



Import of digital services in the household sector in Argentina

Webinar on Measurement of the digital economy and trade in Latin America and the Caribbean

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indec

Instituto Nacional de Estadística y Censos
República Argentina

Definition of digital trade

- ✓ Facilitated by digital means that allow online ordering or digital delivery.
- ✓ Definition based on the nature of the transaction, not on the nature of the product being traded.
- ✓ Personal data excluded from estimates because they have no known monetary value.

Previous attempts

- Request for credit card data
 - Lack of a directory of foreign digital companies
 - Multiplicity of names associated with each company
 - Time and resource cost of analyzing the entire base of international card transactions

- Estimates based on National Survey of Cultural Consumption
 - Qualitative and sporadic survey for cultural products only

Tax framework

- December 2017: law nr. 27,430/2017 amended the VAT law.
- May 2018: the law was regulated effective as of June.
- The resolution specifies the mechanisms and deadlines for collecting the tax and provides the list of commercial denominations of the non-resident providers reached, which is updated periodically.
- Providers are differentiated into two types:
 - a) exclusive activity of digital services
 - b) activity is not limited to digital services

Tax framework (continuation)

- a) **exclusive activity of digital services:** they are charged 21% of the total payment of the resident for the imported service.

- b) **activity is not limited to digital services:** VAT is settled only if payments to these companies do not exceed \$10.
 - ✓ it assumes that anything over \$10 does not constitute a digital service
 - ✓ it mainly covers e-commerce companies and travel platforms

Estimate

Total amount for services

Monthly amount of digital services = monthly amount of tax collected/0.21 (tax rate)

Balance of payments imputation

- Credit card data for operations with the disaggregation of non-resident companies that give rise to the withholding of the tax.
- Preparation of a register of non-resident providers of digital services.

Business register of non-resident digital providers as of September 2022

- 959 denominations in AFIP register
 - 17 dual enterprise denominations (goods and/or services)
 - 942 denominations for exclusively digital services companies
- 10.500 denominations per month
- 305 companies refined with digital services

Challenges faced in preparing the business register

- Knowing the service that gives rise to payment by the household, mainly on free platforms (LinkedIn, social networks such as Facebook and Instagram)
- Correctly allocation in the CABPS2010 corresponding to the digital service (Habitissimo)
- Correctly allocation the foreign company's country of residence (Playstation Network)
- Allocate a category to providers with more than one type of service (Google Play)
- Determining dual providers (pure and mixed non-digital goods and services)

Digital Transactions Correspondence and the CABPS2010

CABPS 2010	TRANSACCIÓN ORIGEN DE LOS PAGOS	EJEMPLOS
7.1 Servicios que se cobran explícitamente y otros servicios financieros	Intermediación financiera	Coinbase
	Calificación crediticia	RI
9.1 Servicios de telecomunicaciones	Servicios de telecomunicaciones	Skype, Zoom
9.2.1 Programas informáticos	Programas informáticos	Microsoft, Teamviewer
	Juegos	Sega, Playstation
	Antivirus	Norton, Panda Security
9.2.2 Otros servicios de informática	Diseño páginas web	Wordpress, Hostinger
	Almacenamiento y trabajo en la nube	Google Storage, Icloud
	Web hosting	Godaddy, Github
9.3.2 Otros servicios de información	Bases de datos	Bloomberg
	Suscripción a diarios y revistas	The financial Times
10.2.2 Servicios de publicidad, estudios de mercado y encuestas de opinión pública	Servicios de publicidad	Facebook, Instagram
10.3.5 Otros servicios empresariales n.i.o.p.	Servicios empresariales	Habitissimo
10.3.5.1 Servicios de empleo	Servicio de búsqueda de empleo	DG Net, LinkedIn
11.1.1 Servicios audiovisuales	Licencia de uso de audiovisuales	Netflix, Spotify
11.2.2 Servicios de enseñanza/educación	Educación	OpenEnglish, Eteacher
11.2.4 Otros servicios personales	Servicios de citas	Happn, Tinder
	Entrenamiento físico, meditación, yoga	Myfitnesspal, Headspace

