# Uruguay

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| **General** | Types of indirect taxes (VAT/GST and other indirect taxes) | VAT. |
| | Are there other indirect taxes? | Excise tax, Impuesto Específico Interno (IMESI): applies to the first transaction carried out by manufacturers or importers of certain goods in the domestic market. |
| | What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes? | — VAT standard rate is currently 22%.<br>— A reduced rate of 10% applies to certain goods and services, such as basic food items, medicines and services rendered by hotels.<br>— IMESI: Rates vary for each item and they are generally fixed by the government. Goods subject to higher rates are alcoholic beverages, tobacco, gasoline, fuel, lubricants and other petroleum products. The maximum rates are 80% for alcoholic beverages and 70% for tobacco. Petroleum products are taxed on their selling price at different rates. The rate can be as high as 133%, as in the case of high-grade gasoline. Other taxable commodities are alcohol, soft drinks, cosmetics and motor vehicles which attract rates varying from 10% to 30%. |
| | Who is required to register for VAT/GST and other indirect taxes? | Those who engage in commercial, industrial, agricultural or independent professional activities in Uruguay have to register at the tax office<br>for tax purposes. The VAT or IMESI registration procedure in Uruguay is the same as for the rest of the local taxes (corporate income tax, capital tax, etc). In order to develop a commercial activity in Uruguay, a foreign company must register for all tax purposes (and not just for VAT), as it would need to set up a permanent establishment. |

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| **VAT/GST registration** | Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)? | No. Under Uruguayan VAT legislation, it is not possible for a non-resident entity to voluntarily register in Uruguay and act as an established entity. |
| | Does an overseas company need to appoint a fiscal representative? | Not applicable. |
| | Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration? | Not applicable. |
| | Is grouping* for VAT/GST and other indirect taxes possible? | No. |
| **VAT/GST compliance** | How frequently are VAT/GST and other indirect taxes returns submitted? | Monthly. |
| | What are the exchange rate rules in your country? | Tax returns have to be presented in pesos. The Central Bank of Uruguay, Banco Central del Uruguay(BCU), regulates and provides all exchange rates. The exchange rate of the day previous to the transaction applies. |
| **VAT/GST recovery** | Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally? | No. |
| | Are there any exemptions with the right to recover or deduct input VAT? | Exports of goods and services are zero-rated with the effect that VAT is not computed on the net amounts invoiced with the possibility for the taxpayer to recover the input tax.<br>Sales of farming products by qualified taxpayers are also zero-rated with the effect that VAT is not computed on the net amounts invoiced whereas the supplier is entitled to a VAT refund. |
| | Are there any restrictions to the deduction of input VAT? | Certain products are exempt from VAT, such as fruits, vegetables, foreign currency, precious metals, real estate, agricultural machinery and accessories, fuel derived from oil except fuel oil, milk, agricultural inputs, potable water, books, newspapers, magazines, educational material, etc. Where VAT relates to both taxable and exempt supplies, it is needed to make an apportionment (pro rata rule).<br>There is also an exemption for the rendering of certain services, including interest on public and private securities and deposits, rental of real estate, banking operations and personal remunerations for services related to cultural activities (e.g. VAT on services rendered by bars, restaurants or hotels is not recoverable). |
| **Invoices** | Is a business required to issue tax invoices? | Taxpayers are required to document their operations related to taxable activities by means of invoices, sales slips, notes of credit, notes of debit or other similar commercial documents that must comply with certain formalities established by applicable regulations. |

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

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| **Invoices (continued)** | Is it possible/mandatory to issue invoices electronically? | Law 18.600 and applicable regulations (decrees 54/014, 36/012, 436/011, 324/011) contemplate the possibility for taxpayers to use an electronic invoice regime, comprobante fiscal electrónco (CFE). This regime is applicable to certain taxpayers included in the big taxpayers' division and to other companies that might apply for using it, but it will become more widespread in the short and medium term. |
| | Is it possible for recipient to issue tax invoices/ self-invoices (self-invoicing)? | No. |
| **Audits** | Do tax audits take place on a regular basis? | Tax audits take place regularly, but not with a specified periodicity. The scope of the audit is determined by the tax authorities and taxpayers have the obligation to provide all the relevant commercial and fiscal information and documents. |
| | Are there audits done electronically in your country (e-audit)? If so, what system is in use? | No. |
| | What penalties can arise from non-compliance? | There are certain penalties for failing to fulfill formal obligations. The penalty or fine for failing to pay VAT due varies between 5% and 20% of the unpaid VAT.<br>In case of fraudulent practices, besides fines ranging from 1 to 15 times the unpaid taxes, imprisonment can be imposed in certain cases.<br>Compensatory interest is at present 12% annual rate, capitalized every 4 months. |
| **Special indirect tax rules** | In your country are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale? | Under Uruguayan law number 16906, a VAT exemption could be granted by the executive power to mergers and transactions related to business reorganizations. Such an exemption does not operate automatically. It must be requested by the company to the executive power which analyzes the request on a case-by-case basis. |
| | In your country, are there unique specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions? | An aspect to be considered is that not all the services provided from Uruguay to foreign entities are considered as exports. In order for them to qualify as export services, they must be included in a list established by the executive power. |
| | Does a reverse charge mechanism apply in your country for goods or services? | Yes. |
| | Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)? | Movement of goods inside Uruguayan free zones or port areas (areas of the national territory subject to a special tax regime) are not subject to VAT.<br>Services provided inside the free zones or port areas are considered as exports, provided they are exclusively and necessarily developed in those areas. |
| **Rulings** | Are rulings and decisions issued by the tax authorities publicly available in your country? | Yes, rulings are available on the tax office website: www.dgi.gub.uy. |