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ARGENTINA

THE SUPREME COURT OF ARGENTINA CONFIRMS THE UNDERSTANDING OF THE TAX AUTHORITIES ON THE ABSENSE OF "SUBSTANCE" OF CERTAIN SUBSIDIARY TO ENJOY THE BENEFITS OF A TREATY TO PREVENT DOUBLE TAXATION. THE CASO *MOLINOS RIO DE LA PLATA*

The Supreme Court of Justice of Argentina (the "SCJ") confirmed the ruling that upheld the ex officio determination of income tax by the Federal Tax Administration (the "Tax Authorities") applicable on dividends that the Chilean subsidiary of Molinos Río de la Plata paid to its Argentine parent company.

The SCJ rejected Molinos Argentina's appeal against a ruling of the National Court of Appeals for Federal Administrative Matters upholding the Tax Authorities's ex officio imposition of the aforementioned tax for the tax periods 2004 to 2009 on the Argentine food company, a case involving an amount exceeding AR$65 million from the company's subsidiaries in Chile, Peru and Uruguay, which the Argentine firm considered to be covered by the application of a Double Taxation Treaty ("DTT") between Chile and Argentina of 1976.

In 2011, the Tax Authorities issued two rulings in which it imposed ex officio the payment of income tax to Molinos Argentina, on the grounds that Molinos had misused the DTT by using the Chilean holding company as a "vehicle company".

The company appealed the decision before the National Tax Court (the "NTC") because it considered that it was in breach of Section 11 of the DTT by incorporating in the taxable income tax base the dividends distributed by Molinos de Chile and Río de la Plata Holding S.A., a company incorporated in Chile.

Faced with the unfavourable decision of the NTC and Hall I of the National Chamber of Appeals in Federal Administrative Litigation, Molinos Argentina filed an extraordinary appeal, which was partially granted, and filed a de facto appeal with the SCJ.

The joint vote of judges Maqueda and Rosatti indicates that, citing the principles of public law to which treaties must conform, especially good faith and reasonableness, Molinos Argentina's behaviour is not covered by the rules of the DTT. It adds that similar conclusions are reached from private international law, and then they are introduced in the principle of economic reality and the power granted to the Treasury to disregard the forms and structures assigned by taxpayers to their acts or businesses and to reclassify them.

In his vote, Lorenzetti examined the main question of whether the dividends distributed by Molinos Chile to Molinos Argentina were subject to income tax and the meaning and scope of article 11 of the DTT, which provided that "dividends and shares in the profits of companies, including the returns or surpluses of cooperatives, shall only be taxable by the Contracting State where the company distributing them is domiciled", and points out that the article is clear, but the company's interpretation gives it a meaning contrary to the principles that prohibit abuse of rights and require interpretation in good faith.

Judge Elena Highton did not vote and the President of the Court, Carlos Rosenkrantz, voted in dissent, upholding the plaintiff company's appeal and reversing the appealed judgment insofar as it upheld the tax adjustment. He considered that article 11 of the DTT, then in force, offered no interpretative difficulty whatsoever and forced the conclusion that Chile

was the only State with the taxing power to tax the dividends distributed by the Chilean holding company.

The SCJ held that the position taken by Molinos Argentina was "abusive and unreasonable", as it did not seek to rely in good faith on the international treaty to avoid double taxation, but was a way to avoid paying the tax in Argentina and Chile.

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BRAZIL

WHAT YOU MUST KNOW ABOUT BRAZIL'S ARTIFICIAL INTELIGENE BILL OF RIGHTS

The Chamber of Deputies recently approved Brazil's Artificial Intelligence Bill of Rights, a legal framework that establishes principles, rights and duties for the use of artificial intelligence (AI) in Brazil, also considering governance instruments and guidelines for public authorities to promote legal and legitime use of AI. According to constitutional rules, next step will be Senate's endorsement.