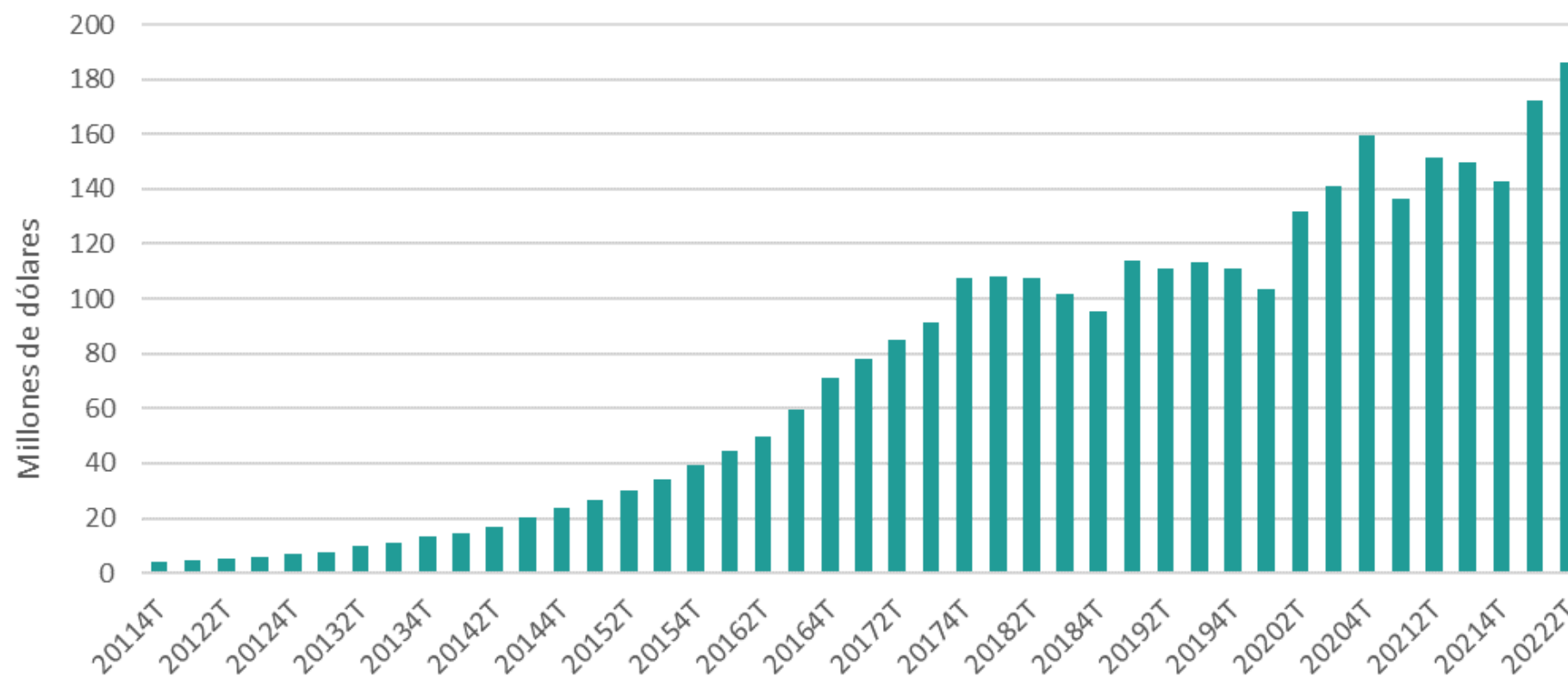
Estimate for previous years

- The most relevant companies were considered according to data from the Ministry of Culture and the first certain data of 2018.
- Research was conducted on the year in which each company began its activity in Argentina.
- The numbers of subscribers of each application of service and the average rate charged to users for the periods surveyed were obtained.
- A percentage variation from one period to another was calculated, which was applied to the official data available to project backwards to the year of the company's start of activity in the country.

