to the general 0.6% rate may consider 34% of the tax paid upon credits to such bank accounts and taxpayers subject to the 1.2% rate may consider 17% of all tax paid upon credits to such bank accounts as a credit against income tax or tax on presumed minimum income. When financial institutions governed by Law No. 21,526 make payments acting in their own name and on their own behalf, the application of this tax is restricted only to certain specific transactions. Such specific transactions include, among others, dividends or profits distributions.

Tax on minimum presumed income

Entities domiciled in Argentina are subject to this tax at the rate of 1% applicable over the total value of their taxable assets, to the extent it exceeds in the aggregate an amount of Ps.\$200,000. Specifically, the law establishes that banks, other financial institutions and insurance companies will consider a taxable base equal to 20% of the value of taxable assets. This tax shall be payable only to the extent the income tax determined for any fiscal year does not equal or exceed the amount owed under the tax on minimum presumed income. In such case, only the difference between the tax on minimum presumed income determined for such fiscal year and the income tax determined for that fiscal year shall be paid. Any tax on minimum presumed income paid will be applied as a credit toward income tax owed in the immediately-following 10 fiscal years. Please note that shares and other equity participations in entities subject to tax on minimum presumed income are exempt from this tax. Pursuant to the Tax Amnesty Law, tax on minimum presumed income was repealed effective effective as of the fiscal year beginning on January 1, 2019.

Turnover tax

In addition, gross turnover tax could be applicable to Argentine residents on the transfer of shares and on the payment of dividends to the extent such activity is conducted on a regular basis within an Argentine province or within the City of Buenos Aires. However, under the Tax Code of the City of Buenos Aires, any transactions with shares, as well as the payment of dividends are exempt from gross turnover tax.

Holders of our Class B shares or ADSs are encouraged to consult a tax advisor as to the particular Argentine gross turnover tax consequences derived from holding and disposing of our Class B shares or ADSs.

Stamp taxes

Stamp tax is a local tax that is levied based on the formal execution of public or private instruments.

Documents subject to stamp tax include, among others, all types of contracts, notarial deeds and promissory notes. Each province and the City of Buenos Aires have its own stamp tax legislation.

Stamp tax rates vary according to the jurisdiction and type of agreement involved. In certain jurisdictions, acts or instruments related to the negotiation of shares and other securities duly authorized for its public offering by the CNV are exempt from stamp tax. This does not apply to ADSs.

[Table of Contents](#)

On January 2, 2018, Law No. 27,429 enforced a “Fiscal Consensus” signed between the National Executive Power and representatives of the Provinces and the City of Buenos Aires. Among other issues, the provinces assumed the commitment to apply tax rates not higher than those for each activity and period in the stamp tax, for certain acts and contracts, not higher than 0.75% as of January 1, 2019 with a gradual reduction until its complete elimination as of January 1, 2022.

Other taxes

There are no Argentine federal inheritance or succession taxes applicable to the ownership, transfer or disposition of our shares. The provinces of Buenos Aires and Entre Ríos establish a tax on free transmission of assets, including inheritance, legacies, donations, etc. Free transmission of our shares could be subject to this tax. In the case of litigation regarding the shares before a court of the City of Buenos Aires, a 3% court fee would be charged, calculated on the basis of the claim.

Tax treaties

Argentina has signed tax treaties for the avoidance of double taxation with several countries, although there is currently no tax treaty or convention in effect between Argentina and the United States.

THE ABOVE OPINION IS NOT INTENDED TO BE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OR DISPOSITION OF CLASS B SHARES OR ADSs. HOLDERS ARE ENCOURAGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE TAX CONSEQUENCES ARISING IN EACH PARTICULAR CASE.

United States Federal Income Tax Considerations

This summary describes certain U.S. federal income tax consequences for a U.S. holder (as defined below) of acquiring, owning and disposing of the Class B shares and ADSs (and to the extent provided under “Information Reporting and Backup Withholding” and “FATCA” below, investors other than U.S. holders). The discussion does not apply to certain classes of holders, such as persons that own or are deemed to own 10% or more of our voting stock or 10% or more of the total value of all classes of our stock, dealers in securities or currencies, traders that elect mark-to-market accounting for securities holdings, banks, financial institutions, insurance companies, tax-exempt organizations, entities treated as partnerships for U.S. federal income tax purposes (or a partner therein), persons who are liable for the alternative minimum tax, persons who acquired ADSs or Class B Shares underlying ADSs pursuant to the exercise of an employee stock option or otherwise as compensation, persons holding ADSs or Class B Shares underlying ADSs in connection with a trade or business conducted outside of the United States, persons holding the Class B shares or ADSs as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction, or persons that have a functional currency other than the U.S. dollar, all of which may be subject to rules that differ significantly from those described below. This discussion assumes that the Class B shares and ADSs are held as “capital assets” for U.S. federal income tax purposes.

This summary is based on the provisions of the Internal Revenue Code of 1986, as amended (“the Code”), Treasury regulations, administrative rulings and judicial authority, all as in effect as of this date. All of these laws and authorities are subject to change, possibly on a retroactive basis. You should consult your own tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of purchasing, owning and disposing of the Class B shares and ADSs in light of your particular circumstances.

For purposes of this summary, you are a U.S. holder if you are a beneficial owner of Class B shares or ADSs and you are, for U.S. federal income tax purposes, a citizen or resident of the United States, a U.S. domestic corporation, or otherwise subject to U.S. federal income tax on a net income basis with respect to income from the Class B shares and ADSs.

