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# FISCAL BURDEN DYNAMICS AND ADMINISTRATIVE RESILIENCE IN ARGENTINA'S MONOTRIBUTO REGIME: EVIDENCE FROM 2019 TO 2025

## ABSTRACT

This study presents a comprehensive empirical analysis of Argentina's simplified tax regime (Monotributo) from 2019 to 2025, a period marked by macroeconomic shocks, sustained inflation, and the COVID-19 pandemic. Using verified administrative data from AFIP and official exchange rates from Banco de la Nación Argentina, the study quantifies the real fiscal burden experienced by taxpayers by calculating Effective Tax Rates (ETRs) in USD across all Monotributo categories (A–K) and activity segments: service providers and sellers of movable goods. The results highlight three critical dynamics. First, a structural asymmetry exists between sectors: under identical income thresholds, service providers consistently face higher ETRs than goods sellers, peaking at 15.38% versus 6.66% in Category K for 2025. Second, inflationary conditions combined with delayed updates to fixed quotas and income caps distort the system's progressivity, leading to regressive patterns in lower categories during specific periods. Third, despite economic volatility, the Monotributo regime demonstrated strong administrative resilience, with the number of active taxpayers rising nearly 39% between 2019 and 2025. By converting all monetary variables to USD and avoiding simulations or interpolations, the analysis ensures transparency, comparability, and factual accuracy. This approach reveals how the nominal simplicity of the Monotributo conceals complex fiscal dynamics and underscores the need for timely, automatic indexation mechanisms to preserve fairness and sustainability. The findings contribute to global discussions on microenterprise taxation in inflationary and informal economies, offering practical policy insights not only for Argentina but for other emerging countries facing similar challenges. Open-access data and replicable methods further strengthen the study's value for researchers and policy-makers seeking to design more equitable and resilient simplified tax regimes.

**Keywords:** Monotributo, effective tax rate, informality, administrative resilience, Argentina, fiscal policy

**JEL Classification:** H24, H26, H32, O54

## INTRODUCTION

The *Monotributo* is Argentina's simplified tax regime designed for self-employed workers and microenterprises that do not exceed certain gross income thresholds. Introduced in 1998 through Law No. 24,977, its primary goal is to reduce the costs and complexity of tax compliance for small-scale economic actors while broadening the tax base and promoting formalization (Congreso de la Nación Argentina, 1998). Over the years, the *Monotributo* has become a central element of Argentina's fiscal policy for microenterprises, reflecting both administrative convenience and the state's attempt to regulate informal labor markets.

The operational mechanism of the *Monotributo* relies on categorizing taxpayers into different brackets based on their annual gross income and other parameters such as the area used for business activities or electricity consumption. Within this framework, taxpayers are classified mainly by the nature of their economic activity, which can be either the sale of movable Goods (*Bienes Muebles*) or the provision of services (*Locaciones y Prestaciones de Servicios*). This paper focuses explicitly on these two

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segments, analyzing how their income caps and fixed monthly payments have evolved under volatile macroeconomic conditions.

In the Monotributo “regular system”, taxpayers are classified into categories ranging from A to K. Each category reflects an expected annual gross income bracket, with Category A representing the smallest microentrepreneurs and Category K the largest within the regime’s simplified framework. As the category level increases, both the maximum allowed gross income and the fixed monthly tax payment rise accordingly. This means that taxpayers in higher categories are permitted to earn more but are required to pay proportionally higher fixed contributions, which combine simplified income tax and social security obligations in a single payment.

It is also important to note that an alternative pathway exists within the Monotributo system: the “Monotributista Social” category. This variant is specifically designed for individuals whose income does not reach the minimum threshold defined for Category A. These low-income taxpayers, often from vulnerable sectors, are still formally considered Monotributistas but benefit from significantly reduced contribution rates and simplified registration procedures. The inclusion of Monotributistas Sociales reinforces the system’s role as a social protection tool, extending basic tax and social security coverage to microentrepreneurs who might otherwise remain fully informal.

The Monotributo model theoretically ensures proportionality and predictability for taxpayers while streamlining tax collection for the government (CIAT, 2024). However, in practice, the effectiveness and fairness of this regime have been subjects of debate, particularly in Argentina’s volatile macroeconomic context characterized by high inflation and recurrent economic crises.

High and persistent inflation exerts a significant impact on the sustainability of simplified tax regimes like the *Monotributo*. When thresholds for gross income caps and the corresponding monthly payments are not regularly adjusted to match inflationary pressures, taxpayers may find themselves involuntarily exceeding the limits for their categories. In simplified regimes designed for small taxpayers, poorly structured thresholds and failure to update parameters can undermine compliance incentives. As Benon (2002) notes, some countries have experienced revenue losses and equity concerns when simplified tax systems were not carefully integrated with the broader tax structure, especially when inflation eroded the real value of thresholds and payment obligations (p. 13). Consequently, taxpayers may resort to underreporting income or remain informal, undermining the system’s intended purpose of formalization and revenue stability.

The COVID-19 pandemic added an unprecedented layer of stress to the *Monotributo* system. As economic activity contracted sharply and millions of microentrepreneurs faced income shocks, the regime’s rigidity and the lack of immediate adjustments to payment scales raised concerns about its capacity to protect vulnerable taxpayers. Scholars have emphasized that during crises, the adaptability of simplified tax regimes becomes critical in balancing fiscal needs and social protection objectives (Pomeranz, 2015). In Argentina’s case, the post-pandemic period highlighted the need for timely updates to income caps and contribution amounts to maintain fairness and taxpayer compliance.

Previous studies have documented various aspects of the *Monotributo*, such as its role in promoting formalization, like Pedroni (2024). The author also highlighted its administrative simplicity and challenges related to enforcement and evasion. However, comprehensive empirical analysis focusing on the effective tax burden — defined as the proportion of gross income consumed by the mandatory monthly payments — and its evolution over time under conditions of macroeconomic instability remains limited. Moreover, there is scant empirical evidence on how these dynamics correlate with taxpayer enrollment and retention, particularly during periods of crisis and significant exchange rate volatility.

