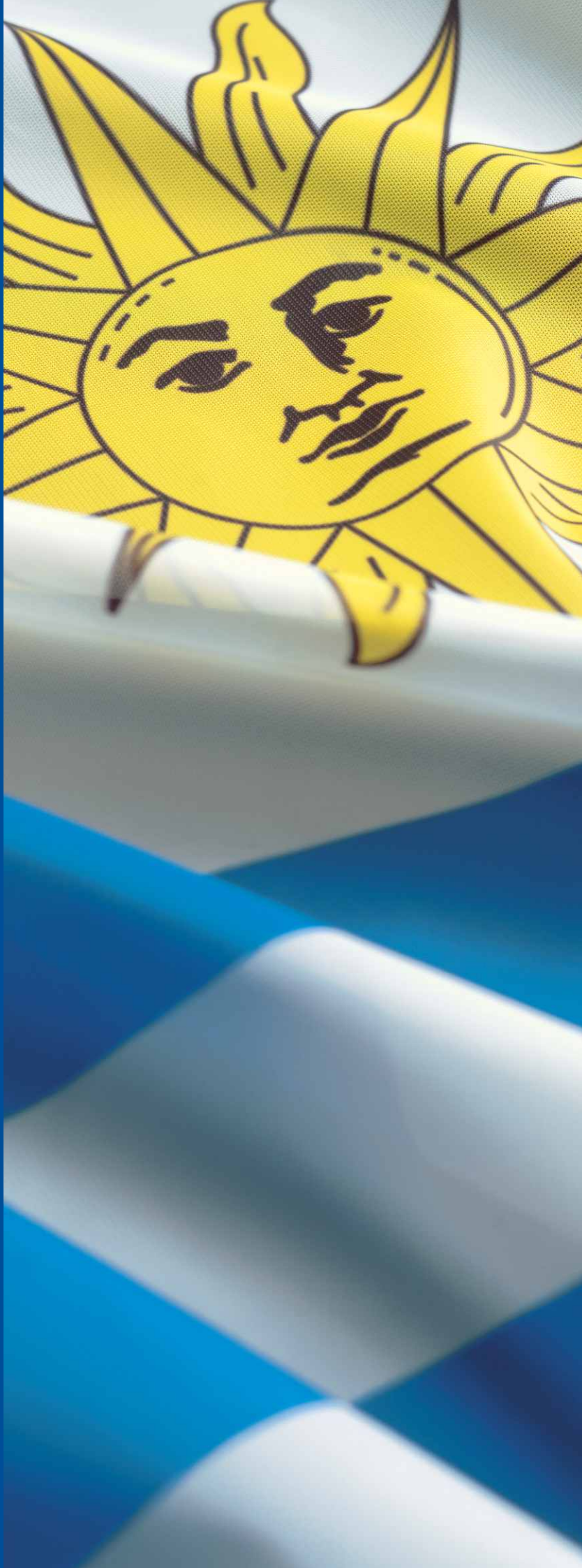




Investment in Uruguay



Preface

This booklet has been prepared with the aim of providing an overview of the main aspects to be considered by potential investors or persons contemplating doing business in Uruguay.

As the information is of a general nature it should be used only as a guide for preliminary planning purposes. The reader should obtain detailed advice from legal, accountancy and other appropriate professional advisers before making investment decisions.

KPMG's Uruguayan practice will be pleased to assist you.

Montevideo, October 2015.

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Chapter 1

Uruguay: a brief survey



Uruguay: a brief survey

1

Geography and Climate

The Republic of Uruguay is located in South America and its Eastern shores lie on the Atlantic Ocean.

Uruguay has about 450 kilometres of coast on the River Plate and 220 kilometres of shores on the Atlantic Ocean, with a chain of sandy beaches which attracts many tourists because of their beauty. The territorial area of Uruguay covers 176.215 km². Compared to its large neighbours, or to other South American states, it is a relatively small country, although its size is found to be greater than that of several countries in Central America and Europe.

On the North and Northeast, Uruguay borders with the Federal Republic of Brazil, on the West the Uruguay River links it to the Republic of Argentina and on the East lies the Atlantic Ocean.

Uruguay therefore has a privileged and strategic position in South America, and this fact has boosted its regional integration policy: on one hand as an exit door of the countries of the River Plate basin (the second largest in the world), and on the other hand as a bridge between its two great neighbours, Argentina and Brazil, the most important economic centres of the region.

Within a 2.500 kilometres radius of its capital Montevideo are the cities of Buenos Aires, Rosario, Córdoba, and Mendoza in Argentina; Sao Paulo, Porto Alegre, Curitiba and Florianópolis in Brazil; Santiago in Chile, and Asunción in Paraguay.

Moreover, its shores on the Atlantic Ocean ensure easy communications and longstanding connections with all the most culturally and economically developed countries in the world.

The climate is mainly moderate to dry. There are many sunny days all year long, although changes in weather conditions are frequent.

History and Government

The historical independence process had two big phases; first the country became a regional unit (Banda Oriental) and later, on July 18, 1830, an independent nation.

The "Banda Oriental" was a Spanish colony and later on it became a Portuguese colony. Great Britain also covered the "Banda Oriental" in order to gain a stable control over the River Plate. After its independence, Uruguay received a great number of immigrants from different countries, mainly Italy and Spain. These immigrants provided an important contribution to foster Uruguay's economic and social development.

Uruguay adopted democratic institutions and a presidential system. The state functions are divided among the three classical powers: Executive, Legislative and Judicial.

There are three main political parties: the Frente Amplio (Wide Front), the National Party (also called the White Party), and the Colorado Party.

Uruguay enjoys a solid democracy and an excellent social environment characterized by peaceful living, liberal economy and free private enterprise.

Uruguay has a very high standard in its democratic culture, and this has been reflected in international rankings. In the year 2013, for the first time The Economist decided to nominate a country of the year, and this award was given to Uruguay.

Population and Language

The population of Uruguay is of approximately 3.4 millions of inhabitants (the density of population is very low considering the number of square kilometres the country covers) of European origin - mainly Spanish and Italian- but it is also made up of many other nationalities, resulting from the open-door immigration policy.

Most of Uruguay's population is located in urban areas (more than 90 percent) and approximately half of it is concentrated in the capital city (Montevideo), although Uruguay has traditionally been a cattle-raising country.

The birth rate is the lowest in South America, but life expectancy is high -73 years for men and 80 for women- reflecting satisfactory standards of living.

The official language is Spanish.

The official educational system is compulsory up to secondary level. School is free of charge, even at University level (although several private Universities are currently operating in Uruguay).

The rate of literacy is very high: 98 percent of the population over 10 years of age can read and write.

Currency

The national currency is the Uruguayan Peso. The exchange rate is determined under a floating regime, with occasional interventions by the Central Bank to avoid excessive appreciation or depreciation.

Visa Requirements and residence procedures

Only visitors coming from certain countries outside the region need a visitor's visa to enter Uruguay and the general rule is that no visa is required (it is enough to present a valid passport). However, people who have entered as tourists or with visitor's visa are not allowed to take up employment in Uruguay. Foreigners

working in Uruguay must apply for temporary or permanent residence.

Applicable regulations establish a simplified procedure for requesting temporary residence in the case of individuals that will stay in Uruguay for less than 6 months (e.g. police record certificate is not required). In these cases the individual will be issued a "Temporary Sheet of Identity" (Hoja de Identidad Provisoria), non-renewable and valid for a maximum period of 6 months.

In the case of individuals staying in Uruguay more than 6 months and less than two years, a temporary residence procedure will have to be followed, with the requirements indicated below.

In order to obtain the temporary or permanent residence, a special procedure is to be followed at the National Direction of Migration. The following documents and information must be provided, basically as evidence that the foreigner is healthy and he will be able to financially support himself during his stay in Uruguay:

- a. Two identification photographs
- b. A declaration of means of life:
Statement of Uruguayan employer, declaring its address, business branch, the position the immigrant will occupy, and his monthly salary.

Foreigners owning an industrial or commercial company in Uruguay shall present the corporate agreement and other related documents proving that the company has fulfilled its legal obligations regarding national taxes and social security contributions.

If the foreigner has retirement benefits in Uruguay, he shall present a certificate issued by the Uruguayan Social Security Office (Banco de Previsión Social) stating the monthly amount of said benefits.

If the foreigner has retirement benefits granted abroad, he shall present Uruguayan

Notary Public's certificate crediting this fact together with the monthly amount of the benefits; or certificate issued by the foreign country's Social Security Authority duly legalised by the Uruguayan Consulate and by the Ministry of Foreign Affairs in Montevideo or apostilled, as appropriate.

c. Health Certificate issued by the Uruguayan Ministry of Health or by authorized private centres

d. Date of arrival in Uruguay, evidenced by Tourist Card or declared verbally.

e. A formal declaration containing police record of the immigrant's country of birth and those of the countries where he lived five years prior to his arrival in Uruguay. Those documents must be legalised by the corresponding Uruguayan Consulate and by the Ministry of Foreign Affairs in Montevideo or apostilled depending on the country which issued the document and translated to Spanish by a Uruguayan public translator.