The framework also reflects one of the main global concerns about AI: how to guarantee technology is trustworthy. For that matter, the bill provides that human-centered AI is essential; that transparency, diversity, non-discrimination, privacy and data protection, security and prevention are principles that should be applied and followed.

Alongside, Brazil adhered to the Organization for Economic Cooperation and Development (OECD)'s human-centered AI Principles, meaning country's national AI strategy already in place is based on the OECD's document.

The framework's primary aim is to boost scientific and technological development, sustainable and society well-being promotion, Brazilian enterprises and its competitiveness growth, its adequacy on global value chains, public services provision improvement and policy implementation, promotion of research and development with the purpose of fostering innovation, environment protection and preservation.

Furthermore, the bill foresees AI agent position, which can be either the one who develops and/or implements an AI system, known as a development or operational agent. Specifically, bill establishes AI agents should have some obligations - being legally responsible for the decisions taken by an AI system and ensuring that the data used complies with Law No. 13.709 of 14 August 2018, General Personal Data Protection Law (as amended by Law No. 13.853 of 8 July 2019) ('LGPD') and need to comply with standard regulations on companies in the public and private sectors consumers and user personal data processing, for example. As for consumer relations, if there is any damage caused to consumers that is related to AI systems use, agent will be responsible for compensation regardless of who caused the damage.

Use of AI faces a huge challenge worldwide, and Brazil's initiative is a good way to start discussing how the country will provide sufficient resources for its safe and transparent development.

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CHILE

"PRO CONSUMER" BILL THAT AMENDS THE CONSUMER PROTECTION ACT

On June 30, 2021, the Pro-Consumer Bill (Bulletin No. 12,409-03 - the "Bill") was approved by the Chilean Chamber of Deputies and it is currently being discussed by the Senate.

The Bill aims to strengthen consumers' rights, and will introduce, among others, the following, amendments to the Consumer Protection Act (the "CPA"):

a) A pro-consumer principle, which provides that the rules contained in the CPA must always be interpreted in favor of consumers;
b) The right of consumers to resort to the competent courts and to submit disputes to mediation, conciliation or arbitration free of charge;
c) The extension of the legal warranty term from 3 to 6 months along with the possibility to exercise any of the rights granted by the legal warranty, without having to previously request the application of specific warranties granted by the supplier;
d) The suppliers' duty to inform the cost and time of shipping, prior to purchase.
e) The right of return of the purchased products (*derecho a retracto*), regardless of the nature of the purchase (online or face-to-face purchases);
f) Ambiguous clauses should always be interpreted in favor of the consumer and, in the case of contradictory clauses, the prevalence of the clause more favorable to the consumer; and
g) The suppliers' duty to inform, at the time of entering into the contract, the terms and conditions for the consumer to terminate the contract. Suppliers may not subject the termination of the contract to the payment of amounts owed or to the restitution of goods.

Additionally, the Bill will introduce certain amendments to personal data law, and the National Consumer Service (*Servicio Nacional del Consumidor, SERNAC)* will be entitled to:

a) File actions in protection of the public, defend the interest of consumers and request indemnities in their favor. Consumers will also be able to file actions and request the imposition of fines and compensations; and
b) To exercise faculties to supervise and ensure the fulfillment of consumers' rights, being entitled to initiate collective voluntary procedures.

The Bill also contemplates new additional specific regulations to be issued by the Ministry of Economy, Development and Tourism, *i.e.*: (i) the application of dispute resolution mechanisms that may be informed by the supplier to consumers; (ii) conditions applicable to the right of the return of the purchased products (*derecho a retracto*) and (iii) required conditions to comply with obligations regarding financial products and services.

Once enacted, the different provisions of the Bill will gradually become effective.