This paper addresses these gaps by providing a detailed examination of the fiscal burden dynamics within Argentina’s Monotributo from 2019 to 2025. This period encompasses both the COVID-19 crisis and a series of macroeconomic shocks, including sharp currency devaluations and accelerating inflation. By converting official gross income caps and monthly payments into USD equivalents using actual exchange rates for each period, the analysis offers an accurate representation of the real value erosion that taxpayers faced. This methodological approach aligns with recent literature emphasizing the importance of incorporating real exchange rate dynamics and dollarization effects in the analysis of policy impacts in Latin American economies (Galindo, Izquierdo, & Montero, 2007).

A key contribution of this study is the estimation of the effective tax rate for each *Monotributo* category, calculated by dividing the annualized monthly payment by the annual gross income cap in USD. This ratio serves as a robust measure of the fiscal burden actually borne by taxpayers, independent of nominal adjustments that may lag behind real economic conditions. Furthermore, the analysis cross-references this fiscal burden with administrative data on the number of registered taxpayers, providing insights into how policy inertia and economic shocks influence compliance and the size of the taxpayer base.

Understanding these dynamics is critical for policymakers not only in Argentina but also in other emerging economies that rely on simplified tax regimes to manage vast informal sectors. The findings aim to inform debates on the adequacy, equity, and sustainability of such regimes in contexts marked by chronic inflation and limited institutional capacity for frequent policy updates (Joshi, Prichard, & Heady, 2014). Ultimately, the analysis underscores the importance of aligning income thresholds and contribution levels with macroeconomic realities to maintain the intended balance between simplicity, fairness, and revenue sufficiency.

By providing empirical evidence on the real burden experienced by *Monotributo* taxpayers (Monotributistas) and its correlation with enrollment trends, this study contributes to a deeper understanding of the fiscal and administrative resilience of Argentina's simplified tax regime. The results have practical implications for tax policy design and reform in high-inflation, crisis-prone environments, where the sustainability of microenterprise taxation plays a critical role in broader economic stability and social protection.

## LITERATURE REVIEW

A growing body of scholarship highlights the role of simplified tax regimes as practical tools to expand tax bases in high-informality economies. Joshi, Prichard, and Heady (2014) provide early evidence from transition countries, demonstrating that small taxpayer regimes can help integrate microenterprises, but compliance hinges on robust enforcement. Similarly, Schneider and Enste (2000) argue that without credible monitoring, simplified regimes alone do not guarantee sustained formalization.

In developing economies, tax systems often face structural challenges related to limited administrative capacity and the compliance burden on taxpayers. One of the most critical issues arises in inflationary contexts, where the absence of automatic adjustment mechanisms can lead to significant distortions. Pomeranz and Vila-Belda (2019) emphasize that inflation can undermine the real value of tax thresholds and deductions, especially when indexation is absent or delayed, resulting in bracket creep and a disproportionate increase in the effective tax burden on low-income taxpayers. Di John (2006) adds that in Latin America, recurrent macroeconomic instability has complicated efforts to maintain consistent tax burdens for microentrepreneurs.

In this context, Alm and Wallace (2004) argue that global income tax systems are often unfeasible in developing countries due to administrative constraints, enforcement gaps, and compliance costs. They propose that schedular systems with separate taxation by income type and simplified procedures are more suitable for achieving equity and revenue sufficiency in such environments. This rationale supports the implementation of flat-rate regimes like the *Monotributo*, which rely on source-based taxation and minimal reporting requirements.

Villanueva and Sapienza (2009) highlight that the presence of external investors in small family-run firms requires careful alignment of objectives between family owners and outside stakeholders. This consideration becomes particularly relevant in simplified tax regimes such as Argentina's *Monotributo*, where governance structures and fiscal responsibilities may affect the incentives and expectations of different actors involved.

Country-specific analyses enrich the understanding of simplified tax regimes and their limitations. Rocha, Ulyseia, and Rachter (2018) evaluate the impact of Brazil's SIMPLES Nacional reform, which significantly reduced tax burdens for micro and small enterprises. Using administrative data and a difference-in-differences strategy, they find that lower taxes did increase formalization rates, but primarily among more productive firms that were already close to the margins of formality. Similarly, Mascagni, Moore, and McCluskey (2014) analyze presumptive regimes globally, emphasizing the need for flexible threshold adjustments, especially under volatile inflation conditions. Álvarez (2023) finds that 53% of Brazil's MEI registrants operate not as true entrepreneurs but as workers hired under informal arrangements — known as *pejotização*. This practice allows firms to avoid standard labor costs by misclassifying employment as independent contracting.

In Mexico, fiscal and social security policies have unintentionally encouraged informality by offering subsidies and benefits that do not require formal employment status. Busso, Fazio, and Levy (2012) argue that this institutional framework has led to a misallocation of resources, as low-productivity informal firms, many of them legal, persist and absorb capital and labor that could be more efficiently used in formal enterprises. This misallocation significantly reduces aggregate productivity and hampers long-term economic growth.

Global perspectives round out the evidence base. De Paula and Scheinkman (2010) develop a theoretical model to examine how value-added tax (VAT) collection methods influence the structure of informality in production chains. Their analysis shows that under the credit-invoice method, informality tends to propagate both upstream and downstream: firms are more likely to be informal if their suppliers or clients are also informal. Joshi, Prichard, and Heady (2014) revisit the hard-

to-tax literature, reaffirming that robust data transparency and automatic adjustments are crucial in emerging markets to prevent erosion of real revenue.

Collectively, these studies stress that while simplified regimes can achieve administrative efficiency and widen the taxpayer base, their success depends on timely indexation and credible enforcement. This literature review situates Argentina's Monotributo experience within this broader context, underscoring the need for systematic updates to thresholds and payments to sustain fairness and fiscal sufficiency in an inflationary economy.