If the applicant is older than 15 years and has lived during that period in France, Cuba, Sweden, Germany, Japan, Austria, Belgium, South Africa, Poland, Norway, Czech Republic, Australia, Brazil, Canada, Colombia, China, Slovenia, Spain, United Kingdom, the Netherlands, Hong Kong, Israel, Italy, Russia, Switzerland or Taiwan for more than a year, he will be required to present his police record, legalised by the corresponding Uruguayan Consulate and the Ministry of Foreign Affairs in Montevideo or apostilled.

f) Passport.

g) Marriage certificate in case the foreigner is married. The document must be legalised by the corresponding Uruguayan Consulate and then by the Ministry of Foreign Affairs in Montevideo or apostilled.

h) Birth certificate. Legalised by the corresponding Uruguayan Consulate or apostilled

For immigrants born in MERCOSUR countries or Associated States, and for certain relatives of Uruguayans, the competent authority is the Ministry of Foreign Affairs. The procedure for this residence is much simpler and it is not required to present means of living or health certificate. Once the expat applies for his residence, the Ministry has 30 days to grant it.

Local employers cannot hire or include in their payrolls foreigners who do not justify having started the indicated residence procedures. This justification takes place through the exhibition of a certificate issued by the National Direction of Migration, evidencing that the foreigner has started the residence procedure.

Living in Uruguay

Uruguay is a safe country to live in. The overall security standard is very high; there are no racial or religious conflicts.

All the cities have plenty of public green areas and offer a wide range of leisure and sport activities. In Montevideo there are many shopping malls, casinos, international restaurants and sporting clubs; there is also a flourishing cultural activity: exhibitions, music events, theatre, and ballet.

Although Uruguay is not an expensive country, the cost of living in Montevideo, its capital city, is relatively high in comparison with other Latin American cities.

In Montevideo, many apartments and houses are available for rent or purchase. Prices are lower than those paid in the United States of America or in Europe. Water in Uruguay is potable. There are no epidemics and the private sanitary system is efficient.

Chapter 2

Opportunities for international investors



Economic Overview

The Uruguayan economy experienced continuous growth in the last 12 years. Between 2005 and 2014 the average growth rate was 5.2%.

The upturn verified by the Uruguayan economy during the last decade was in a context of favourable external conditions, as well as prudent domestic policies which enhanced a favourable business climate. In spite of the fact that in the last few years, economic growth has decreased due to economic difficulties in the region, Uruguayan growth is still larger than the regional average.

Macroeconomic policy is driven by a monetary policy aligned with inflation targeting, and fiscal policies based on the generation of primary surpluses consistent with the sustainability of public debt.

Macroeconomic stability is accompanied by a strong institutional stability, where prevailing friendly business climate, clear business rules and an attractive investment promotion regime contributed to the higher gross fixed capital formation.

The improved conditions in the macroeconomic environment were reflected on market growth confidence. Uruguay upholds the Investment Grade according to Moody's (BAA2), Standard and Poor's (BBB), Fitch (BBB-), DBRS (BBB) and R&I (BBB-) for Uruguayan long term sovereign securities.

Due to favourable conditions in the Uruguayan economy from a macroeconomic and institutional point of view, foreign direct investment grew significantly in the last decade, from US\$ 300 million in 2001 to US\$ 2,700 million in 2014, being one of the countries with the larger FDI/GDP ratio in the region (near 5%).

In addition to the increase of labour demand, real wages also verified significant increases during the period. This is due to better economic conditions and the implementation of wage adjustments in the framework of a "Wage Council" system of tripartite agreements negotiated between employers, employees and the government.

Economic policy

At present, Uruguay's main economic objective is the achievement of self-sustained growth. This strategy is made possible through stable and well-defined economic policies creating a political and social environment favourable to the development of economic activities while preserving investors' confidence. The promotional framework adopted by Uruguay is almost unique in its type within the Region.

It is important to point out that Uruguay offers total freedom of exchange in foreign currencies. The two exchange markets where banks and exchange brokers operate are governed by the free market supply and demand and they fluctuate according to the international market.

In Uruguay there is total freedom for incoming or outgoing funds, including foreign currency, precious metals, bonds and shares. There is no restriction whatsoever on remittances abroad.

Opportunities for International Investors

To foster the national economy, Uruguay has adopted several measures, such as:

- Encouraging foreign investment in productive areas by way of a suitable legal, fiscal and financial framework.
- Free Trade Agreements. Uruguay is part of MERCOSUR (Common Market of the South) with a view to eliminating tariffs and import duties among its members (Argentina, Brazil, Paraguay, Uruguay and Venezuela) and establishing a common external tariff policy. Likewise, MERCOSUR has subscribed FTA

with other countries, and it is currently negotiating a FTA with the European Union.

- Creating mechanisms to stimulate industrial, commercial and offshore financial activities, endeavouring to capitalize on comparative advantages to foster the employment of a well-developed and efficient service sector.

Incentives for International Investors

Foreign investors receive the same treatment as local investors under Uruguayan law, and they require no specific authorization to establish themselves in the country, to import or export, to make deposits or perform banking transactions in any currency, or to gain access to loans or receive promotional benefits.

No foreign investments have ever been expropriated. The National Constitution establishes that, in the event of expropriation, payment of fair compensation must be made in advance.

Investment Exemption

The benefit of an investment exemption is established in article 53 of Title 4, TO 1996, and regulated by Chapter 6 of Decree 150/007 for enterprises whose income during the previous years have not exceeded the equivalent to UI 10.000.000 (approximately US\$ 1.100.000).

It consists in an exemption from Corporate Income Tax (IRAE) for up to 40% of the amount invested in the purchase of certain goods, and up to 20% of the investment made in the construction or extension of buildings used for industrial and agricultural activities, subject to the condition that the exempted amount does not exceed 40% of the net fiscal profits obtained during the fiscal year.

The amount of the exempted investment that exceeds the previously indicated percentage (40% of the net fiscal income during the fiscal year) can be deducted with the same limitations during the following two fiscal years.

Another condition for applying the exemption is that a special corporate reserve must be created with the accounting profits of the fiscal year or, in case these were insufficient, with other corporate reserves or accumulated profits.

The special corporate reserve to be created is called "Investment exemption reserve" (in Spanish "Reservas por exoneración por inversiones"), and can only be used for subsequent capitalizations. Its creation by the company's competent corporate body must be decided within 120 days following the close of the fiscal year.

If the goods that generate this exemption are sold within the fiscal year of their acquisition or the next three ones, the exempted amount will have to be computed as taxable income of the year in which their sale took place.

In relation to this benefit it is considered that a movable good is acquired when its transference has taken place through the corresponding tradition (real or notional), or when it has been constructed by the taxpayer. In these cases, the exemption will be applied during the fiscal year in which the transference takes place or when its construction is finished.

In relation to the construction or extension of buildings, the exempted amount will be determined based on the cost incurred during the fiscal year. The exemption refers to an "increased built area", and does not apply to the purchase or real estate, of companies or of capital participations in companies.

By way of example, we will mention some of the goods whose acquisition will generate this benefit:

- Machines and installations destined to industrial, commercial and service activities (excluding financial activities and rental of real estate activities).

- Agricultural machinery.
- Improvements of real estate in the agricultural sector.
- Vehicles used for productive activities.
- Mobile goods used for the equipment of hotels, motels and hostels.
- Capital goods used to improve tourist services in relation to entertainment, information and transport.
- Equipment for the electronic processing of information and communications.

Machinery, installations and equipment not included in the precedent list, destined to the innovation and productive specialization.

Investment Promotion Law 16.906

Investment Promotion Law N° 16.906, passed on January 7, 1998 establishes basic rules which govern national and foreign investments in Uruguay.

Its initial chapter includes a series of general principles which rule investment projects as follows;

- The promotion and protection of both foreign and local investment in Uruguayan territory is a matter of national interest.
- The rule of 'National Treatment' applies to foreign investment.
- Investments will be admitted without previous authorization or registration requirements and a fair treatment will be granted.
- Free repatriation of capital and profits is expressly guaranteed.

Automatic benefits granted under Law 16.906

Chapter II of this law also establishes certain benefits in favor of Corporate Income Tax (IRAE) taxpayers that develop industrial or agricultural activities.

