Tax Credit 2011

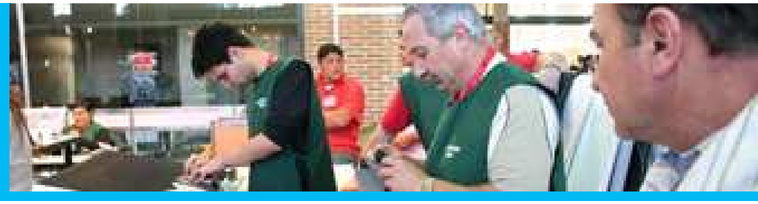
Incentives for companies that invest in employees' professional development and training

Ministerio de Trabajo, Empleo y Seguridad Social

Formación Continua

Secretaría de Empleo

Continuous Employees' Professional Development (PD)



Targeted to State and Local governments, social organizations, sectoral organizations and professional unions.

SECTORAL PROGRAMS for PD

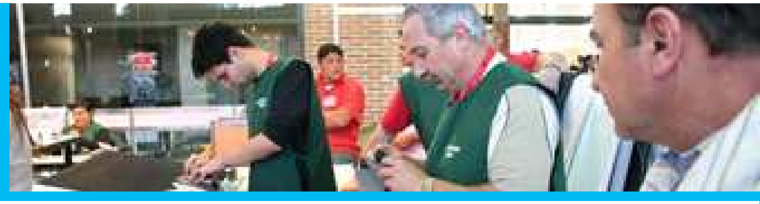
CERTIFICATION OF PROFESSIONAL COMPETENCIES