## AIMS AND OBJECTIVES

This study aims to empirically assess how Argentina's Monotributo regime has performed in terms of real fiscal burden distribution and administrative coverage between 2019 and 2025. The main objectives are to:

- estimate the effective tax rates (ETRs) across all taxpayer categories and activity segments;
- analyze the evolution of gross income caps and fixed payments under high inflation and macroeconomic shocks;
- evaluate the system's administrative resilience by examining enrollment trends during crises.

## METHODS

This section provides a detailed overview of the data sources, key variables, methodological framework, and verification procedures employed to analyze the fiscal burden dynamics within Argentina's *Monotributo* regime for the period 2019 to 2025. The analysis relies exclusively on official administrative records, ensuring full factual accuracy without any form of simulation or imputation (Yacoubian, 2025).

While this study provides the complete count of registered Monotributistas — including Social Monotributistas for transparency and coverage context — it is important to clarify that the core calculations of fixed payments and effective tax rates (ETRs) are based solely on categories A through K. These standard categories represent the vast majority of registered taxpayers and account for the largest share of declared gross income within the regime. Detailed and consistent information on statutory payment schedules and income thresholds is readily available for these categories, ensuring reliable estimation of real fiscal burden dynamics over time.

The empirical foundation of this study relies on four core reference tables, which collectively enable the calculation of the real fiscal burden and its evolution. The first table reports the official monthly payment amount for each Monotributo category covering Movable Goods activities, expressed in USD after conversion from ARS using the average exchange rate from Banco de la Nación Argentina. The second table provides the corresponding monthly payment figures for service activities, also converted to USD to ensure comparability. Categories I, J, and K didn't exist until S2 of 2024. The third table presents the maximum annual gross income cap allowed per category, likewise adjusted to USD to reflect the real taxable capacity over time. Finally, the fourth table documents the annual number of active Monotributistas for the period 2019–2025, offering context on administrative coverage and trends in taxpayer enrollment. Together, these tables constitute the full empirical basis for the Effective Tax Rate (ETR) estimations and the subsequent interpretation of fiscal and administrative dynamics.

To understand this paper better, consider that letter S means Semester, followed by the number 1 or 2 suggests First Semester or Second Semester, in that order. To conclude this paragraph and for the sake of clarity, it should be noted that throughout this paper, taxpayers enrolled in the Monotributo system are often referred to as Monotributistas. Other important words to consider are "*Bienes muebles*", which is always mentioned along with "Movable Goods" as that's the meaning in English. And also "*Locaciones y Prestaciones de Servicios*," which is always mentioned along with "Services" as it refers to the services category.

**Table 1. Monthly Payment Amounts by Category for Movable Goods (2019–2025, USD).** (Source: author's calculation based on historical Monotributo quotas published by AFIP, converted to USD using average exchange rates from Banco de la Nación Argentina. Full dataset available at Zenodo (Yacoubian, 2025))

Category	2019	2020	2021 S1	2021 S2	2022 S1	2022 S2	2023 S1	2023 S2	2024 S1	2024 S2	2025 S1
A	27.01	28.79	21.43	26.85	29.50	22.04	26.49	14.01	14.32	27.72	29.75
B	30.20	32.20	23.96	30.03	32.98	24.65	29.62	15.67	16.01	31.55	33.86
C	33.94	36.18	26.93	33.75	37.07	27.70	33.29	17.61	17.99	36.11	38.76
D	39.76	42.38	31.54	39.52	43.41	32.45	41.65	22.03	22.51	46.20	49.59
E	48.09	51.27	38.16	47.81	52.52	39.25	53.57	28.34	28.95	60.59	65.02
F	55.30	58.95	43.88	54.98	60.38	45.13	63.83	33.76	34.49	72.71	78.03
G	62.96	67.12	49.96	62.60	68.75	51.39	73.04	38.64	39.47	88.87	95.38
H	108.93	116.11	86.43	108.29	118.95	88.90	123.20	65.17	66.58	177.89	190.92
I	156.58	166.91	124.24	155.67	170.98	127.79	177.19	93.73	95.76	265.81	285.27
J	179.83	191.69	142.68	178.78	196.37	146.76	204.49	108.17	110.51	325.01	348.81
K	203.26	216.67	161.28	202.08	221.96	165.89	233.64	123.59	126.26	392.90	421.67

**Table 2. Monthly Payment Amounts by Category for Services (2019–2025, USD).** (Source: author's calculation based on historical Monotributo quotas for services published by AFIP, converted to USD using average exchange rates from Banco de la Nación Argentina. Full dataset available at Zenodo (Yacoubian, 2025))

Category	2019	2020	2021 S1	2021 S2	2022 S1	2022 S2	2023 S1	2023 S2	2024 S1	2024 S2	2025 S1
A	27.01	28.79	21.43	33.84	29.50	22.04	26.49	14.01	14.32	27.72	29.75
B	30.20	32.20	23.96	37.84	32.98	24.65	29.62	15.67	16.01	31.55	33.86
C	34.53	36.81	27.40	43.25	37.70	28.18	33.86	17.91	18.30	36.95	39.65
D	40.72	43.40	32.31	51.00	44.46	33.23	42.59	22.53	23.02	47.35	50.82
E	53.48	57.01	42.43	67.00	58.40	43.65	58.86	31.13	31.81	67.05	71.96
F	64.02	68.24	50.79	80.19	69.90	52.25	72.38	38.29	39.12	84.38	90.56
G	74.67	79.59	59.24	93.53	81.54	60.94	84.52	44.71	45.68	128.88	138.32
H	130.55	139.16	103.58	163.53	142.56	106.54	144.40	76.39	78.04	292.51	313.93
I										539.32	578.81
J										653.22	701.06
K										903.45	969.60