[Table of Contents](#)

In general, if you are the beneficial owner of ADSs, you will be treated as the beneficial owner of the Class B shares represented by those ADSs for U.S. federal income tax purposes, and no gain or loss will be recognized if you exchange an ADS for the Class B shares represented by that ADS.

The following discussion generally assumes that we are not, and will not become, a passive foreign investment company ("PFIC"). See "Dividends" below for further discussion.

Dividends

Subject to the discussion below concerning passive foreign investment company status, the gross amount of distributions paid with respect to the Class B shares or ADSs (including the amount of any Argentine taxes withheld) will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not maintain calculations of earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to you as dividends. The dividends will be treated as foreign-source income and will not be eligible for the dividends-received deduction generally available to U.S. corporations. Dividends paid in Pesos will be included in a U.S. holder's income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of a U.S. holder's receipt, or in the case of ADSs, the depository's receipt of the dividend, regardless of whether the payment is in fact converted into U.S. dollars. If such a dividend is converted into U.S. dollars on the date of receipt, you generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. If such a dividend is not converted into U.S. dollars on the date of receipt, a U.S. holder generally will have a basis in the non-U.S. currency equal to its U.S. dollar value on that date. A U.S. holder generally will be required to recognize foreign currency gain or loss realized on a subsequent conversion or other disposition of such currency, which will be treated as U.S.-source ordinary income or loss.

Dividends received by certain non-corporate U.S. holders will generally be subject to taxation at reduced rates if the dividends are "qualified dividends." Subject to applicable limitations, dividends paid on the ADSs will be treated as qualified dividends if (i) the ADSs are readily tradable on an established securities market in the United States and (ii) the issuer was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC. The ADSs are listed on the NYSE and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on our audited consolidated financial statements and current expectations regarding our income, assets, activities and relevant market data, we believe that we were not treated as a PFIC for U.S. federal income tax purposes with respect to our 2017 taxable year and we do not anticipate becoming a PFIC for our 2018 taxable year or the foreseeable future. However, because the rules for determining whether a company is a PFIC are not entirely clear when applied to foreign banks and because the composition of our income and assets will vary over time, there can be no assurance that we will not be a PFIC for any taxable year. If we were a PFIC for any taxable year, your tax consequences in owning, receiving distributions in respect of, and disposing of the Class B shares or ADSs could be materially and adversely affected. You should consult your tax advisors concerning the potential application of the PFIC rules, including any filing requirements if we were treated as a PFIC.

Because the Class B shares are not themselves listed on a U.S. exchange, dividends received with respect to the Class B shares or ADSs may not be treated as qualified dividends. U.S. holders of Class B shares or ADSs should consult their own tax advisors regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

Dividends received by U.S. holders will generally constitute foreign source and "passive category" income for U.S. foreign tax credit purposes. Subject to limitations under U.S. federal income tax law concerning credits or deductions for foreign taxes, any Argentine taxes withheld from cash dividends on the Class B shares or ADSs will be treated as a foreign income tax eligible for credit against a U.S. holder's U.S. federal income tax liability if the tax is treated for U.S. federal income tax purposes as imposed on the U.S. holder (or at a U.S. holder's election, may be deducted in computing taxable income if the U.S. holder has elected to deduct all foreign income taxes for the taxable year). However, amounts withheld on account of the Argentine personal assets tax (as defined in "*Material Argentine Tax Considerations*") will not be a foreign income tax eligible for credit against a U.S. holder's U.S. federal income tax liability. The rules with respect to foreign tax credits are complex and U.S. holders are

[Table of Contents](#)

urged to consult their independent tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

Upon a sale or other disposition of the Class B shares or ADSs, U.S. holders will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the U.S. dollar value of the amount realized on the disposition and the U.S. holder's tax basis, determined in U.S. dollars, in the Class B shares or ADSs. Generally, such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the Class B shares or ADSs were held for more than one year. A U.S. holder's ability to offset capital losses against ordinary income is limited. Long-term capital gain recognized by an individual U.S. holder may be taxable at a preferential rate. If an Argentine tax is withheld on the sale or other disposition of the Class B shares or ADSs, a U.S. holder's amount realized will include the gross amount of the proceeds of the sale or other disposition before deduction of the Argentine tax. See "*Material Argentine Tax Considerations—Capital gains*" for a description of when a disposition may be subject to taxation by Argentina. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. U.S. holders should consult their tax advisors as to whether the Argentine tax on gains may be creditable against the U.S. holder's U.S. federal income tax on foreign-source income from other sources.

Foreign Financial Asset Reporting

Certain U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of U.S.\$50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include the Class B shares and ADSs) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. holders that fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the Class B shares and ADSs, including the application of the rules to their particular circumstances.

Information Reporting and Backup Withholding

Dividends paid on and proceeds from the sale or other disposition of the Class B shares or ADSs that are made within the United States or through certain U.S.-related financial intermediaries generally will be subject to information reporting unless a U.S. holder is treated as an exempt recipient and may also be subject to backup withholding unless a U.S. holder (i) provides a correct taxpayer identification number and certifies that it is not subject to backup withholding or (ii) otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld may be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided the holder timely furnishes the required information to the Internal Revenue Service ("IRS").

A holder that is a foreign corporation or a non-resident alien individual may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.