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E-COMMERCE REGULATION BUILDS A REGULATORY FRAMEWORK FOR E-COMMERCE IN CHILE

On September 23, 2021, the Ministry of Economy, Development and Tourism

published the E-Commerce Regulation in the Official Gazette (the "Regulation"), which sets a regulatory framework for e-commerce in Chile. The Regulation will become effective as of March 24, 2022.

The Regulation indicates the nature, form and opportunity in which information must be delivered to consumers to ensure they are able to make informed decisions in the purchase of goods and services through e-commerce.

Below is a summary of the most relevant amendments introduced by the Regulation:

I. Information Duties.

Suppliers must provide a complete, clear, accurate and easy access to the information, prior to the purchase of the product or contracting of the service. The information to be provided by suppliers includes, among others, the following:

a) Identification of the seller or the operators of the e-commerce platforms, depending on these platforms are either directly operated by the sellers or by third parties contracted by the sellers (*operators*);
b) The origin or place of manufacture of the relevant product or service, the identification of its model and sub-model, and characteristics (such as dimensions, sizing, color, weight, etc.);
c) Applicable conventional warranty;
d) Right of return of the products or cancelation of the service (*derecho a retracto*) and its applicable conditions;
e) A visible link that redirects to the applicable terms and conditions of the agreement, including payment methods, charges, return and exchange policies, delivery and dispatch, etc.;
f) The available stock or the lack of it;
g) The consumers' right to express the intention to terminate the contracts; and
h) Contact means and support channels.

II. Procedure, penalties and monitoring of compliance with the Regulations.

Failure to comply with the provisions of the Regulation may derive in the application of individual and class action proceedings. Likewise, infringement of its provisions may be sanctioned with a fine of up to 300 Monthly Tax Units.

Finally, the National Consumer Service will be in charge of supervising compliance to the Regulation.

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COLOMBIA

PACIFIC ALLIANCE TO SIGN AGREEMENT WITH SINGAPORE. ***The Pacific Alliance will strengthen their trade relations with Singapore through the negotiation of a free trade agreement.***

Negotiations on a possible free trade agreement between the Pacific Alliance and Singapore began in 2017 and were completed in July 2021, thus evidencing one of the guiding principles of the Pacific Alliance: the economic integration of Member States in other regions. The Pacific Alliance is an international organization made up of four Latin American states: Peru, Colombia, Chile and Mexico. It was created in 2011 and its main objectives are:

- To build an area of deep economic integration with a view to the free movement of goods, services, capital and people.
- Promote greater economic growth, development and competitiveness of the Member States, with the objective of closing socioeconomic inequality gaps.
- To become a platform for political, economic and commercial articulation with projection to the rest of the world, especially to the Asia-Pacific region.

In this context, Singapore will become the first Associated State of the Pacific Alliance, that is, the first State with which all the members of the Alliance enter into and put into force a binding agreement of high standards in economic and trade matters, which will contribute to the achievement of the objectives established in the Pacific Alliance Framework Agreement. This will not only strengthen trade ties and regional integration between Latin America and the Asia-Pacific region, but will also serve as an additional strategy in the context of the post-pandemic economic and international trade reactivation.

Notably, Singapore is a particularly important ally for the Member States of the Pacific Alliance due to its geographic location, its logistical and technological development, and for being a recognized innovation hub. In 2020, Singapore ranked among the 15 largest importers and exporters in the world, so it is undoubtedly a strategic partner for the Latin American region and especially for Colombia. The trade agreement to be signed will then be an instrument of access to new markets, enjoying lower barriers and preferential conditions that generate attractive and competitive exchanges between both regions.
It should be pointed out that the conclusion of the negotiations is only the first stage prior to the drafting and signing of the trade agreement. However, these negotiations settled essential points such as the chapters on good regulatory practices, environment, state-owned enterprises, cooperation, technical barriers to trade, gender and labor trade, and temporary entry of persons, among others. In this sense, the negotiations will be reflected in the final agreement, which could be signed in December 2021, at the Pacific Alliance Summit to be held in Bogota.
Finally, it is expected that the conclusion of the negotiations with Singapore is only the first of several that the Pacific Alliance is currently holding with different potential economic allies. Among them are Australia, New Zealand and Canada.