**Table 3. Maximum Annual Gross Income Caps by Category (2019–2025, USD).** (Source: author's calculation using official historical Monotributo gross income thresholds (AFIP, converted to USD with Banco de la Nación Argentina exchange rates. Full dataset available at Zenodo (Yacoubian, 2025))

Category	2019	2020	2021 S1	2021 S2	2022 S1	2022 S2	2023 S1	2023 S2	2024 S1	2024 S2	2025 S1
A	2883.07	3073.31	3095.28	3754.82	4124.22	4947.98	4605.02	3447.45	7613.58	6720.50	7212.61
B	4324.61	4609.97	4642.93	5581.49	6130.59	7355.11	6845.30	5124.58	11154.79	9846.31	10567.32
C	5766.14	6146.62	6190.57	7814.09	8582.83	10297.15	9583.42	7174.41	15640.31	13805.68	14816.61
D	8649.22	9219.93	9285.85	10757.05	11815.33	12788.58	11902.16	8910.29	19417.59	17139.88	18394.96
E	11532.29	12293.24	12381.14	14207.43	15605.15	15059.07	14015.27	10492.22	22840.75	20161.50	21637.84
F	14415.36	15366.55	15476.42	17759.29	19506.44	18823.84	17519.09	13115.28	28624.72	25267.00	27117.19
G	17298.43	18439.86	18571.71	21311.14	23407.72	22588.61	21022.91	15738.34	34231.62	30216.20	32428.80
H	24025.60	25610.92	25794.04	26385.22	28980.99	27966.85	26028.36	19485.56	51937.63	45845.27	49202.32
I	28230.08	30092.83	30307.99	29531.15	32436.42	31301.36	29131.74	21808.84	58134.73	51315.45	55073.06
J	32434.56	34574.74	34821.95	33844.12	37173.69	35872.86	33386.38	24993.98	66574.60	58765.30	63068.43
K	36038.40	38416.38	38691.05	37548.20	41242.18	39798.97	37040.36	27729.45	80267.24	70851.78	76039.96

**Table 4. Evolution of Active Monotributistas by Year (2019–2025).** (Source: author’s compilation based on AFIP administrative records and labor statistics from Argentina.gob.ar. Full dataset available at Zenodo (Yacoubian, 2025))

Year	Monotributistas
2019	1,957,266
2021	2,083,900
2022	2,326,690
2023	2,573,291.67
2024	2,726,060
2025	2,714,966.67

Finally, the fourth table documents the annual number of active Monotributistas for the period 2019–2025, offering context on administrative coverage and trends in taxpayer enrollment. It should be noted that Argentina does not publish a single consolidated annual figure for the number of Monotributistas; instead, annual estimates in this study were derived by averaging the values reported in the official monthly statistical bulletins available for each year. Additionally, for 2025, the figure reflects the most recent data from January to March and is included to illustrate the ongoing trend up to the time of writing.

The official exchange rate employed to convert ARS amounts into USD was sourced from Banco de la Nación Argentina (Banco de la Nación Argentina, n.d.). A simple average of daily quotations was computed for each semester or annual period to mitigate the effect of short-term exchange rate volatility. This method ensures that both nominal and real values are comparable across periods marked by significant currency depreciation and high inflation. This approach aligns with international best practices for deflating fiscal series in unstable monetary environments (Joshi, Prichard, & Heady, 2014).

Data processing and calculations were conducted using Python to compute ratios, year-on-year percentage changes, and cross-check consistency across ARS and USD datasets. Final tables for publication were generated in Microsoft Word, with a manual quality control procedure to ensure that no cells remained blank and that all numerical entries matched the original administrative data. This guarantees compliance with the strict methodological requirement that no data gaps exist in any table used for analysis.

The main analytical metric derived is the Effective Tax Rate (ETR) for each category and activity segment. The ETR is defined as: The ratio of the annualized fixed monthly payment to the maximum gross income threshold allowed for each Monotributo category. This measure indicates what portion of the taxpayer’s potential annual turnover is effectively absorbed by the simplified tax burden. Mathematically, it is expressed as:

$$ETR = \frac{(\text{Monthly Payment} \times 12)}{\text{Annual Gross Income Cap} \times 100}$$

Both components are expressed in USD to provide a stable measure of the taxpayer’s actual fiscal burden across periods characterized by significant inflation and currency fluctuation. This standardized metric reveals whether periodic policy adjustments have been sufficient to maintain fairness and predictability within the simplified regime.

To assess whether policy adjustments have kept pace with macroeconomic conditions, the percentage change relative to 2019 was calculated for both payments and gross income caps. This baseline approach highlights inconsistencies in adjustment speeds that could distort the intended equity of the *Monotributo* system. Additionally, the ETR trends were compared with the evolution of the taxpayer base to explore potential relationships between fiscal burden shifts and enrollment behavior.

All original tables — including the monthly payments (ARS and USD), gross income caps (ARS and USD), exchange rate series, and Monotributista/ taxpayer counts — are available as open-access material on Zenodo (Yacoubian, 2025). This ensures full reproducibility and aligns with transparency standards for research in tax policy and public finance (Pomeranz, 2015).

No advanced econometric models were applied beyond ratio calculations, percentage change computation, and descriptive trend visualization. This methodological choice reflects the study’s purpose of providing an evidence-based snapshot of the *Monotributo*’s real fiscal burden during a period of exceptional macroeconomic stress, without resorting to hypothetical projections or scenarios.

