



# The State in Argentina collects taxes for up to five times a northern farmer's net income

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Framers in northern provinces of Argentina who plant around 2.6 million hectares of soybean face the following four possible scenarios: Framers in northern provinces of Argentina who plant around 2.6 million hectares of soybean face the following four possible scenarios: 1) During a normal year, given a 23 qq/ha (34.2 bu/acre) yield, northern farmers with land of their own get US\$ 100/ha (US\$ 40.47/acre) – after paying taxes-, while the State gets US\$ 321/ha (US\$129.9/acre). Therefore, the State collects three times the farmers' income after taxes and rent. 2) In a normal year, with a 23 qq/ha (34.2 bu/acre) yield, a farmer that rents a field gets US\$ 50/ha (US\$ 20.23/acre) –after paying taxes-, as the State gets US\$ 266/ha (US\$ 107.67/acre) on taxes, plus the taxes paid by landowners. In this case, the State collects five times the farmer's net income. Moreover, it is important to point out that the farmer is the subject running all the risk. 3) In a year of weather adversities, in which the yield might fall to 13 qq/ha (19.3 bu/acre), farmers that produce their own land lose about US\$ 57/ha (US\$ 23/acre) –after paying taxes-, as the State obtains US\$ 171/ha (US\$ 69.2/acre). Farmers, who run productive and weather risks, lose money while the State continues to levy taxes. 4) In a year of weather adversities, with yields of 13 qq/ha (19.3 bu/acre), farmers that rent land lose about US\$80/ha (US\$32.37/acre) –after paying taxes-, as the State gets US\$ 139/ha (US\$ 56.25/acre) on taxes plus the taxes paid by landowners. Once again, farmers run productive risks, pay taxes, pay rent, and end up losing money because of weather adversities. While the State continues to levy taxes. In conclusion, when weather conditions are favorable to the crops, Argentine State (in its three levels) levy five times the farmer's net income. On the other hand, in an adverse weather context, the farmer loses money while the State continues to levy. Consequently, it is not likely that farmers could continue to produce in northern areas of Argentina, especially under the current export duties.



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