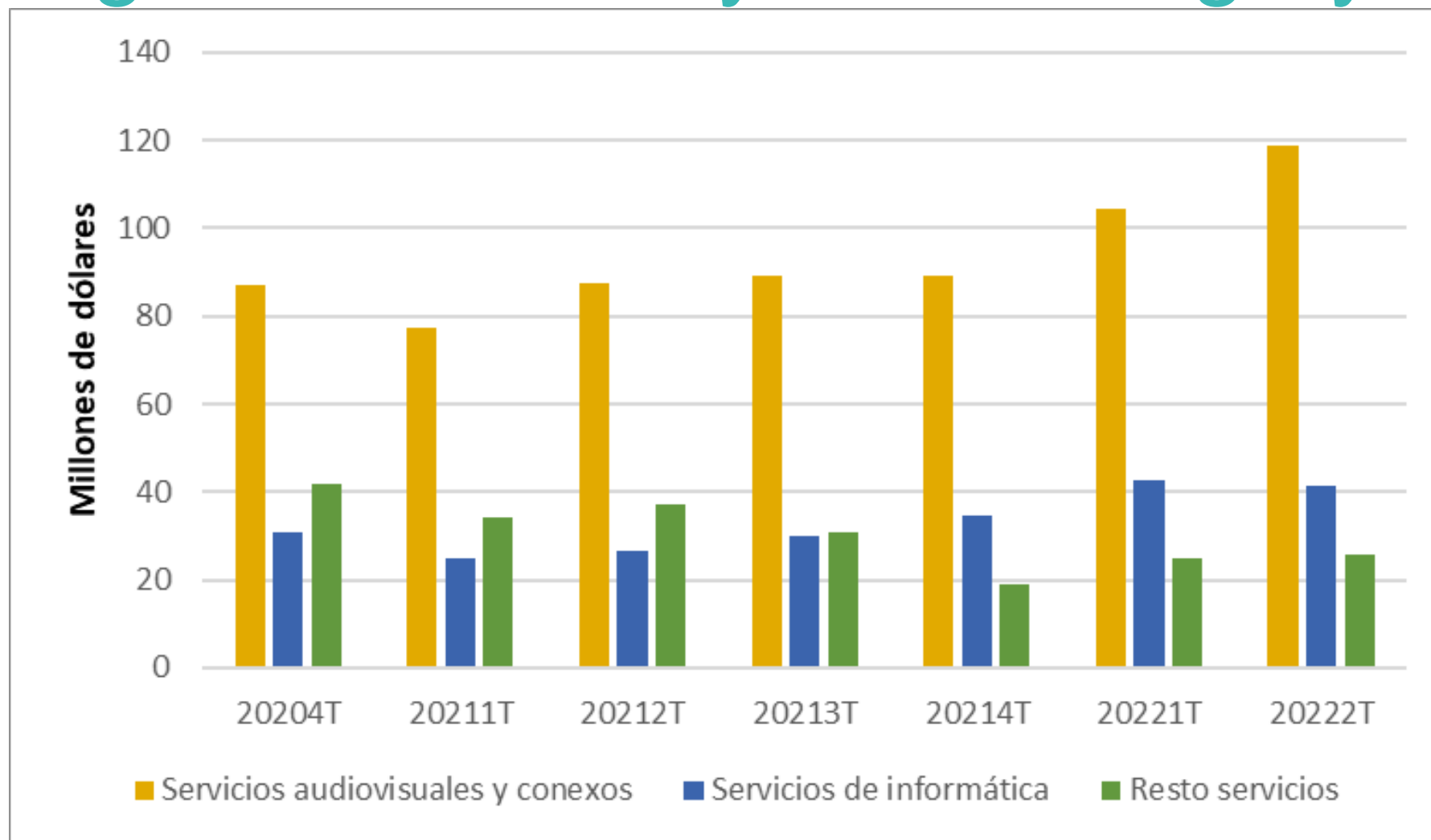
Limitations of the estimates

- For the assumptions for the treatment of companies with trade in non-digital and digital goods and/or services, there may be an overestimation or underestimation of digital services.
- No data on companies not included in the business register.
- The business register should be updated frequently to catch new companies or new names of companies already included. Between updates, companies may be excluded from estimatef.