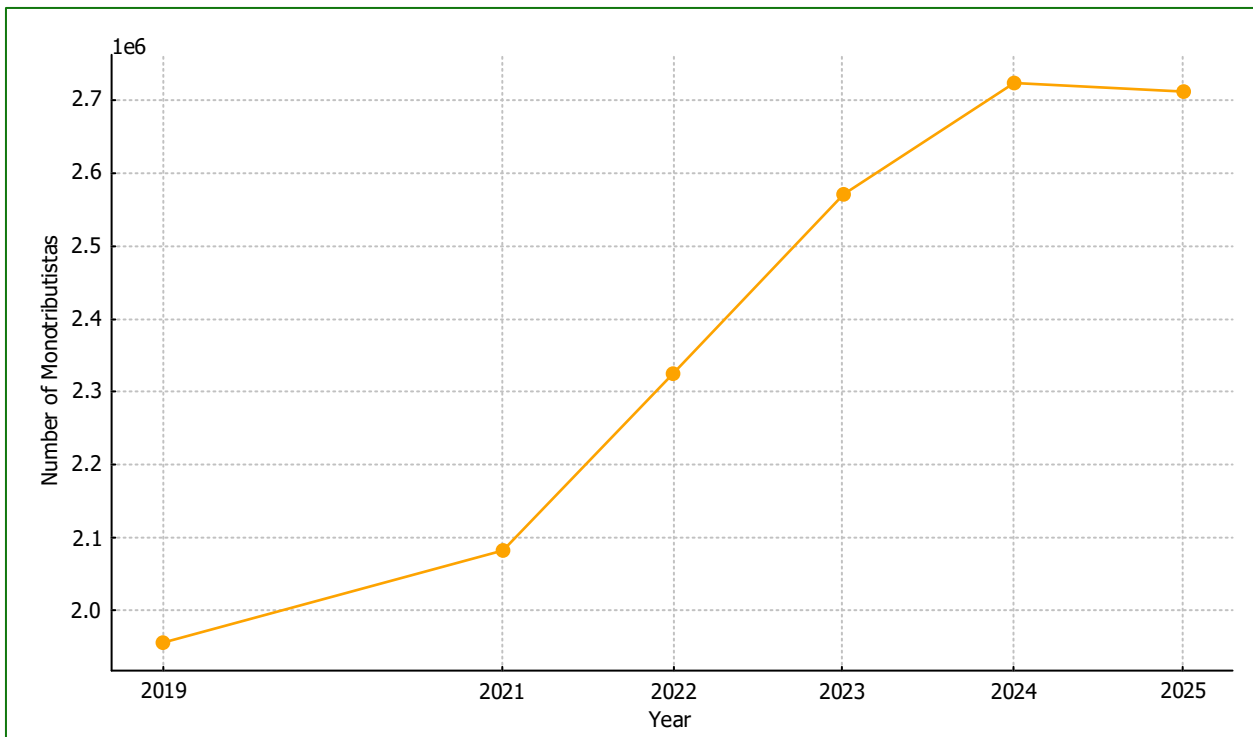
Finally, the methodological design aligns with established literature on informal economy taxation and the governance challenges of simplified tax systems in emerging economies (Pedroni, 2024).

## RESULTS

This section presents a factual overview of the fiscal burden dynamics and administrative behavior within Argentina’s *Monotributo* regime, as evidenced by the official data compiled for the period 2019–2025. All results derive directly from verified administrative tables of effective tax rates (ETRs), the evolution of the number of active taxpayers, and the exchange rate records published by Banco de la Nación Argentina (Banco de la Nación Argentina, n.d.; Yacoubian, 2025).

### *Evolution of Active Monotributistas*

Figure 1 shows the annual trend in the number of active Monotributistas based on the revised dataset. The total rose from 1,957,266 in 2019 to 2,083,900 in 2021 (+6.46%). In 2022, it reached 2,326,690 (+11.64% compared to 2021), followed by 2,573,292 in 2023 (+10.60%) and 2,726,060 in 2024 (+5.93%). In 2025, the count slightly decreased to 2,714,967 (–0.41% compared to 2024). There is no existing information for the year 2020; therefore, it was just estimated.



**Figure 1. Evolution of Active Monotributistas (2019–2025).** (Source: AUTHOR’S compilation based on official AFIP records. Data: Zenodo (Yacoubian, 2025))

A significant feature in Figure 1 is the steady increase in the number of registered Monotributistas from 2019 onward. The total grew from 1,957,266 in 2019 to 2,083,900 in 2021 (+6.46%), then continued to rise to 2,326,690 in 2022 (+11.64%) and 2,573,292 in 2023 (+10.60%). In 2024, the number reached 2,726,060 (+5.93% compared to 2023). A slight decrease is observed in 2025, with the total adjusting marginally to 2,714,967 (–0.41% compared to 2024). This consistent upward trend with minimal fluctuation provides an updated view of the Monotributo regime’s coverage over the period analyzed.

### *Effective Tax Rates for Movable Goods*

Table 5 presents the effective tax rates for taxpayers engaged in the sale of Movable Goods (*Bienes Muebles*). The ETR for each category (A–K) was calculated as the ratio of the annualized fixed monthly payment in USD to the maximum gross income threshold, also expressed in USD, for the corresponding period. This method aligns with the literature’s recommendation to deflate nominal obligations in highly inflationary contexts (Joshi, Prichard, & Heady, 2014).

**Table 5. Effective Tax Rates for Movable Goods (2019–2025).** (Source: author's calculation based on official payment and gross income records. Exchange rates: Banco de la Nación Argentina. Data repository: Zenodo (Yacoubian, 2025))