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BAN LIFTED ON DRY CANNABIS LOWER EXPORTS. This regulatory modification is expected to support economic reactivation and encourage new investments.

The Colombian Government issued Decree 811 of 2021, which replaces Decree 613 of 2017. This new decree is mainly aimed at ensuring safe and informed access to the medical and scientific use of cannabis and its derivatives, while complementing and strengthening the monitoring, follow-up and control measures of the licenses issued for these purposes. The new decree is the result of conversations held between the Colombian Government and trade unions, companies and other stakeholders, who have been repeatedly requesting modifications to the regulations on medical cannabis, especially in the sense of eliminating the prohibition on the exports of dried cannabis
flower.

The new decree revamps the regulation on the use of cannabis for medicinal purposes and reaffirms the presence of this industry in the country as one of the most promising in the context of economic reactivation after the COVID-19 pandemic. Indeed, the decree lays solid foundations for the development of cannabis for three specific purposes: scientific, industrial and medical. Thus, it regulates and provides for the use of medical cannabis for study, use and medical analysis, but also for the production of food, cosmetics and non-psychoactive derivatives for human and veterinary use. This not only regulates the procedure to be followed for the use of medical cannabis, but also opens the door for Colombian producers to enter new markets.

Precisely, taking into account Colombia's difficult relationship with drug trafficking, the decree allowed the expansion and dynamization of the medical cannabis industry, but also struck a balance by strengthening the requirements for the granting of the necessary licenses for its use. In that sense, the decree contemplates the issuance of seven (7) types of licenses, depending on the specific activity to be performed, as well as the execution of an anti-corruption commitment by the applicant to obtain any license. Particularly, a license for the manufacture of non-psychoactive cannabis derivatives is created, which is granted by INVIMA and allows the traceability of the non-psychoactive cannabis raw material that will later be transformed into derivatives and medical or industrial products.

Additionally, it establishes that the licenses granted must be operational, so that those licenses that are in force will be cancelled if they are not being used to develop the activities for which they were granted. To this effect, the decree also establishes a new quota system under which the Cannabis Control Information Mechanism (MICC) plays an essential role.

Another fundamental aspect brought by the new Decree 811 of 2021 is the possibility of exporting medical cannabis with added value, due to the authorization of the entry of the dried flower as raw material to the country's free trade zones. Although the entry of medical cannabis to free trade zones had already been regulated by Resolution 315 of 2020, Decree 811 allows the export of dried flower from the national customs territory to these zones to be cut, dried, transformed and packaged. With this, it grants the most awaited authorization by the industry, which will surely have an impact on the entry of new medical cannabis projects to the free trade zones, and with it an increase in investment and job creation as part of this industry.

Finally, the decree makes the Colombian medical cannabis industry more competitive by strengthening scientific research, encouraging the processing of derivatives by the pharmaceutical industry in free zones and establishing the activities permitted for the manufacture of food products. Additionally, this new regulation allows the procurement of magistral preparations from cannabis in pharmacies and drugstores, which will make them more accessible, while eliminating the prohibition to advertise cannabis products and the plant itself.

As a result, Decree 811 of 2021 pretends to promote Colombia as a key and competitive player in the industrial production of medical cannabis. This constitutes a step forward in the economic reactivation of the country and promises to be an important source of employment that creates 7.772 jobs by 2025, according to predictions from the Foundation for

Higher Education and Development (Fedesarrollo).

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ENERGY TRANSITION LAW-The new Law will set a stage for renewable energy by promoting investment in hydrogen, dynamizing the market & boosting sustainable mobility.