EMPLOYEE DEVELOPMENT

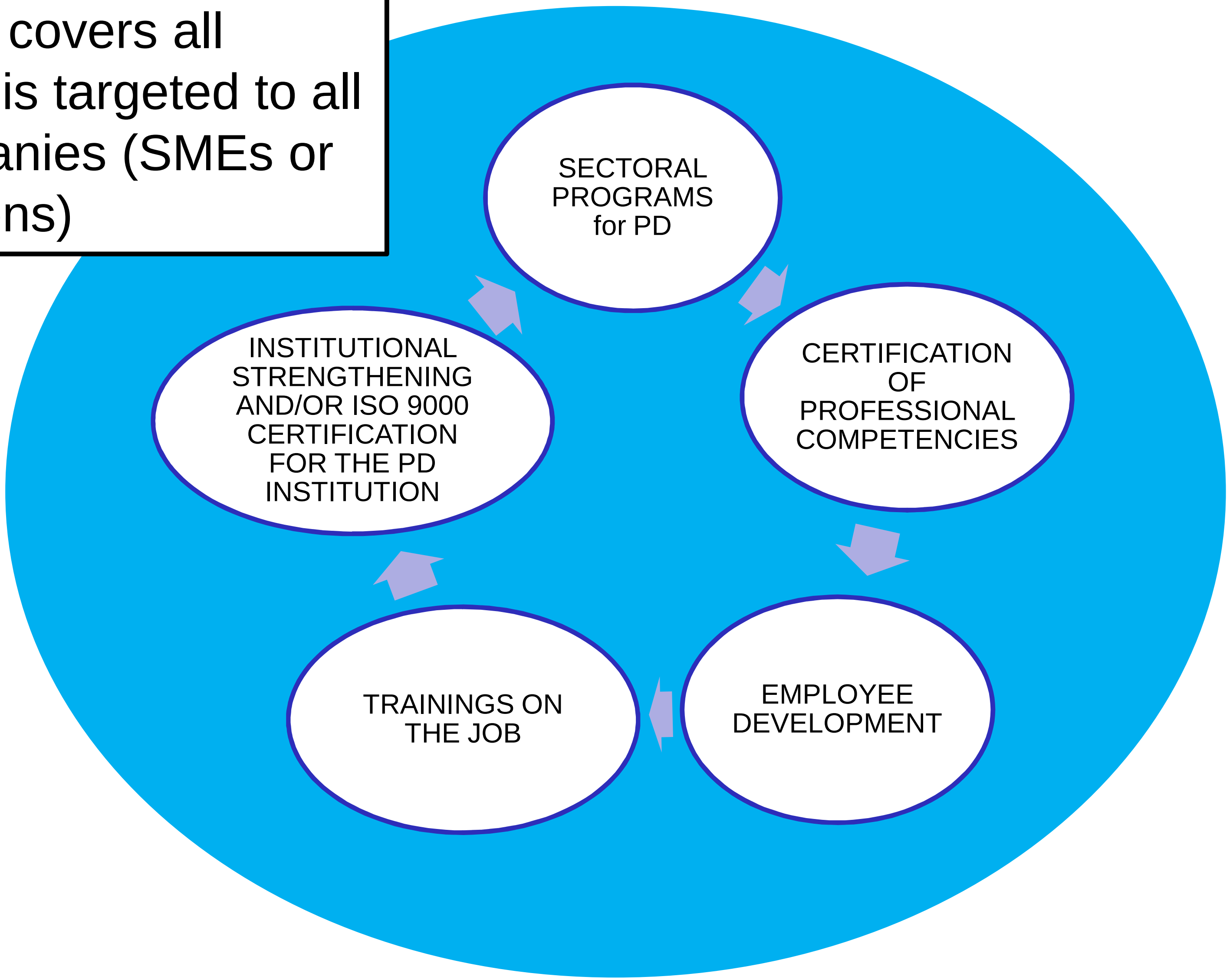
TRAININGS ON THE JOB

INSTITUTIONAL STRENGTHENING AND/OR ISO 9000 CERTIFICATION FOR THE PD INSTITUTION

Professional Development Tax Credit Program



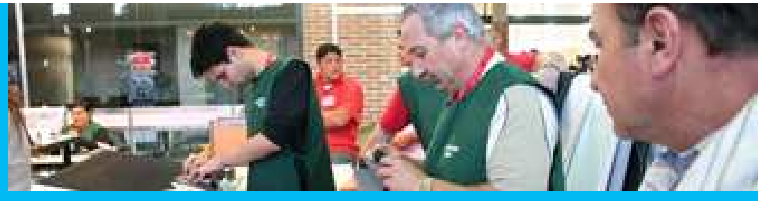
This program covers all activities and is targeted to all type of companies (SMEs or big corporations)



Tax Credit: its regulation

- Legal Framework: Law 22.317 and its Resolutions govern how the program works.
- The tax credit amount to be given is established by the Annual Nation’s Budget Law.
- Tax Credit annual limit per company: 8% for SMEs and 8‰ for big corporations upon annual salaries, wages and benefits from prior year or $ 300.000 whichever one is lower.
- Legal framework (Resolutions) established the type of expenses to be financed and its maximum amount.

Tax Credit: trainings covered by the program



Professional Development: trainings to employees as a mean of increasing business' productivity and competitiveness.

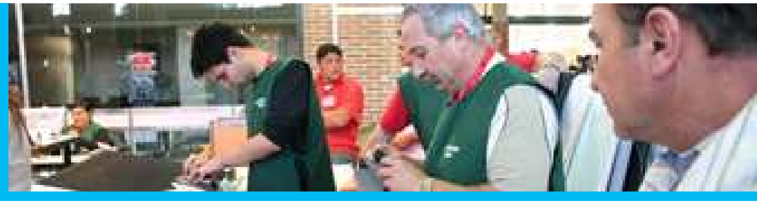
Employee Development: allow employees to complete their studies (elementary, high school, college, university) in Institutions that provide official degrees.

Trainings on the Job: provide training to unemployed workers with the intention of developing their skills and creating opportunities for them to obtain a job. Trainings include both theoretical and practical ("on the job") activities

Certification of Professional Competencies: recognize the working experience and skills of the employees.

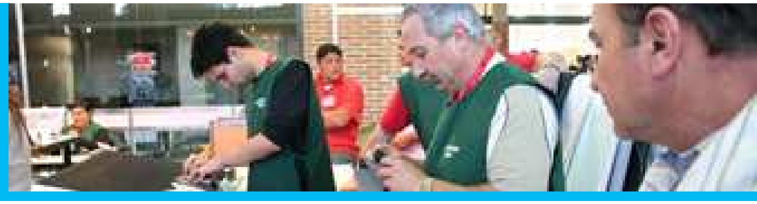
Institutional Strengthening and/or ISO 9000 Certification for the PDI (Professional Development Institution): work with the Professional Development Institutions to help them provide quality trainings that will cover the sectoral organizations' needs

Tax Credit: who to train



- All administrative or operating workers (up to supervisory levels).
- Employees should work for the company that applies for the tax credit program and/or
- Should be employees of companies that are part of the value chain of the company that is applying for the tax credit program (i.e. customers or vendors of the applying company).
- Or should be unemployed workers.

Tax Credit: special benefits



- Young unemployed workers between 18 and 24 years old.
- 45 years old or older workers, employed or unemployed.
- Disabled workers, employed or unemployed.

<u>Only if</u> all the activities are targeted to these group of workers

An additional 50% of the project total approved amount is granted, being the limit the maximum total approved by the legal framework

Tax Credit: how it works

GECAL

Submission of Projects to the "Gerencias de Empleo - GECAL" (offices of the Ministry of Labor in provinces).

Reviews and evaluates the Projects

Projects are approved via Resolution of the "Secretaria de Empleo"

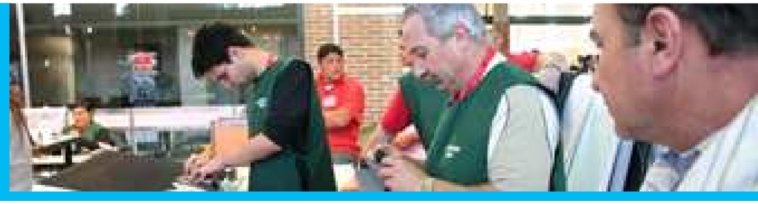
Approved Projects are executed

Expenses accountability by companies under the Program

Tax Credit certificate is issued

Payments of tax liabilities

Tax Credit:
development in the last 5 years



§ MTEySS budget since 2007/2010 AR$ 75,4M = U$S 18,8M

§ In the last 4 years, 876 companies applied for the Program, out of which 70% were SMEs and 30% big corporations.

§ 70.000 workers were trained, out of which 18% were unemployed workers and 40% of them were later on hired.

§2011 budget: AR$ 50M = U$S 12,5M

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