Category	2019	2020	2021 S1	2021 S2	2022 S1	2022 S2	2023 S1	2023 S2	2024 S1	2024 S2	2025 S1
A	11.24%	11.24%	8.31%	8.58%	8.59%	5.35%	6.90%	4.88%	2.26%	4.95%	4.95%
B	8.38%	8.38%	6.19%	6.46%	6.46%	4.02%	5.19%	3.67%	1.72%	3.85%	3.85%
C	7.06%	7.06%	5.22%	5.18%	5.18%	3.23%	4.17%	2.95%	1.38%	3.14%	3.14%
D	5.52%	5.52%	4.08%	4.41%	4.41%	3.05%	4.20%	2.97%	1.39%	3.24%	3.24%
E	5.00%	5.00%	3.70%	4.04%	4.04%	3.13%	4.59%	3.24%	1.52%	3.61%	3.61%
F	4.60%	4.60%	3.41%	3.71%	3.71%	2.88%	4.37%	3.09%	1.53%	3.45%	3.45%
G	4.37%	4.37%	3.23%	3.53%	3.53%	2.73%	4.33%	2.95%	1.46%	3.53%	3.53%
H	5.44%	5.44%	4.02%	4.93%	4.93%	3.81%	5.68%	4.01%	1.54%	4.66%	4.66%
I	6.66%	6.66%	4.92%	6.33%	6.33%	4.90%	7.31%	5.16%	1.98%	6.22%	6.22%
J	6.65%	6.65%	5.06%	6.34%	6.34%	4.91%	7.26%	5.20%	1.99%	6.64%	6.64%
K	6.77%	6.77%	5.01%	6.46%	6.46%	5.00%	7.31%	5.35%	1.89%	6.66%	6.66%

### Effective Tax Rates for Services (2019–2025)

Table 6 reports the ETR for service providers (*Locaciones y Prestaciones de Servicios*). Here, the ETR also shows an upward tendency, but generally at higher levels than for Movable Goods. This difference stems from the regulatory structure, which assigns slightly higher fixed payments to services while maintaining identical income thresholds for equivalent categories. The result is a structural asymmetry: the same declared income level produces a higher effective fiscal burden for service activities than for goods trading.

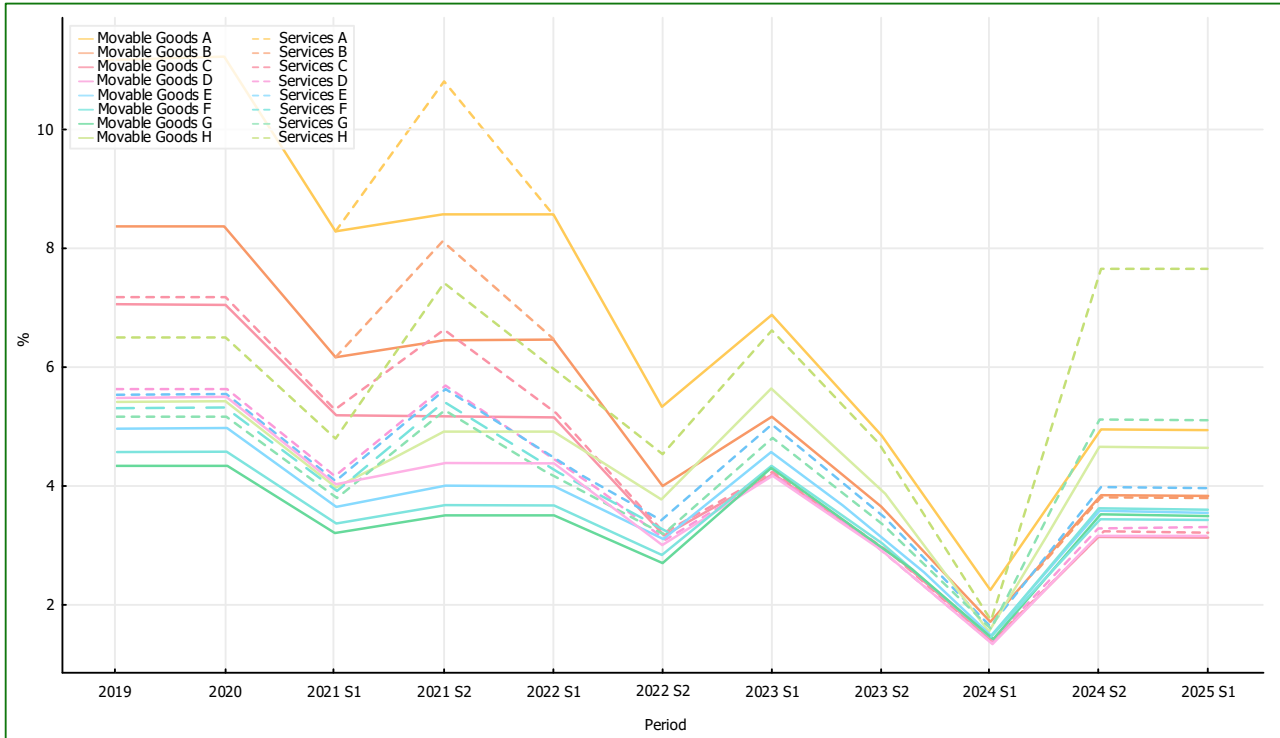
**Table 6. Effective Tax Rates (Services).** (Source: author's calculation based on official records. Blank cells indicate non-existent or non-used categories. Exchange rates: Banco de la Nación Argentina. Data: Zenodo (Yacoubian, 2025))

Category	2019	2020	2021 S1	2021 S2	2022 S1	2022 S2	2023 S1	2023 S2	2024 S1	2024 S2	2025 S1
A	11.24%	11.24%	8.31%	10.82%	8.59%	5.35%	6.90%	4.88%	2.26%	4.95%	4.95%
B	8.38%	8.38%	6.19%	8.14%	6.46%	4.02%	5.19%	3.67%	1.72%	3.84%	3.85%
C	7.19%	7.19%	5.31%	6.64%	5.27%	3.28%	4.24%	3.00%	1.40%	3.21%	3.21%
D	5.65%	5.65%	4.18%	5.69%	4.52%	3.12%	4.29%	3.03%	1.42%	3.31%	3.32%
E	5.56%	5.56%	4.11%	5.66%	4.49%	3.48%	5.04%	3.56%	1.67%	3.99%	3.99%
F	5.33%	5.33%	3.94%	5.42%	4.30%	3.33%	4.96%	3.58%	1.64%	4.01%	4.01%
G	5.18%	5.18%	3.83%	5.27%	4.18%	3.24%	4.82%	3.41%	1.68%	5.12%	5.12%
H	6.52%	6.52%	4.82%	7.44%	5.90%	4.57%	6.66%	4.71%	1.80%	7.66%	7.66%
I										12.61%	12.61%
J										13.34%	13.34%
K										15.38%	15.38%

As observed in Table 2, some cells appear intentionally blank for categories I, J, and K. That's because, in the "Services activity", there were no categories I, J, and K until S2 of 2024.