Last July 10, 2021, the President of the Republic sanctioned Law 2099 of 2021, whereby provisions are issued for the energy transition, the dynamization of the energy market and the economic reactivation of the country. The following are five fundamental aspects of the Energy Transition Law to be considered:

1. Amendments are introduced to Law 1715 of 2014 on the declaration of public and social interest, which consists on the promotion, stimulation and incentive to the development of generation activities, use, storage, administration, operation and maintenance of non-conventional energy sources (FNCE), mainly those of renewable sources (FNCER). The qualification of public utility or social interest will have positive impacts for this type of projects, as it will have preference rights in issues related to land use planning, urbanism, environmental planning, economic promotion, positive valuation in administrative procedures and forced expropriation. The new regulation includes those projects related to storage within those that can be part of the declaration of public and social interest, which is a nod to the development of such projects for the purposes of energy efficiency and energy transition.

2. Green hydrogen is added as a FNCER and blue hydrogen as FNCE. Green hydrogen is produced from FNCER such as biomass, wind energy, geometric energy, solar energy, tidal energy and small hydropower. On the other hand, blue hydrogen is produced from fossil fuels, especially by the decomposition of methane and its production process has a system of carbon capture, use and storage.

3. The Ministry of Mines and Energy (Minenergía), or the entity designated by it, must establish guidelines for the development of geothermal energy in Colombia, and must create a geothermal registry in which all projects intended to explore and exploit geothermal energy to generate electricity will be registered. Minenergía may establish special registration conditions for already existing projects of co-production of electric energy and hydrocarbons, in order to avoid the overlapping of projects, define the areas that will not be subject to registration and determine conditions, terms, requirements and obligations.

4. The National Government will develop the necessary regulations for the promotion and development of carbon capture, utilization, and storage (CCUS) technologies. CCUS should be understood as the set of technological processes whose purpose is to reduce carbon emissions in the atmosphere, capturing the CO2 generated on a large scale from fixed sources to store it under earth in a safe and permanent manner. Under the same logic, the National Government will design a public policy to promote research and local development of technologies for the production, storage, conditioning, distribution, reelectrification, energy and non-energy uses of hydrogen and other low-emission technologies within six months after the entry into force of this law. Furthermore, Minenergía will promote the reconversion of mining and hydrocarbon projects that contribute to the energy transition. For this purpose, the National

Hydrocarbon Agency and the National Mining Agency may design mechanisms and agree on conditions in current and future contracts that encourage the generation of energy through FNCE, the use of alternative energy sources, and the capture, storage and use of carbon.

5. The policy for the development of electric energy services in the Non-Interconnected Zones (ZNI) is strengthened through: (i) service reliability, (ii) transfer of resources for lower tariffs, (iii) transfer of assets, and (iv) hybrid solutions.

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URUGUAY

NEW DECREE ON CANNABIS FOR SCIENTIFIC REASEARCH AND MEDICINAL USE

Although the Uruguayan legal framework already contains regulation with respect to cannabis for scientific research and medicinal purposes (Act N°19,172 and Decree N° 246/021), the legal practice has shown several weaknesses regarding certain aspects of the aforementioned legal framework, which was intended to be considered and solved through the sanction of this new decree N° 246/021 (hereinafter the "Decree").

Therefore, the new Decree comes from the need and convenience of updating the applicable legal framework, for the purpose of establishing a new agile and efficient regulatory one, favoring the development of psychoactive and non-psychoactive cannabis production for scientific research and medicinal use.

- **Main modifications introduced by the Decree:**

a) Scope of application;
b) Outsourcing services;
c) Regulatory (authorizations required for obtaining scientific research licenses);
d) Money laundering control procedure;
e) Importation of seeds and cuttings;
f) Export of raw materials

- **Main updates introduced**

a) Scope of application

It should be noted that according to the initial framework, the permitted activities (Act N°19,172 and Decree N° 246/021) could be only exclusively destined to: (i) "Scientific Research", or (ii) "Manufacture of Vegetal or Pharmaceutical Specialties" for medicinal use. This excluded all elements or products containing cannabis that did not fall within the categories of Vegetable Specialties or Pharmaceutical Specialties for medicinal use.