Evolution of the total digital imports of services in the balance of payments of Argentina



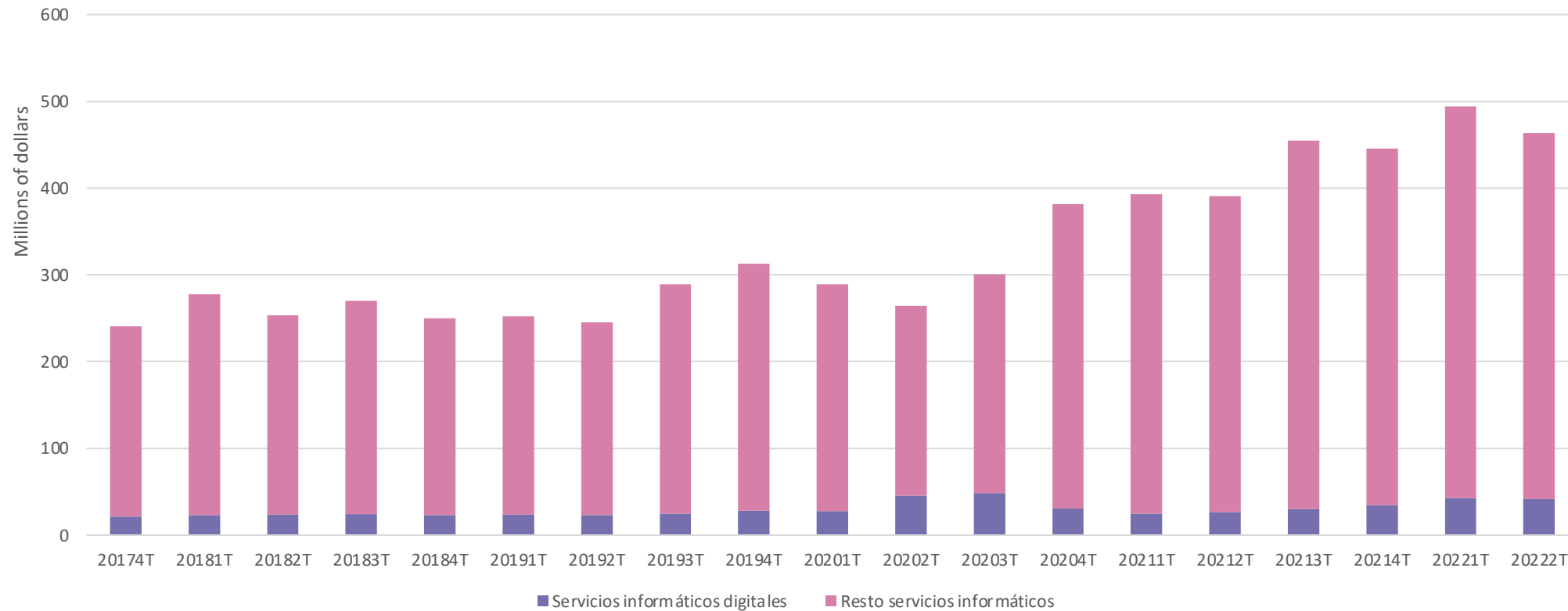
Digital services by BOP category



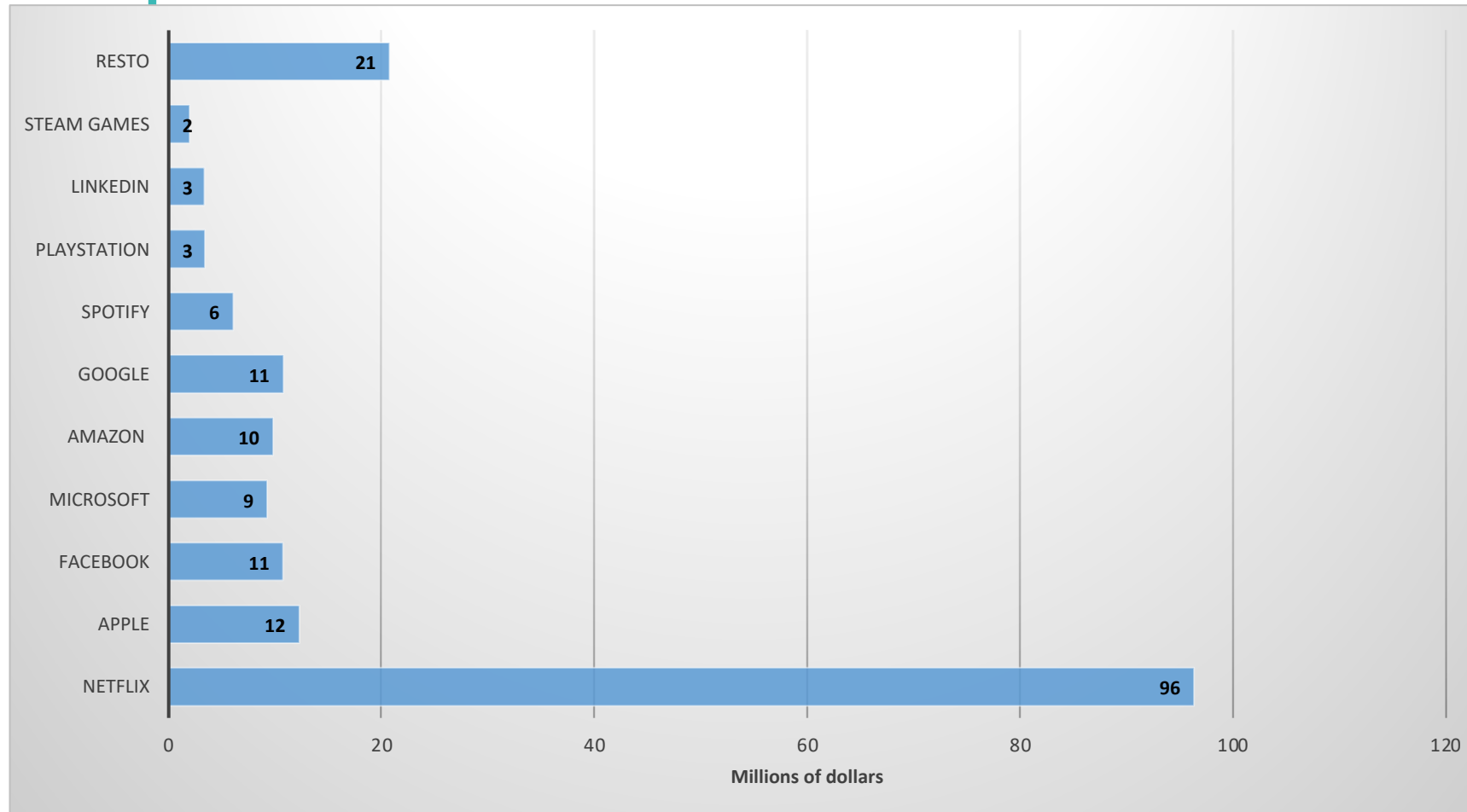