The benefits operate automatically for all the indicated taxpayers, and for their purpose investment is defined as the acquisition of the

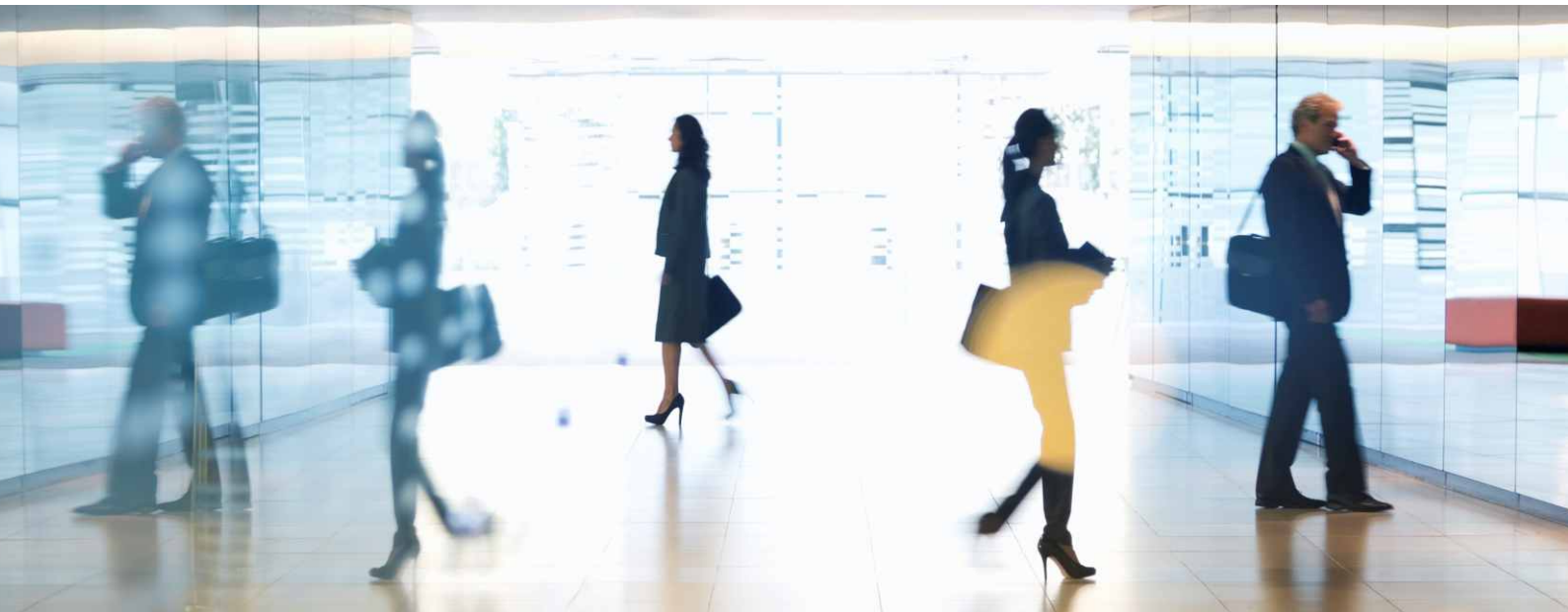
following goods to form part of the fixed or intangible assets of the enterprise:

- a. Movable assets directly affected to the productive cycle.
- b. Equipment for the electronic processing of information.
- c. Fixed improvements in real estate affected to industrial or agricultural activities.
- d. Intangible goods such as trademarks, patents, industrial models, privileges, copyrights, goodwill, commercial names and concessions granted for the prospection, extraction and exploitation of natural resources.
- e. Other goods, procedures, inventions or creations that incorporate technological innovation and that imply transference of technology, as determined by the Executive Power.

The fixed assets included in letters a) and b) acquired after the approval of Law 16.906 are considered exempt from Net Worth Tax (IP). The applicable provisions add that these assets will be considered as taxed for purposes of the deduction of admitted liabilities in order to determine the taxable net worth.

The taxpayers included in this regime have also been exempted from the Value Added Tax (VAT) applicable on importation of the goods included in letters a) to e). If these goods are purchased locally, the applicable VAT will be reimbursed by means of credit certificates issued by the Tax Office.

With reference to customs duties, the importation of capital goods (as listed in the applicable Customs Nomenclature) is exempt. In those cases in which surcharges are applied under the Customs Nomenclature, a reduction in their rate may be requested from the National Direction of Industries, which may be granted or not depending on the specific



characteristics of the good to be imported. It should be noted that none of the items included in the list that you sent to us qualify as capital goods for purposes of this exemption.

Additional tax benefits can be obtained through a promotional declaration issued by the Executive Power for specific investment projects in the industrial, commercial and services sectors.

Special exemptions for investment projects

Law N° 16.906 establishes in Chapter III that tax incentives may also be granted to investment projects declared as promoted by the Executive Power, and also to activities from specific economic sectors.

In order for a company to obtain these benefits, they must be requested by presenting an investment project to the competent authorities, following the requirements detailed in the instructives elaborated by a special Application Commission (COMAP) created by Law N° 16.906.

After its presentation, the project will be evaluated by the COMAP, who will advise the Executive Power on the benefits to be granted. Based on these recommendations, the Executive Power will grant certain tax benefits by considering the project as promoted.

This promotional regime has been regulated by Decree N° 455/07 of 27.11.07 (as modified by Decree 2/12 of 9.1.12).

The benefit for the promoted companies consists in an exemption from IRAE for an amount equal to a percentage of the effective investment in the project (the exempted amount is not deducted from the taxable income but from the actual IRAE tax liability). This percentage will be determined based on an evaluation matrix, and can range from 20% to 100% of the investment.

The term during which the benefit will be granted will also depend on the evaluation of the project made by the Executive Power, with a minimum of 3 years, but can reach up to more than 20 years (the actual maximum term results from the application of a formula that takes into account the amount of the investment and the indicators used for the project evaluation).

The exemption used during each fiscal year of the covered period cannot exceed 60% of the taxable income accrued during that year.

In the evaluation of the project, not only the amount of the investment will be considered, but also other factors such as:

- Job creation.
- Exports.
- Contribution to geographical decentralization.
- Investment in R&D or in clean technologies.
- Other industrial indicators.

These indicators are measured on a five year basis in order to grant the exemption and, once it is granted, their compliance is followed up periodically by the Government Office.

In addition to the IRAE benefits mentioned above, others are granted in relation to Net Worth Tax and VAT.

It is worth noting, that the IRAE exemption provided to the project cannot be accumulated to the automatic Investment Exemption referred to in page 13.

Other promotional regimes

a. Promotion of hydrocarbons exploitation and exploration

All activities related to hydrocarbons, including the phases of exploration, exploitation, transportation and trading, are exempt of all taxes of any nature, created or to be created.

The companies retained under contracts for exploration and exploitation work for hydrocarbons are only subject to income tax.

The activities of hydrocarbon exploration also benefit from extensive tax exemptions and benefits in relation to VAT, Net Worth Tax, customs duties and withholdings on payments made abroad (e.g. for technical service fees, etc.).

b. Promotion of the printing industry

The printing activity and the sale of books, brochures and magazines in the literary, scientific and artistic areas and educational material, enjoy tax exemptions, except for income tax.

c. Promotion of naval industry

The importation of materials, raw materials, capital goods and in general all goods necessary for shipyard and dock building as well as construction, recovery, transformation and modification of vessels, is exempt of all taxes including VAT.

d. Companies engaged in the news business, radio and TV broadcasting, theatre and film exhibition and distribution.

These companies are exempt from taxes on importations, on their capital, sales, bordereau revenue, business acts and transactions, except for income tax.

e. Air or sea navigation companies

These companies are exempt from income tax. In the case of foreign companies, the exemption will be in force provided the same treatment is available for Uruguayan companies engaged in the same business in their host country.

f. Promotion of Power Generation from non traditional renewable sources

The Government has also approved several incentives and tax benefits for the non-traditional renewable energies, defined this as the native renewable sources such as wind, solar thermal, photovoltaic, geothermal, tidal and wave energy, as well as the energy produced from the use of different types of biomass.

Besides the general tax exemptions available for investment projects under Law 16.906, Decree 354/009 established specific exemptions from Corporate Income Tax (IRAE) for companies operating in this sector, as follows:

- 90% of net fiscal income for all fiscal years up to December 31, 2017.

- 60% of net fiscal income for all fiscal years from January 1, 2018 to December 31, 2020.
- 40% of net fiscal income for all fiscal years from January 1, 2021 to December 31, 2023.

Some of the conditions for obtaining these IRAE exemptions are the following:

- Electric power has to be sold in the forward contract market (that is, not in the spot market)
- The income generated by the renewable activity has to represent at least a 75% of the total income of the company
- IRAE cannot be exempted through other regulations besides Decree 354/009.

The law also declared of national interest the production of machines and equipment necessary for the production of these renewable energies and also applies to this activity the IRAE exemption in the percentages described before, but in different periods: 90% until the end of 2014, 60% until the end of 2017 and 40% until the end of 2020.

Purchase of the locally fabricated wind turbines and their accessories are exempt of VAT.

g. Incentives for the immigration of foreigners

The policy in favor of foreign investment also reaches the immigration of foreigners, as well as that of Uruguayan nationals having resided abroad during at least three years, returning or entering the country with capital to be invested in activities aimed at economic, social or cultural development. Under certain conditions, the introduction of capital goods for this purpose, as well as personal effects, utensils and household appliances will be exempted from tariffs.

Free Trade Zones (FZ)

The Uruguayan Free Trade Zones (FZ) were created with the main purpose of promoting investments, exports, employment and fostering international economic integration. They act as “Economical Beachheads” due to the strategic geographical position of Uruguay

inside the River Plate Basin (“Cuenca del Plata”) and to the fact that its ports are outlets for seagoing vessels serving goods through the waterways that the Paraguay, Paraná and Uruguay rivers shape.

Legal definition

Free Trade Zones are defined by Law N° 15.921 dated December 17, 1987 as territories of national interest which may be publicly or privately owned, and which must be duly enclosed and isolated as determined by the Executive Branch.

At present free zones authorized and controlled by the National Office of Free Zones (Área Zonas Francas) have been established in the following locations: Montevideo (three different Free Zones are operative), Nueva Helvecia (Colonia Suiza), Nueva Palmira, San José (Libertad), Colonia, Florida, Río Negro (Fray Bentos), Punta Pereira (Colonia), Rivera and Canelones.