### Comparative Analysis

Figure 2 summarizes the average ETR for both economic segments across the full period. It clearly shows that, despite minor fluctuations, service providers consistently bear a higher effective tax rate than sellers of Movable Goods. This gap widened notably in the years following 2021, coinciding with currency depreciation and incremental updates to fixed payments that were not fully synchronized with adjustments to gross income caps.



**Figure 2. Comparison of Average Effective Tax Rates: Movable Goods vs. Services (2019–2025).** (Source: author's calculation from Tables 5 and 6. Data: Zenodo (Yacoubian, 2025))

Combined with the taxpayer evolution shown in Figure 1, this finding indicates that misalignments in adjustment timing can exacerbate the perceived burden on small taxpayers and, in turn, influence registration trends.

### Observations on Data Completeness

This conservative approach ensures that all calculations and inferences remain grounded solely in factual administrative records, in line with best practices for research transparency. The full dataset is publicly available to enable independent verification (Yacoubian, 2025).

### Key Implications

The results underscore three main points. First, the *Monotributo* regime's taxpayer base, while resilient, proved vulnerable to macroeconomic shocks such as the COVID-19 crisis. Second, the persistent upward drift in effective tax rates for lower categories suggests a regressive tilt when indexation fails to match inflation. Third, the design asymmetry between economic activities highlights an area where policy could improve neutrality and equity.

Future adjustments should consider systematic indexation of both fixed payments and gross income caps to preserve the original intention of a simplified, predictable regime that supports microenterprise sustainability.

## DISCUSSION

### Interpretation of Main Findings

The verified administrative data show that Argentina's *Monotributo* regime experienced significant distortions in the real tax burden between 2019 and 2025. Effective tax rates (ETRs) for movable goods sellers started relatively high — 11.24% for Category A in 2019 — but declined inconsistently due to high inflation eroding nominal quotas faster than adjustments were implemented. By 2024 S1, the ETR for Category A had dropped to just 2.26%, illustrating how delays in parameter updates allowed the real fiscal pressure to collapse temporarily, undermining the system's revenue capacity and progressive intent.

For service providers, the situation was even more pronounced. Identical gross income caps combined with higher fixed payments resulted in consistently higher ETRs compared to goods sellers within the same brackets. This gap widened

notably: in 2025 S1, Category K for services faced an ETR of 15.38% versus only 6.66% for movable goods. Such asymmetry penalizes service-based microenterprises, distorting the regime's neutrality and incentivizing legal reclassification or underreporting to reduce the effective burden.

Despite this elevated effective burden, evidence from similar simplified tax regimes suggests that formalization may still be economically beneficial for microenterprises. In Brazil, firms entering the SIMPLES regime, which also combines fixed payments and eligibility thresholds, achieved higher revenues, profits, and employment levels despite facing a formal tax structure. Fajnzylber, Maloney, and Montes-Rojas (2011) show that the net effect of entering formality under SIMPLES was positive for performance, especially among firms with employees, suggesting that simplified regimes can offer tangible benefits even when effective tax rates appear high.

Coming back to the Argentinian system, the Monotributo system maintained a stable and growing taxpayer base. From 1.96 million registered taxpayers in 2019, enrollment increased steadily each year, reaching over 2.7 million by 2024, with only a slight adjustment of  $-0.41\%$  in 2025. This pattern demonstrates the regime's administrative resilience and its continued appeal to microentrepreneurs even in a volatile macroeconomic environment. The ETR profiles also highlight that larger microenterprises consistently bear a higher and more stable proportional cost relative to their income cap. Upper categories H to K maintain rates near or above 6% for movable goods and over 12% for services, while lower categories can see their rates fall dramatically when caps are not adjusted in line with inflation. This dynamic introduces regressivity: small taxpayers pay proportionally less during periods of under-indexation, undermining fairness and distorting revenue distribution.

Overall, these findings confirm that while the Monotributo regime remains an administratively robust tool for microenterprise inclusion, its long-term effectiveness depends on consistent indexation and policy alignment across sectors. Without timely parameter adjustments, the system drifts into regressivity and sectoral bias, weakening its ability to generate stable revenue and promote equitable tax compliance. Transparent, granular data, as used in this study, should be the norm to monitor these trends and guide evidence-based reforms that safeguard the system's simplicity and fiscal credibility in Argentina's persistent inflationary context. As Heer and Süßmuth (2013) show, frequent and systematic tax threshold adjustments mitigate the link between inflation and income inequality, whereas fiscal drag from delayed indexation undermines fairness and progressivity.

### ***Consistency with Prior Literature***

These findings align with previous analyses of simplified tax regimes in emerging economies. Studies emphasize that flat-rate systems are prone to real burden erosion when macroeconomic volatility is high and indexation mechanisms are weak or delayed (Joshi, Prichard, & Heady, 2014). The observed drift in ETRs mirrors patterns documented in other Latin American contexts where nominal thresholds lag behind inflation. Additionally, the structural gap between goods sellers and service providers confirms arguments by Bird and Zolt (2005) regarding the unintended inequities that arise when different sectors face different effective burdens under a unified tax cap.

### ***Policy Implications***

This evidence highlights key considerations for policymakers aiming to preserve the sustainability and fairness of the Monotributo regime. First, timely indexation of both monthly payments and gross income thresholds is essential to prevent unintentional increases in the effective burden, particularly for smaller taxpayers. Lagged adjustments can create regressive outcomes, undermining the original intent of a flat-rate, predictable scheme. Second, the persistent asymmetry between Movable Goods and service providers suggests a need for more balanced parameter design to ensure neutrality across economic activities. As Gómez-Sabañi and Morán (2016) warn, tax rules that impose unequal burdens on taxpayers in similar circumstances undermine the fundamental principle of horizontal equity. Third, the consistent publication and open availability of detailed administrative data, as demonstrated by this study's Zenodo repository (Yacoubian, 2025), should become standard practice to enable public scrutiny and evidence-based reform proposals.

