

EXTENSIONS FOR THE NEW OUTSOURCING REGIME

Dear Sirs:

As you are aware, on April 23rd, 2021, the amendments to several provisions regarding the new outsourcing regime were published on the Federal Official Gazette, which would become effective on August 1st, 2021. On Saturday July 31st, the Ministry of Labor and Social Security ("Ministry") published a decree extending the effective date of such provisions ("Decree").

Under this Decree, the compliance of several tax, labor and social security provisions concerning the outsourcing regime will become enforceable until September 1st. Such obligations are the following:

1. Tax obligations regarding the new outsourcing regime, published on April 23rd.
2. The registration of individuals or legal entities who provide outsourcing services must be carried out before the Ministry.
3. In the case of companies who operate under an outsourcing scheme, the transfer of the company's assets or establishment will not be a requirement, provided that such transfer includes the transfer of employees to the beneficiary within that period.
4. Cancellation of employer registrations by class, requested to the Social Security Institute for the national registration of employees, and the process of application for a new employer registration, in terms of the Regulations of the Social Security Law.
5. Submission of information regarding contracts and its contracting parties, as provided in Article 15A of the Social Security Law.

Finally, until September 1st, the migration of employees from companies who operated under a subcontracting regime will be considered as employer replacement, provided that the destination company recognizes their labor rights, including their seniority and termination labor risks, before the corresponding legal instances.

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