Activities

All types of industrial, commercial and service activities may be carried out inside each free zone, including:

- Marketing, storage, preparation, selection, classification, division, assembly, splitting down, handling or mixing of foreign or local merchandise or raw materials.
- Installation and operation of manufacturing establishments.
- Provide all kinds of services, including professional advice, financial services, information technology, repairs and maintenance services, international call centers towards third Countries.
- Offer the following services towards the national customs territory: e-mail; long distance education and issue of certificates of electronic signature. In this case the above mentioned activities will be subject to the general regime of taxation.

Operation of private free zone

Operation is defined as the procedure whereby, in exchange for a price agreed upon with each user, a person or a legal entity provides the necessary and adequate infrastructure for the setting and functioning of a free zone.

The exemptions and benefits granted by Law N° 15.921 to users are not applicable to private firms authorized to operate a free zone.

Authorization to operate a free zone requires presentation of an investment project to the Free Zone Authority, showing the economic viability of such project and its benefits to the country.

Free Zone users

Free Zone users are those individuals or legal entities who acquire the right to undertake activities in free zones. Enterprises established in free zones cannot undertake activities outside those zones.

Being a direct or indirect user of the zone is necessary to operate in a Free Zone, and an agreement with the free zone operator or with a direct user is compulsory and has to be submitted for the approval of the National Office of Free Zones together with a business plan regarding the activities projected to be carried out by the free zone user.

In order to be classified as users and to be entitled to the exemptions, privileges and benefits provided by law, 75% of the personnel of the free zone user must be Uruguayan citizens (the regulations foresee the possibility to obtain an exception to the legal ratio, although the granting of exceptions is not frequent).

Tax Exemptions

Free zone users are exempt from all existing or future national taxes, including Corporate Income Tax.

The payment of dividends by the user of free trade zone to its foreign shareholders is not subject to any withholding tax. Interest, royalties and technical services fees paid by a free zone user abroad are also exempt from withholding taxes.

The entry of goods, services, merchandises and raw materials to the Free Zone from abroad is exempt from custom duties, and the introduction of goods to the free zones from Uruguay customs territory is considered as an export for tax purposes.

The tax exemptions applicable to free zone users do not apply to social security contributions, except in the case of foreign workers, who can choose not to become subject to the local social security system. Foreign workers that have made that choice can also opt to become subject to Non Resident Income Tax (flat rate of 12%) instead of to Personal Income Tax (progressive tax, with marginal rate of 30%) on their labor income.

Other important benefits of the free zone regime

Import or export license.

It is not necessary to obtain an import or export license; no prior deposits are required nor to comply with other usual proceedings.

Warrants issuance

With the certification of the National Office of Free Zones, a company may trade warrants or warehouse certificates on the goods and raw materials stored in a Free Zone.

Goods exported from Uruguayan Free Zones to MERCOSUR member countries (Argentina, Brazil, Paraguay and Uruguay) will be subject to the Common External Tariff (CET) and not to the general 0% regional customs tariff.

Authorized Fiscal and Private Deposits for in Transit Goods

Goods are allowed to enter Uruguay in transit to other countries or to the national territory by previously depositing them in container parks, or in fiscal or private deposits specially authorized by the National Customs Direction.

Permanence of merchandise in those areas is exempt from all taxes and duties applicable on imports.

Port Areas and Customs Port Areas

The deposit of goods in port areas and customs port areas is exempt from all taxes and duties on imports.

As established in article 2 of Law 16.246 of April 1992, circulation of goods within the Montevideo Port is free, and no authorizations or formal procedures are required to that effect. Activities to be carried out inside the Port Area must not involve any transformation in the nature of products or merchandises, being the action limited to operations of deposit, repackaging, classification, consolidation or deconsolidation, division and handling. The final destination of goods which enter the port area can be changed without any restriction. They are not subject to any restrictions, limitations, permits or previous notices.

An important aspect to consider in relation to the Uruguay Free Port regime is that the income obtained by local or foreign companies from the sale of goods of foreign origin deposited in the free port area (provided such goods do not have the Uruguay customs territory as their country of origin or destination) is exempt from Corporate Income Tax (IRAE).

A tolerance is allowed under which a maximum 5% of the total yearly sales of the goods deposited in the free port can be destined to the Uruguay customs territory, and still benefit from this exemption. When the goods deposited in this regime are sold to Uruguay, such sale will be made subject to Uruguay

Transfer Pricing rules (in general based on the arm's length principle and on the OECD guidelines and methodologies).

For those cases in which the above-mentioned limit is exceeded the exception regime will be applicable but the excess amounts will be taxed by IRAE.

With reference to Net Worth Tax (IP), foreign entities owning goods deposited under the free port regime that are not established in Uruguay by means of a branch or subsidiary have those assets exempted, but this exemption does not apply to Uruguayan legal entities with goods deposited in free port, which will be considered as IP taxable assets.

Temporary Entry System

This refers to a special system which benefits the export activity, and it reflects the existing legal support related to this activity.

This "temporary entry system" provides exemption from tax liability on certain goods used for the manufacturing of products for export.

Foreign merchandise can enter the country with the objective of being re-exported within a certain period of time (currently 18 months, which can be extended for an equal period by request). They can be re-exported in the same condition as they were imported, or they can even be transformed and then re-exported.

The following goods can be introduced in the country under the above mentioned system:

- raw materials;
- replacements (spare parts);
- packing materials and containers;
- matrixes, molds and models;
- intermediate products.

This system ensures the availability of supplies for exporting industries.

Opportunities for international investors

2

Banking System and Sources of Finance for Commerce and Industry

In Uruguay, the on-going financial liberalization and the increased trade openness, created an atmosphere that boosted the diversification of financial services offered by the country's banks and financial institutions, raised the interest of private non-resident investors and international financial institutions and enhanced the government's opportunity to maintain profitable relations with international banks and International Finance Organizations.

The Uruguayan financial system, controlled by the Central Bank of Uruguay (the Monetary Authority) is composed of the Bank of the Republic of Uruguay (BROU), the State Mortgage Bank (BHU), private banks, financial institutions (formerly known as "banking houses"), the Montevideo Stock Market, the Electronic Stock Market and other smaller-scale intermediaries.

The Central Bank of Uruguay exercises monetary regulation functions, oversees the activity of financial entities, insurance companies and private pension fund companies, implements exchange policy, and

acts as a financial agent for the Central Government. It also regulates and controls certain aspects of the local stock market.

The Bank of the Republic of Uruguay (BROU) is a commercial bank used to perform registration functions for foreign trade. In the field of foreign exchange and credit market management it acts in cooperation with the Central Bank.

The State Mortgage Bank (BHU) handles loans for housing and construction.

The Uruguayan financial system is based on the following operational features:

- The attraction of financial resources basically depends on net worth.
- Funds come from three basic sources: resident deposits, non-resident deposits, and credit lines from correspondents and other liabilities.
- Deposits are frequently made in dollars, although returns in local currency often exceed foreign currency transactions.
- The U.S. dollar is the principal foreign currency, although deposits can be accepted in Euro or in any other currency.
- Credit is primarily denominated in foreign currency, and 90% is lent to residents.
- Bank secrecy is expressly guaranteed by law (certain exceptions established by law may be applicable if decided by a court, for example in cases of alimony, exchange of tax information under international tax treaties, fraud or money laundering).

Capital Market

The Governmental regulation tends to promote the development of the local capital market by eliminating several legal obstacles and by establishing proper disclosure of accurate and transparent information so as to improve investor's reliance in the Uruguayan Stock Market.

The system is based on self regulation and it is subject to the supervision and control of the Central Bank of Uruguay.



At present, there are two stock exchanges: the Montevideo Stock Exchange and the Electronic Stock Exchange. The Montevideo Stock Exchange focuses on the issue of Certificates of Deposits of the private sector, while the Electronic Stock Exchange concentrates on foreign currency transactions.

Copyrights, Trademarks and Patents

Copyrights

Under the Law of Literary and Artistic Property, copyright protection in Uruguay applies to original works of art in the literary, scientific and artistic fields during a prescribed period. Within this period, the author or the copyright buyer has certain exclusive rights to the copyrighted material, which is protected against unauthorized use or infringement.

Copyright protection applies during the life of the author, plus an additional 40 years. If the work is not published, executed or exhibited within 10 years after the author's death, the protected work becomes public domain and may be freely used by anyone. For companies, the protected period is 40 years.

Foreign work is also protected, but proof of compliance with the related legislation in the country of origin should be submitted.

The works protected by copyright are registered at the record of the Copyright Office of the National Library. This inscription is optional and the omission does not harm in any way the possession and exercise of the rights recognized by the Law of Literary and Artistic Property.

Uruguay has ratified the Bern Convention for the protection of literary and artistic work, whereby the authors of signatory countries publishing their work in Uruguay enjoy the same rights granted to the local authors.

The regulations described above are applicable to software and to creative work in the areas of electronics and information systems sourced from foreign countries.