Apart from the activities that were already permitted by the current regulation, the Decree expressly adds the followings, which may be carried out with the respective authorization of the IRCCA:

- Drying;
- Production and manufacture of psychoactive and non-psychoactive cannabis for scientific research;

- Production, extraction and manufacture of raw materials, finished and semi-finished products based on cannabis or cannabinoids for medicinal use.

Therefore, with the current update, the list of products and elements is expanded, including raw materials, semi-finished products and finished products, clearly allowing the possibility of, for example, producing, manufacturing, and even exporting them.

These new categories are expressly defined in the Decree, thus, promoting the production, development and commercialization of products that are highly required both nationally and internationally.

b) Outsourcing/externalization services

Although outsourcing services in the cannabis industry was carried out in practice, it was necessary for it to be expressly included in the regulation to dissipate any possible uncertainty regarding its allowance. For many, the possibility of outsourcing stages of the production process may be essential to reduce costs.

In this sense, the Decree allows outsourcing the activities of drying, extracting and manufacturing, with third parties that are authorized by the Institute for the Regulation and Control of Cannabis (hereinafter "IRCCA"), and by the Ministry of Public Health (hereinafter "MSP") in case it corresponds.

This modification not only dispelled doubts on the matter but also attends to speed up the development of projects and the granting of licenses.

c) Regulatory (authorizations required for obtaining scientific research licenses)

The Decree eliminates the need for scientific research projects to be authorized by the MSP, being sufficient with the authorization of the IRCCA (whose Board of Directors has representatives of the aforementioned ministry).

This modification intends to avoid the superposition of competences that existed before, between MSP e IRCCA, contributing to the objective pursued by the Decree of establishing a more agile and effective regulatory framework.

In the event that the scientific research is to be carried out in human beings, the Decree declares that there must be a research protocol approved by the Ethics Committee in Institutional Research at the MSP.

d) Money laundering control procedure

The Decree enables the National Secretary for the Fight against Money Laundering and Terrorism Financing (hereinafter "SENACLAFT") to require directly to the applicant the clarifications needed to elaborate the preliminary report required as part of the cannabis license processes. Thus, eliminates the need for the IRCCA to act as intermediary between the applicant and SENACLAFT on requesting updates and clarifications needed for said report. This change,

once again, aims to speed up the administrative processes, eliminating the superposition of competences.

Additionally, the Decree eliminates SENACLAFT's preliminary report requirement for cannabis scientific research projects that are financed exclusively with public funds (whether national or international).

e) Importation of seeds and cuttings

The new Decree allows IRCCA to authorize individuals to import seeds and other propagation material for the cultivation of psychoactive and non-psychoactive cannabis plants, to be used exclusively for the following purposes:

- Scientific research;
- Producing cannabis-based raw material for medical use;
- Producing cannabis-based finished product for medicinal use;
- Producing cannabis-based semi elaborated / semi-finish product for medicinal use.

f) Export for raw materials

The Decree allows for the exportation of raw materials, finished or semi-finished products based on psychoactive and non-psychoactive cannabis for medicinal or scientific research use. Previously, this was not permitted under the Uruguayan legal framework, as the regulation only allowed importing and exporting products provided they contained had the characteristics of Vegetable Specialties or Pharmaceutical Specialties.

Thus, under the former legislation, all raw materials and products produced in our country that were based on cannabis for medicinal purposes could not be commercialized abroad.

Import and export authorization procedures must be carried out through the Foreign Trade Single Window (VUCE), and when it comes to narcotics the approval of the MSP is also required.

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CREATION OF BENEFIT AND COLLECTIVE INTERES COMPANIES: Act N° 19.969

Creation of Benefit and Collective Interest Companies

On August 20th 2021, the Act called "Creation of Benefit and Collective Interest Companies" ("BIC Companies Law"), number 19.969, was published.