Imports of digital audiovisual services of households in total imports of audiovisual services



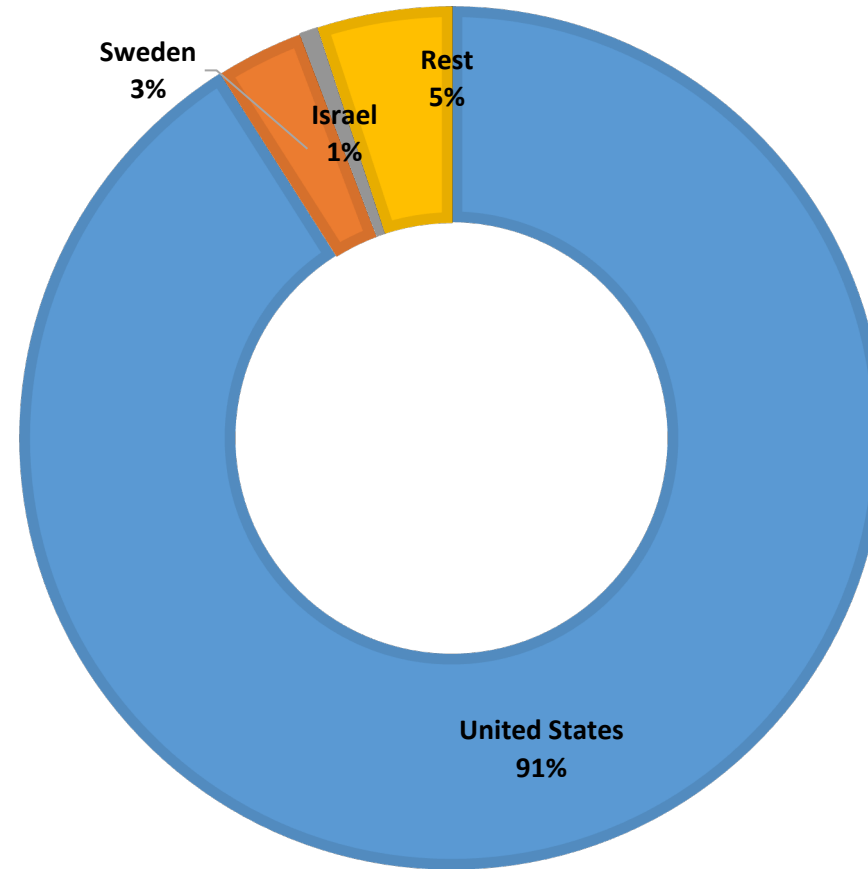
Imports of digital computer services of households in total imports of computer services