Trademarks

A trademark is a sign with aptitude for distinguishing the products or services of an individual or legal entity from those of another one. These signs can be visible or not visible, including advertising phrases. Registration with the Industrial Property Office (Dirección Nacional de la Propiedad Industrial- DNPI) is necessary in order to acquire the exclusive right to the trademark and provides the registrant protection during a ten-year period, with subsequent ten-year extensions renewable indefinitely.

A registered trademark does not preclude its use by third parties for designated products that differ from those related to the registered trademark.

The use of trademarks may be assigned to third parties by private contract or notarized deed, but it is always advisable to register the transfer with the Industrial Property Office in order to obtain protection against infringement. The use of trademarks may also be assigned through a license contract, which registers at the Record of Licenses of Brands that is in charge of the DNPI. Unless otherwise agreed, it is understood that the transfer or sale of a business includes its trademarks.

Patents

Industrial patents are defined as the group of institutes that protect the rights arising from inventions, creation of useful models and creation of industrial designs and models.

Industrial patents granted in Uruguay give holders the exclusive right of use during a period of 20 years. After that term, the patent becomes public domain. Patents are the new inventions of products or of procedures that suppose an inventive activity and are capable of industrial appraisal. A holder that does not use the patent within 3 years of the registration date may be forced to assign the rights under the patent to an interested party on an exclusive or non-exclusive basis. The

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term of 3 years may be extended to 5 years if failure to utilize the patent is outside the holder's control.

The models of use (any new character obtained of tools, instruments of work, utensils, devices, equipments or other known objects, which import a better utilization or result in the function to which they are destined) and the industrial models or designs (visible form that incorporated to a product of use gives a different aspect or appearance) once patented, afford their owners the exclusive right of use during a period of 10 years renewable for 5 years only once.

For these rights of exclusive use to be enforceable on third parties, the inventions, models of use and industrial models or designs must be registered at the Industrial Property office (DNPI).

The Paris Convention for the protection of industrial property ratified by Uruguay grants the persons belonging to the signatory countries a priority right on an invention, model of use or industrial model registered in one of those countries with respect to applications filed in Uruguay by other persons for the use of the same invention, model of use or industrial model.

In order to enforce this right, the registration at the DNPI must be effected within the established terms according to the case (twelve months for the patents of invention and the models of use and six months for the drawings or industrial models and for the brands of factory or trade), which is computed as from the date of registration in the country of origin.

The owners or assignees of foreign patents may ratify their patents in Uruguay, provided application is made within three years of the registration in the country of origin. Confirmed patents are protected for a period of 15 years, less the period of protection already enjoyed in the country of origin. If a foreign patent is annulled in the country of origin, its confirmation in Uruguay may also be annulled, but this criterion does not apply to the due dates for each patent, which are mutually independent.



Chapter 3

Exporting to/from the country



Trade policy

Since the mid 70's, Uruguay has undertaken a progressive liberalization policy. That process of economic opening increased foreign trade's relative importance in GDP, as a result of the growing imports and exports. Currently, the openness indicator (exports plus imports over GDP) is above 50% and significantly exceeds the indicator of other MERCOSUR neighbours like Argentina and Brazil.

Imports

Uruguay has freedom for importing all types of goods (except for used vehicles), although the imports of certain products must comply with security, sanitation and other controls.

During the year 2014, Uruguay imported goods and services by approximately US\$ 14,500 million (US\$ 11,300 of goods and US\$ 3,200 of services).

Uruguayan imports of goods correspond mainly to inputs which represent near 60% of total imports. Approximately 20% of those imports correspond to oil, since Uruguay currently does not have oil production (shore prospection studies are currently being developed under several contracts with international oil companies). Capital goods import represent 15%, while the other 25% correspond to consumption goods.

Documentation

Imported goods must be accompanied by the usual supporting documentation used in the international trading of goods, such as commercial invoice, bill of lading, certificate of origin, etc. This documentation should be prepared following the common coding nomenclature of MERCOSUR, which is adjusted to the Amendment of the Harmonized System of Designation and Coding of Merchandise.

Importations are channelled through the different national customs units and a foreign trade agent must participate in the clearance proceedings.

This procedure is administered by the National Custom Directorate (Dirección Nacional de Aduanas).

On 2014 the Uruguay Government approved a new Customs Code (Código Aduanero de la República Oriental del Uruguay – CAROU), that systematizes existing customs regulations and also puts them in line with current international trends and standards in the context of a continuous process of modernization of the customs administration.

One of the developments contemplated in the CAROU is the establishment of the Qualified Economic Operator certification, which results in simplified customs procedure for the companies and operators that receive the certification.

Tariffs

Presently, all inbound goods coming from non MERCOSUR countries are subject to a common external tariff (CET) which varies between 0 and 20% according to the type of good (raw materials, intermediary inputs or assembled products).

For some products an exception regime applies and they are subject to the tariff established by each country instead. The tariff exemption regime comprises capital goods for the manufacturing sector, hotels and forestry industries.

In addition to tariffs, imports are subject to VAT at a rate of 22%. It is applicable on CIF price plus importation surcharges on the operation.

Furthermore, some products require prior authorization from a governmental authority for sanitary or phytosanitary safety, or environmental protection reasons.

Uruguay also fixed reference price and minimum export prices according to the valuation criteria provided by the World Trade Organization (OMC) in order to neutralize unfair trade practices, such as dumping.

Origin

The requirement of origin adopted by Mercosur in the case of goods manufactured using non-origin production inputs, establishes that such inputs and the finished products should be classified in different tariff positions, or else, that the CIF value of the non-origin inputs should not exceed 40% of the FOB value of the resulting finished product.

Exports

Uruguay has as a basic principle the freedom to export.

Uruguayan exports of goods and services were of USD 13,700 million in the year 2014 (approximately 24% of GDP) from which USD 10,400 corresponded to goods. The export pattern of goods (primary and industrialized) is strongly influenced by the agricultural profile of the country's production. The main exported products are soy, beef, cereals, milk products and cellulose, all of which represent near 60% of overall good exports.

Uruguay has traditionally had a surplus in services. From the USD 3,300 million of service exports in 2013, near 60% were generated by tourism (which shows that this is one of the main sectors of goods and services exports), 20% correspond to travel and transport, and the remaining 20% is composed by other services (more than half of which correspond to software).

Uruguay's main export destinations of goods are China and Brazil (approximately 40%). As for services exports, tourism is the main sector in current dollars. Near 80% of tourists come from Argentina and represent 55% of total expenditure. Other important sources of tourism are Brazil, North America and Europe.

Fiscal incentives

"Non Traditional Export" including clothing, milling, fishing, chemical, plastics, paper, high tech, pharmaceutical are now subject to several promotional mechanism.

They comprise fiscal incentives for manufactured products, through the "declaration of national interest" and tax exemptions. Raw materials, spare parts, components, engines, packages and packing materials, molds and models, semi-processed products and intermediate products, farming products may be imported by local manufacturing industries without paying tariffs with prior authorization and provided the final product is exported within a term of 18 months (which can be extended for an additional 18 months).

In order to benefit from these incentives, all the manufactured goods must have a Uruguayan Certificate of Origin issued by the Uruguayan Chamber of Industry.

Draw Back

For certain products a draw-back regime is applicable. This regime allows the reimbursement of tariffs paid upon importation if the products are re-exported after being industrialized, or in the same status as received.

Trade Agreements

a. Mercosur

Uruguay is founding member of the Common Market of the South (Mercosur) jointly with Argentina, Brazil, Paraguay and Venezuela.

Mercosur agreement was signed in Asunción on March 26th, 1991. The Agreement's fundamental aim is to foster economic integration through the free circulation of goods, service, and factors of production among member States, by means of the elimination of all customs duties and non-tariff restrictions on the movement of goods; by adopting a common external tariff and a common trade policy through the progressive harmonization of their trade legislation.

The first stage consisted in the creation of a Free Trade Zone among the four Member States by means of a program of gradual, linear and automatic tariff reduction and elimination. The common regime currently provides zero duty

Exporting to/from the country

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imports for regional products imported from member countries except for a very limited list of strategic products that vary in accordance with each State Member's national interest.

Furthermore, a preferential system entered into force since January 1995 a Common External Tariff (CET) has been applied to all imports coming from third countries. It now varies between 0 and 20% depending on the product or its regional availability.

Agreements between Mercosur and Latin American Third Countries

Since 1996 Mercosur has signed several Trade Agreements with other Latin American Countries whose aim was the creation of a broader free economic space by promoting the free circulation of goods, services and the efficient use of productive factors. At the same time those Agreements would improve capital exchange and energetic, economic, scientific and technological cooperation among State Parties inside the Latin America region.

In June 1996 Mercosur signed a Trade Agreement with Chile (ECA No. 35). Its main objective was the creation of a Free trade Zone by means of the implementation of a

progressive liberalization program until 2004, with the exception of "sensitive" products whose liberalization might be entry into force before 2014.

In December 1996 MERCOSUR signed a Trade Agreement with Bolivia (ECA No. 36) in order to create a Free Trade Zone within 10 years.

In August 2003 Mercosur signed a Free Trade Agreement with Peru (ECA No. 58).

In November 2003 MERCOSUR Member States signed a Trade Agreement with Colombia, Ecuador and Venezuela (ECA No. 59). It established the creation of a Free Trade Zone through a progressive withdrawal of all the existing tariff barriers among State Parties within 15 years.