This Act was promoted by System B in Uruguay, which promotes the development of new economies and companies to form more "humane", sustainable corporations, through B companies. The goal of these companies is to generate a triple impact: to create economic, social and environmental value.

The objective is to find a solution to sustainability problems, job creation and economic growth, giving intervention to the private sector. These companies continue to have a profit motive, but they assume another

commitment which is to be agents of change and helping in the solution of the social and environmental conflicts.

It has to be emphasized that the BIC companies Act take several elements of the Argentine Project, including as an innovation the possibility of incorporating into the regime those companies that are organized in the form of trusts.

What are the "BIC" companies and trusts?

First of all, it is necessary to highlight that the Bill does not create a new type of company but it is looking for adapt this new model of business to the type of companies regulated by Acts N° 16.060 and N° 19.820, as well as those that would be incorporated in the future. As we have already pointed out, the Bill also applies to trusts formed under Act N° 17.703.

BIC companies and trusts includes in their purpose generating a positive social and environmental impact in the community, in the forms and conditions established by the Bill and its regulations.

To the corresponding denomination according to the company type adopted or to the trust, it must be added the expression "Benefit and Collective Interest", which is abbreviated with the acronym BIC.

What are the requirements for a BIC structure?

With regard to the requirements to establish a "BIC" company, it is enough for the companies to include in their statute or social contract the obligation to generate a positive and verifiable social and environmental impact.

They must include in their statute or social contract the requirement of a favorable vote of 75% (seventy-five percent) of the capital of their partners or shareholders for any modification of the corporate purpose.

Lastly, it is important to mention that section 6 of the Bill regulates the withdrawal right for the partners of already constituted companies who decide to adopt the regime provided for in the regulation under analysis.

In this sense, the partners who vote against the decision, as well as those who vote blank, those who abstain and those who are absent, may exercise the withdrawal in the terms provided in Act 16.060.

What are the peculiarities of the administration regime of BIC companies and trusts?

Section 4 of the Bill expands the list of duties of directors, administrators and trustees, since in addition to act with the due diligence of a businessman and with loyalty, they must ensure that the purposes pursued by the company are contemplated.

In this sense, it establishes that administrators and trustees must take into account the effects of their actions or omissions regarding:

- Partners or beneficiaries.
- Current employees and hired workforce.
- The communities with which they are linked, the local and global environment.
- The long-term expectations of the partners and the company, the beneficiaries and the trust, where appropriate.

Compliance with the obligations detailed above may only be required by the partners and beneficiaries of the trust.

Moreover, section 5 of the Bill provides the obligation of administrators, directors or trustees to prepare an

annual report by which they accredit the actions carried out aimed at fulfilling the positive social and environmental impact provided for in their contract or statute, and incorporate it in the annual memory.

The regulation will establish the publicity mechanisms and the information requirements that said report must contain.

The Act also establishes that the annual report must be publicly accessible and must be submitted within a maximum period of 6 months from the close of each annual fiscal year, to the body or authority determined by the regulations.

What happens if the obligations established in the law are breached?

The section 7 provides as a sanction for non-compliance with the obligations assumed by application of the law, the loss of the status of "BIC" of the company.

Said disqualification may be deducted ex officio by the competent authority or also may be raised by any partner or interested third party before the competent court, without prejudice to the actions provided for in section. 4th reserved for the partners of the company or beneficiaries of the trust, where appropriate.

¿What happens to companies and trusts that do not adopt the regime regulated by the Bill?

The Bill sets forth that companies that do not choose to adopt the BIC structure will not be prevented from carrying out acts aimed at generating positive impact or reducing negative social and environmental impact on the community, or carry out any other acts of corporate social responsibility, or make use of the benefits granted by current legislation for said acts.

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