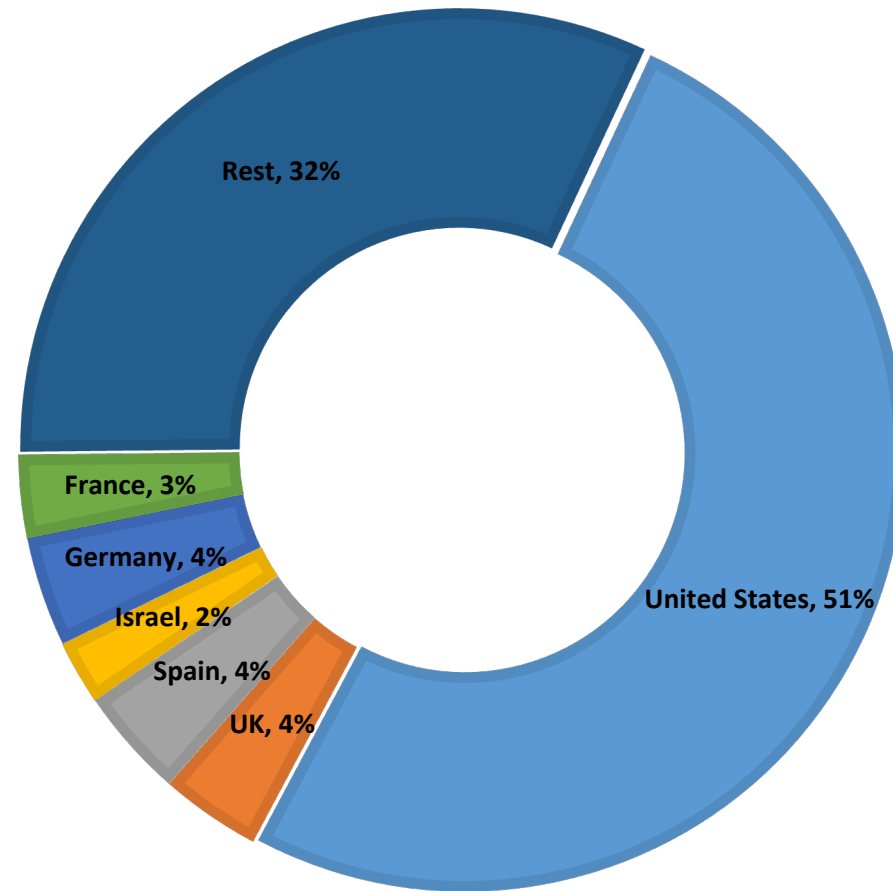
Main companies providing digital services. Second quarter of 2022.



Import digital services: share by country in the total amount. Second quarter 2022.



Import of digital services: number of companies per country. Second quarter of 2022.



Final considerations

- Credit/debit card information is a very important source of data for estimating digital household services by item.
- The existence of a business register of non-resident digital providers is a key piece for the efficient collection of data from card companies.
- It would be interesting to have a register set up collaboratively by all countries that can be consulted for the names of the companies, their payment activity and residence. This would facilitate the work of collecting data from card companies, imputation to balance of payments items and contribute to improving mirror statistics.

Thank you

Additional information:

<https://www.indec.gob.ar/ftp/cuadros/publicaciones/servicios digitales bdp.pdf>

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