In July 2006 Cuba signed a Multilateral Economic Complementation Agreement with Mercosur. That Agreement aimed at improving the commercial exchange between Mercosur and Cuba by means of an ongoing reduction of all tariff barriers on an agreed list of products.

Other commercial agreements are also in place between Mercosur and Israel and India, respectively (both entered into force and effect on 2009).

b. ALADI

Uruguay is founder Member of the Latin American Association for Integration (ALADI). Other Member States are: Argentina, Bolivia, Brazil, Cuba, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru and Venezuela. The Treaty that created ALADI was signed on August 12th, 1980 in Montevideo. It contains the ALADI legal framework establishing the following general principles: economic and political pluralism, progressive convergence toward the creation of a Latin America common market, flexibility, differential treatment according to the country economic development, and multiplicity of procedures for fostering trade.

ALADI enhances the creation of a trade preference area in the Latin America Region and its ultimate aim is the built of a Latin-American common market, mainly through three mechanisms:

- Regional tariff preference granted to products originating in the member countries, based on the tariffs for third countries;
- Regional scope agreement, among member countries;
- Partial scope agreements, between two or more countries of the area.

Either regional or partial scope agreements may cover tariff relief, trade promotion; economic complementation; agricultural trade; financial, fiscal, customs and health cooperation; environment preservation; scientific and technological cooperation, tourism promotion; technical standards and many other fields, according to the Montevideo Treaty.

c. Agreement with Mexico

In November 2003 Uruguay signed a Free Trade Agreement with Mexico (ECA No.60). It entered into force in July 2004. It established the creation of a Free Trade Zone between Mexico and Uruguay that would enable the free movement of goods and services through the elimination of all tariff and no-tariff barriers. It is also a useful instrument to foster an open and predictable environment for further trade and investment opportunities.

d. Agreement with the United States

In January 2007 Uruguay signed a Trade and Investment Framework Agreement (TIFA) with the United States.

It aims at expanding economic opportunities between Uruguay and the United States while simultaneously coordinating their efforts to promote greater trade liberalization.

Through the agreement, the parties establish a United States-Uruguay Council on Trade and Investment. The Council will meet at least once a year, in order to monitor trade and investment relations between the Parties and to identify opportunities for liberalizing bilateral trade and investment.

The first meeting of the Council on Trade and Investment was held in Washington on 26 April 2007, and the last one in Montevideo, on October, 2010.



Business Entities

Chapter 4



Main Business Organizations

The main forms used to carry out business activity in Uruguay are basically the following:

- Limited Liability Partnership - Sociedad de Responsabilidad Limitada (SRL)
- Joint Stock Company - Sociedad Anónima (S.A.)
- Branch of a Foreign Company - Sucursal de Sociedad Extranjera
- General Partnership - Sociedad Colectiva
- Unipersonal Enterprise - Empresa Unipersonal

Limited Liability Partnership (Sociedad de Responsabilidad Limitada - S.R.L.)

The Limited Liability Partnership has usually been the type of legal structure used by small and medium size business entities. As from July 2nd 2007, no minimum or maximum capital is legally required.

Their capital is established in indivisible quotas of equal value and cannot be represented in shares or negotiable certificates.

In case of capital quota transfers, the original deed must be amended. All transfers to third parties are subject to partners' consent. No limitations are applicable regarding the nationality or residence of partners.

The SRL founding partners must subscribe a partnership deed to be registered at the Public Trade Registry. The partnership must also be registered at the General Tax Office, at the Social Security Office and at the Ministry of Labor. A deed's summary must be published in the Official Gazette and in another national newspaper.

The whole procedure takes approximately one month, but business can start as soon as the deed has been signed. During formation proceedings partners are jointly liable for all the obligations in which the partnership incurs, until the formation procedure ends.

The subscription of the company agreement can take place either by the partners or by representatives of each partner, duly authorised through power of attorney by the company's authorities. In case one or all partners are foreign legal entities, the following documents must be previously obtained:

- Copy of Articles of Incorporation of the founding legal entity, including corporate purpose and the possibility of creating companies abroad;
- Good Standing Certificate confirming corporation's good standing in its country of residence;
- Copy of Corporate By-laws;
- Copy of the resolutions duly adopted by the Corporation authorities deciding the creation of the Uruguayan company and authorising the performance of all agreements, documents and instruments to be executed, delivered and performed in connection with the subject.

All documents issued abroad should be legalized at the nearest Uruguayan Consulate and at the Uruguayan Ministry of Foreign Affairs to be admitted as valid in Uruguay for registration purposes. They must be translated into Spanish by a Uruguayan public translator.

Joint Stock Company- Corporation (Sociedad Anónima - S.A.)

The Joint Stock Company or Corporation is the most common type of corporate structure, used by foreign investors to carry out commercial or industrial activities. In general they do not have any operational restrictions and are allowed to engage in every type of business.

Two types of Joint Stock companies may be distinguished:

- Public Companies (Sociedades Anónimas abiertas) are mainly those that quote their shares on the stock exchange.

b. Private Companies (Sociedades Anónimas cerradas) which are the common operating corporations.

Law does not establish any minimum or maximum share capital in order to create a Joint Stock Company, however S. A. capital has to be expressed in local currency. After foundation, a single shareholder may have 100 percent shareholding in the Corporation.

The liability and the distribution of earnings is limited to the amount of the capital subscribed by each shareholder.

Bearer shares can be easily transferred by delivering share certificates. Nominative shares must be endorsed and their transfer must be notified to the corporation.

All the proceedings regarding by-laws or capital constitution, modification, winding-up, transformation, merger or split up are subject to control by the National Internal Audit Office. However, in practice, during their functioning and in case of liquidation, that control is only carried out for open Corporations.

In order to create a Joint Stock Company, investors must:

- Approve the Bylaws, which must include corporate name, legal address, main purposes and powers, capital and rules for its administration and management.
- Submit the Bylaws for approval to the National Internal Audit Office (Auditoría Interna de la Nación) and, file them at the Public Trade Registry (Registro Público y General de Comercio).
- Publish an extract of the Bylaws in the Official Gazette (Diario Oficial) and at least in one national newspaper.
- After constitution, register at the General Tax Office, at the Social Security Office, and the Ministry of Labor. In case of contracting employees they should also be registered at the State Insurance Bank.

The costs involved in forming an S.A. are:

- Control of Corporations Tax.
- The Superintendency of Corporations' fees.
- Publication in the Official Gazette and in another newspaper.
- Notary Public's fees and legal fees depend on the amount of work involved and on the corporate capital required.
- The constitution proceedings may take several months. In the meantime, the company can operate as a "Corporation in formation". During that period its founders are jointly and severally liable to the company and to third parties.

Registration of bearer shares

In the year 2012, Law N° 18.930 introduced a new regime applicable to bearer shares under which the ownership of these shares must be registered at the Central Bank of Uruguay (Banco Central del Uruguay – BCU). All the necessary information to identify the owners of the bearer shares must be communicated to the BCU as well as information regarding changes in the capital participation of these shareholders. The BCU will keep this information in a special Register created by the Law for such purposes.

If the required information is not provided to the BCU, shareholders will not be entitled to exercise their corporate rights in the entity (such as the right to vote at shareholders meetings) nor will they be allowed to collect dividends. In addition, the entity and the stockholders will be fined if they do not provide the required information.

Purchase of "shelf companies"

To avoid constitution proceedings, investors have the opportunity to acquire a common or special shelf corporation with no previous activity. Investors must transfer their shares and appoint a new Board of Directors to gain control over the Corporation. This procedure is widely used and if properly organized it can be completed in one working day.

Branch of a Foreign Company

A corporation which has been duly incorporated in a foreign country may, upon evidence of such condition, carry out isolated transactions and appear in court without any special requirements.

When such corporations wish to implement in Uruguay the operations comprised in their corporate objects they must establish a branch in Uruguay or any other type of permanent agency.

In such cases the following requirements must be fulfilled:

- Registration of the company's bylaws, the company's decision to establish in Uruguay, its domicile, the appointment of the person/s in charge of the administration or representation and the determination of the assigned capital when it corresponds, at the Public Trade Registry.
- Publication of all the documentation concerning the creation of a new Branch in Uruguay in the Official Gazette (Diario Oficial) and in one national newspaper.

All documents must be legalized by the respective Uruguayan Consulate and then by the Uruguayan Ministry of Foreign Affairs. They must be translated into Spanish.

The Branch must also be registered at the General Tax Office, at the Social Security Office, at the Ministry of Labor and if it has employees, at the State Insurance Bank.

The formation and registration proceedings may take several months.

At present, the law does not establish any minimum or maximum initial capital to form a Branch in Uruguay.

Branches of Foreign Companies have no operating restrictions. However its activities must conform to those performed by the Head-Office and it is thus unable to transform

itself by adopting a different legal structure. Therefore, the foreign Head-Office is always fully responsible for the all the branch's legal obligations.

Operative Advantages and Disadvantages

a. Limited Liability Company (S.R.L.)

Advantages:

- Limited liability.
- Continuity of Existence.
- Comparatively few formalities regarding organization and operation.

Disadvantages:

- Changes in ownership require the amendment of the company's agreement.
- S.R.L Companies cannot be used to perform banking or insurance activities.

b. Joint Stock Company (S.A.)