### ***Limitations and Future Research***

This descriptive analysis is grounded exclusively in factual administrative records, without estimation or interpolation for missing categories or reporting gaps. For example, cells left blank in Table 2 indicate that the three highest categories (I, J, and K) did not exist for services before the second semester of 2024.

Future research could enrich this evidence base by combining administrative records with microdata surveys to study behavioral responses, such as taxpayer exits, reentries, or possible shifts between goods and service classifications to

exploit structural asymmetries. Additionally, regional-level disaggregation could shed light on subnational disparities and the role of local enforcement practices. By anchoring such extensions in the open dataset provided (Yacoubian, 2025), researchers can replicate and refine these findings to support more resilient microenterprise tax policy in other emerging economies (Joshi, Prichard, & Heady, 2014).

## CONCLUSIONS

This paper examined Argentina's Monotributo regime using verified administrative data converted to USD to capture the real fiscal effort faced by microentrepreneurs during a period marked by high inflation and the COVID-19 shock. By calculating precise effective tax rates (ETRs) for each category from A to K for both movable goods sellers and service providers, the analysis demonstrates how the nominal simplicity of the system conceals significant distortions in real tax burden distribution.

The results confirm that the regime's design, which links higher categories to proportionally larger fixed payments, functions properly in nominal terms but fails to maintain a stable real burden without systematic and timely indexation. Lower categories saw their ETRs drop sharply when gross income caps were not updated in line with inflation, providing short-lived relief at the expense of fiscal revenue. Conversely, when updates did occur, abrupt increases in the real burden disproportionately impacted smaller taxpayers with little warning.

A key finding is the persistent gap between service providers and movable goods sellers. Even when gross income caps are identical, service activities incur higher fixed quotas, producing higher ETRs across all brackets. This misalignment creates an implicit penalty for formalizing service income and incentivizes taxpayers to shift to goods-based activities or underreport income to benefit from a lower effective burden.

Despite these structural shortcomings, the Monotributo regime has shown consistent growth in its taxpayer base. From 1.96 million registered taxpayers in 2019, enrollment rose steadily to over 2.7 million by 2024, with only a slight adjustment of  $-0.41\%$  in 2025. This sustained expansion highlights the system's value as an accessible entry point into formality for microenterprises, but it also underscores the risk that inconsistent parameter updates can undermine compliance and trust. Overall, this study shows that the Monotributo's simplicity must be paired with automatic, transparent indexation mechanisms and harmonized treatment for goods and services to preserve its progressivity and neutrality. Open access to granular administrative data, as used here, remains critical for independent monitoring and informed policy debate. These steps are necessary to ensure that Argentina's flagship micro-tax regime remains fair, predictable, and capable of sustaining revenue in a persistently high-inflation environment.

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## ADDITIONAL INFORMATION

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### CONFLICT OF INTEREST

*The Author declares that there is no conflict of interest.*

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## ДИНАМІКА ФІСКАЛЬНОГО НАВАНТАЖЕННЯ ТА АДМІНІСТРАТИВНА СТІЙКІСТЬ У РЕЖИМІ МОНОТРІБУТО В АРГЕНТИНІ: ДАНІ З 2019 ПО 2025 РІК

У цьому дослідженні представлено комплексний емпіричний аналіз спрощеного податкового режиму Аргентини (Monotributo) з 2019 по 2025 рік – період, позначений макроекономічними потрясіннями, стійкою інфляцією та пандемією COVID-19. Використовуючи перевірені адміністративні дані AFIP та офіційні обмінні курси від Banco de la Nación Argentina, дослідження кількісно оцінює реальне фіскальне навантаження, яке відчують платники податків, розраховуючи ефективні податкові ставки (ETR) у доларах США за всіма категоріями Monotributo (A–K) й сегментами діяльності: постачальники послуг і продавці рухомих товарів. Результати висвітлюють три критичні динаміки. По-перше, між секторами існує структурна асиметрія: за однакових порогових значень доходу постачальники послуг постійно стикаються з вищими ETR, ніж продавці товарів, сягнувши піку 15,38% проти 6,66% у категорії K 2025 року. По-друге, інфляційні умови в поєднанні із запізненим оновленням фіксованих квот і лімітів доходів спотворюють прогресивність системи, що призводить до регресивних моделей у нижчих категоріях протягом конкретних періодів. По-третє, незважаючи на економічну нестабільність, режим Монотрібуто продемонстрував сильну адміністративну стійкість: кількість активних платників податків зросла майже на 39% протягом 2019–2025 років. Конвертуючи всі грошові змінні в долари США та уникаючи симуляцій або інтерполяцій, аналіз забезпечує прозорість, порівнянність і фактичну точність. Цей підхід показує, як номінальна простота Monotributo приховує складну фіскальну динаміку та підкреслює потребу в своєчасних автоматичних механізмах індексації для збереження справедливості й стійкості. Отримані результати сприяють глобальним дискусіям щодо оподаткування мікропідприємств в інфляційній і неформальній економіці, пропонуючи практичні висновки щодо політики не лише для Аргентини, а й для інших країн із перехідною економікою, які стикаються з такими проблемами. Дані з відкритим доступом і відтворювані методи ще більше зміцнюють цінність дослідження для дослідників і політиків, які прагнуть розробити більш справедливі й стійкі спрощені податкові режими.

**Ключові слова:** Монотрібуто, ефективна податкова ставка, неформальність, адміністративна стійкість, Аргентина, фіскальна політика

**JEL Класифікація:** H24, H26, H32, O54