Advantages

- Limited Liability.
- Easy Share Transfer.
- Continuity of Existence.

Disadvantages:

Additional government and statutory controls and regulations, especially in the case of public companies.

c. Branch

Advantages:

- Easy establishment
- No local board and shareholders' meetings to hold.

Disadvantages:

- Impossibility of attracting local capital participations.

Other Business Entities

Unipersonal Enterprises

Engagement in business can be undertaken individually, without forming a partnership or a corporation. Unipersonal Enterprises are not considered legal entities and are completely represented by their owners who own both

capital and profit. In practice, those business entities are used by those investors who aim at engaging business individually.

They have no operating restrictions, except for financial activities. No minimum or maximum capital is required to create a Unipersonal Enterprise. The owner is fully responsible for all the Company's debts.

They must be registered at the General Tax Office, at the Social Security Office, at the Ministry of Labor and in case of having employees at the State Insurance Bank. They are not subject to the control of the National Internal Audit Office.

Cooperatives

Cooperatives are created between individuals in order to reach specific objectives or operations performed. They have no operating restrictions, although they can only have cooperative purposes. Profits are not distributed to partners in proportion to their capital contributions, but in proportion to the work.

No maximum or minimum capital is needed to form a Cooperative. The liability of its members is limited to the amount of their capital contributions. Partners can freely enter into or withdraw from the cooperative at any time.

Notwithstanding the general rules, there are specific regulations for cooperatives engaged in the following activities: work, consumer, rural, housing, saving and credit, insurance, reciprocal warranty, social and of artists.

Consortium

They are formed under a contract signed between companies or individuals with the main purpose of engaging in a specific activity. Consortium must not divert from those aims they are created for.

Each member is not jointly liable and he is only responsible for his own obligations, except if differently agreed.

It is important to remind that, according to Uruguayan Law, Consortiums are not intended to obtain and distribute earnings among participants but they aim at regulating the activities among members. Anyway, if they generate income they will be subject to Corporate Income Tax.

Group of Economic Interest (Joint Ventures)

Joint Ventures are not specifically regulated under Uruguayan legislation. Therefore they can adopt any partnership structure. In practice, the creation of a Group of Economic Interest (GIE) may be a proper way to operate a Joint Venture. The Group of Economic Interest is constituted



by contract and registered at the National Trade Registry. Its object, form of administration and other characteristics can be freely agreed between the parties.

If the GIE obtains incomes, it will be levied by the Income Tax.

General Partnership (Sociedad Colectiva)

This legal structure is rarely used to carry out business activities. The partners are usually administrators of the Company and they are subsidiarily and fully liable for the partnership's debts without any limitation.

Limited Partnership (Sociedad en Comandita Simple)

In Limited Partnership two types of partnership can be distinguished: active and silent. Active partners are fully responsible for the partnership's debts. Silent partners are liable for the amount of capital they contributed with.

Limited Company (Sociedad en Comandita por Acciones)

In the Limited Company, the silent partners' capital is divided into shares. Active partners are liable without any limitation for the partnership's debts, while silent partners are liable only up to the capital they contributed with.

Capital and Industry Partnership (Sociedades de Capital e Industria)

In the Capital and Industry Partnership, silent partners, called capitalists, are liable for the partnership's debts up to the capital they contributed with. Partners who contribute their industry or work are liable up to the amount of retained earnings to be distributed according to their capital.

De Facto Partnership (Sociedades de Hecho)

De Facto Partnerships are those lacking in a written contract. In practice they are subject to a regime similar to that belonging to the General Partnership (except for certain differences in partners' responsibility).

Legal and Accounting Regulations

The Annual Financial Statement must be prepared according to a standard format prescribed by regulations, which include standards for classification of accounts and minimum disclosures.

Since 1991, generally accepted accounting principles have been established by decrees of the Executive Power, according to the IAS (International Accounting Standards) principles issued by the IASC (International Accounting Standard Committee).

Statements on auditing standards, covering the definition of standards for audit reports, scope, limited reviews and compilation of financial statements, have been issued by the Uruguayan Professional Institute (Colegio de Contadores y Economistas del Uruguay). The branch must keep separate accounting records in Uruguayan currency and in Spanish language.

No independent audit is required, except for financial institutions' statements to be filed with the Central Bank (banks, insurance companies, and other regulated financial institutions) and for companies with bank credit facilities over a certain amount.

Banking and financial activities are subject to special regulations and limitations.

Labor and Social Security

Chapter 5



Uruguay can provide investors with a well trained and qualified work force within the Latin American context, as a result of its educational system and its cultural environment.

Labor Relations and Salary

Labor relations are ruled by a detailed legislation. The Constitution recognized the freedom of association which led to the creation of many Union movements that are now organized into enterprises or activity sectors. Affiliation is voluntary and the law establishes that all measures tending to limit the union freedom are strictly forbidden, forcing the reinstatement of the dismissed workers for union reasons.

Labor Unions administer collective relations through their free and continuous interactions, while the State intervenes on secondary and indirect basis. In particular, the Ministry of Labor and Social Security functions as mediator when labor conflicts occur.

The Councils of Salaries are governmental entities that establish minimum salaries by economic sector and by category with half-yearly readjustments. In the private sector, the minimum national salary and readjustments for each category are fixed by individual negotiations or in some cases through collective bargaining. Both the individual negotiation and the collective one cannot result in lower salaries than those established by the Councils of Salaries for each corresponding category.

Some of the Labor Unions are particularly strong and the level of labor conflicts in certain sectors (e.g. construction, metallurgy) has tended to increase in the last years.

The minimum national salary established by the Executive Power practically functions as a parameter to calculate social security benefits. At present, it amounts to approximately US\$ 350 (\$ 10.000).

A special compensation is mandatory for night hours work (basically 20% of the normal hour's rate).

Some benefits (government subsidy) are in force for employees that hire young workers.

General labor regulations

In general, every working day last for 8 hours with a half an hour up to two hours paid recess, from Monday to Friday. In commercial activities each employer can establish opening and closing hours according to the daily hour limits. Working hours exceeding the legal or conventional hours generate double pay in normal working days and two and a half pay in non-working days. Exceptions apply to brokers, collectors, collection inspectors, supervisory staff and professionals with a university degree.

Paid Holidays and Vacation Bonus

Non - labor days are: January 1st, May 1st, July 18th, August 25th and December 25th. During holidays workers receive their normal daily remunerations. In those days, in case the worker effectively works, he will receive a double pay.

Each employee is entitled to a paid vacation of 20 days per year. Depending on the length of the employment relationship, the period becomes longer. Each annual holiday should be taken within the year and it may be split in fractions.

In addition to annual paid vacations, employees are entitled to receive from the employer an amount known as vacation bonus ("salario vacacional"). It is equivalent to the total net wages during the vacation period less the social security charges borne by the worker. This vacation bonus is exempt from all the social security contributions.

A supplementary annual salary is payable to all workers in the private sector. It should represent 1/12 of the total cash remuneration received by the worker during the last twelve months and it must take place before December 24. One-half of the bonus is given in June and the other part in December. The legal annual bonus is exempt from employer's health insurance contributions.

Any additional vacation bonus will also be exempt from social security contributions provided it is paid together with the legal vacation bonus and its amount is not higher than one hundred percent of the legal bonus.

Dismissal indemnities

The employer can dismiss his workers, but he is obliged to pay an indemnity. For monthly workers, such indemnity amounts to one monthly salary for each year of service, for a maximum of six months.

Workers on a wage basis, must have worked a minimum of 100 labor days in order to generate indemnity rights and to receive an indemnity equivalent to 2 days of pay for each 25 days worked, within a maximum of 150 days.

Additional indemnities are payable in case of dismissal of sick workers, banking workers, traveling salesmen and pregnant women.

The employer is not obliged to pay indemnity if termination is due to worker's misconduct or non-compliance. Although the law does not define this concept, it is understood to be a situation that puts in jeopardy the continuity of the working relation as a consequence of misconduct or non-compliance of the worker. This misconduct may consist in one act of sufficient importance or repetition of acts of lesser importance.

Outsourcing

Companies that use subcontractors, intermediaries or human resources suppliers, are responsible for the labor and social security

obligations towards the contracted employees, as well as for the payment of contributions to the social security system. If the company that hires the service has followed and documented certain measures to check that its subcontractor has complied with its legal and social security obligations, its responsibility will only be subsidiary; otherwise it will be jointly liable for the referred obligations.

All workers provided for temporary employment should receive those labor benefits that are established by the Councils of Salary, the collective agreements or the decrees of the Executive Power.

It is prohibited to use the modality of subcontracting, intermediation or suppliers of manpower, to replace workers who are covered by unemployment subsidy or under a collective conflict.

Social Security and other Employee Benefits

All employees are subject to the social security system which includes: old age, disability, sickness, death, unemployment, labour accident and maternity benefits.

The affiliation to the system is mandatory. The Social Security Office (BPS) is the public agency responsible for implementing the social security system, collecting all the contributions payable by the companies and their employees and maintaining an updated record concerning the labor history of each affiliate.

The local social security system is financed by contributions made both by employers and by their employees. Employee's contributions must be withheld by the employer on a pay as you earn basis. As a general rule these contributions are levied monthly, calculated on the remuneration (in cash or kind) received by the employee as a result of the employment relationship.

The general social security rates are the following:

	Employer contribution	Employee contribution
Pension Fund	7.5%	15%
Health Service	5%	From 3% to 8%⁴
FRL	0.125%	0.125%

⁴ Depending on the worker's monthly salary and on the existence of dependent children.

Employee contributions must be paid monthly and they should be withheld by the employer from the remunerations paid to the worker.

The Pension Fund contribution is not compulsory for remunerations exceeding approximately US\$ 4,000 but the employee may choose to contribute for that exceeding amount.

There is no Health Insurance contribution for corporate directors.

For farming undertakings the taxable base for the employer's contributions is not represented by the remuneration. In fact, there is a notional tax base computed according to the surface of the rural landsite and to an index of national productivity of such land.



Benefits receiving special exemptions

The following benefits are wholly exempt if their sum does not exceed twenty percent of the employee's monthly salary:

- a. Food: this benefit must be calculated taking into account only effectively working days and it does not include holidays or vacation.
- b. Total or partial payment of medical or dentist assistance: If the employer pays additional medical or dentist assistance, such benefit will be exempt from social security contributions. The beneficiaries may be not only the employee but also his/ her wife/husband, parents (if the employee is in charge of them) and children up a certain age. Through the health insurance contributions the employee is entitled to receive basic medical assistance that can be improved or complemented.
- c. Life insurance and accident insurance: when the employer pays totally or partially the amount of the corresponding premium.
- d. Transportation costs: Valid only for bus tickets provided by the employee to reach the office.
- e. Housing and education allowances: If the company rents a house, provides it to the employee, or pays him the exact amount of the rent, it will be subject to social security contributions over a monthly notional basis of approximately US\$ 270.

Foreign Personnel

Work permits

Foreigners working in Uruguay must apply for temporary (up to 2 years) or permanent residence, which are granted without major requirements: proof of good character in the country of previous residence, good health certificate and certificate of means of subsistence.

Local employers cannot hire or include in their payrolls foreigners who do not justify having started the indicate residence procedures.

This justification takes place through the exhibition of a certificate issued by the National Direction of Migration, evidencing that the foreigner has started the residence procedure.

The Social Security System

The social security system comprises the risks of disablement, old age, retirement, sickness, work accidents, unemployment and death.

The affiliation to the system is mandatory except for foreign workers rendering services in the free zones. Certain foreign workers may opt to be excluded from the Uruguayan social security system under the clauses of international treaties subscribed by the country.

The Social Security Office (BPS) is the public agency responsible for the social security system and of collecting all the contributions payable by the companies and their employees and to maintain an updated record of the labor history of each affiliate.

Benefits

Pensions

In order to receive a common pension, employees must be 60 years old and must have worked for at least 30 years.

Unemployment

In Uruguay, this benefit is meant to cover transitory unemployment. Certain employees are excluded from this benefit: e.g. the ones that are suspended or fired for disciplinary reasons. The benefit is available from the moment the worker is dismissed, when there is a total suspension of the labor relationship, or when there is a partial reduction in the habitual tasks of the company.

In order to receive the benefit, employees from the trade and industry sector must have worked at least 6 months during the 12-month period before unemployment.

The benefit is received by the worker during a six month period and is equivalent to a

decreasing percentage of his/her monthly salary ranging from 66 percent to 40 percent. In case of workers with partial or reduced work, the benefit is the difference between the benefit calculated as above, and the wage perceived.

The benefit granted under the unemployment coverage cannot exceed approximately USD 1,150 monthly.

Sickness and maternity

The worker has the right of being affiliated without cost to a medical care institution.

In the case of a common sickness, the labor contract is interrupted and the BPS will pay a sickness compensation equivalent to 70 percent of the employee's salary.

Female workers being pregnant have the right and the obligation to stop working six weeks before and 8 weeks after child birth, receiving during such period medical assistance and an amount representing salary, bonuses and vacation pay plus vacation bonus. These remunerations are paid by the social security institution and do not represent an additional cost for the employer.

The father also has the right to a paid holidays for 3 days after the child's birth that will progressively increase to 10 days by 2016.

Additionally, a subsidy has been established so that after the birth one of the parents (not both) can reduce the working hours in half (which can never be more than 4 hours) for a period of four months (extended to 6 months as from 2016) in order to ensure a better care of the newborn.

Labor accidents

Both labor accidents and professional sickness that may affect the worker are protected under a mandatory cover regime, which is public, administered by the State Insurance Bank. This regime provides medical assistance and pays annuities for temporary or permanent disablement originated by accident or sickness.

A new law was passed in 2014 establishing under certain conditions the criminal responsibility for employers which do not comply with legal and regulatory obligations regarding safety and health measures for protecting the work environment. The new law has been criticized both by the doctrine and by the private sector and its constitutionality has been questioned.

The AFAPs (Administrators of Social Security Savings Funds)

Law 16713 of September 3rd 1995, established two principles that now govern the National Social Security System:

- a. Principle of "intergenerational solidarity": active workers (together with the employers and the State) finance through their contributions the retired workers' benefits.
- b. Principle of "mandatory individual savings": each worker, during his working life, gradually accumulates his contributions in a personal account in order to generate profits which will determine the amount of his retirement. The Administrators of Pension Savings Funds (AFAPs) are organized under the form of joint stock companies and are ruled by the Commercial Company Law N° 16.060.

The AFAPs take part in the social security system in two different ways:

- a. Collective insurance contracts. Each AFAP can undertake the payment of temporary and permanent disability pensions or allowances in case of the contributor's death.
- b. Life annuity contract. The contributor agrees to transfer the money accumulated at the moment of his retirement to the insurance company which, in turn, agrees to pay him a monthly amount of money until his death. The monthly amount to be received will depend on the contributor's life expectancy at the time of his retirement and on the capital he has accumulated in his individual account. This contract enters into force when the worker retires. The insurance company also undertakes

the obligation to pay a pension to retired contributor's relatives, who have been legally entitled to receive it, after his decease.

The only requirement for insurance companies to operate in this area is an authorization from the Central Bank of Uruguay. Once the authorization has been obtained, the insurance company would have to comply with the legal and regulatory provisions which rule the formation and investment of the technical capital necessary to cover the benefits it has to pay to contributors.

Employee Participation in Management

According to the present legislation, Trade Unions do not appoint members to the Board of Directors of the companies. There are no compulsory sharing schemes.

Foreign Employees

In general, foreign employees are subject to the same social security system regulations which apply to Uruguayan nationals. Certain foreign workers may opt to be excluded from the Uruguayan social security system, corresponding social security contributions in their native countries, according to the international treaties subscribed by the Country. Agreements have been subscribed and entered into force with several countries, including Argentina, Austria, Belgium, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, El Salvador, France, Germany, Greece, Israel, Italy, Luxemburg, Netherlands, Paraguay, Peru, Portugal, Spain, Switzerland and Venezuela.



Chapter 6

The Uruguay Tax System



The Uruguayan Tax System

6

General Aspects

The general structure of the Uruguayan tax system comprises two different levels: the national and the departmental one. At a national level, the Legislative Power is charged with the approval of the new tax legislation, while the Executive Power issues detailed regulations. The 19 Departments which constitute the Uruguayan territory can only set, collect and control certain taxes, such as taxes on urban or suburban real estate, vehicles, and rates for public utilities or control services. The Uruguayan tax system is based on the territorial principle. According to that, taxes on capital or income are only applicable on business activities carried out within the Country

Uruguay has a Civil Law tradition, hence, the interpretation of the tax legislation is done according to the Tax Code giving precedence to the substance underlying the juridical form. However, case law in spite of the absence of a binding precedent concept, strongly influences comparable cases and the decisions of the Tax Administration.

When doubts concerning the interpretation of the tax legislation arise, it is possible to apply for issuance of a Tax Authority's written opinion. The opinion becomes an applicable rule until the Tax Authority notifies the taxpayer that their opinion has been modified.

Infringements of the rules governing the record-keeping, the documentation of business operations, the presentation of tax returns and the payment or the withholding of taxes are punished according to the Tax Code Law.

The Uruguayan Tax System comprises the following main taxes:

- Corporate Income Tax
- Tax on the Sale of Agricultural Goods
- Personal Income Tax
- Non Resident Income Tax
- Net Worth Tax
- Value Added Tax (VAT)

Corporate Income Tax (Impuesto a las Rentas de la Industria y Comercio- IRAE)

The Corporate Income Tax (IRAE) is an annual tax levied at the rate of 25% on net Uruguayan source of income obtained from economic activities of any nature carried out in Uruguay

Uruguayan source is defined as that obtained from activities performed, property located or rights used in Uruguay.

All commercial companies and permanent establishments of foreign business entities are subject to this tax on their Uruguayan source of income.

Foreign entities operating in the country through a permanent establishment must designate a resident individual or company that will represent them in case of tax claim. The appointed person or Company and the foreign entity will be jointly liable.

The general permanent establishment concept used in the law is that of a fixed place of business through which the business of a non resident enterprise is wholly or partly carried on.

The taxable income is determined on the basis of incomes and expenses accrued in the fiscal year. The gross income is computed by deducting purchasing or production costs from net sales. The following items are taken into account in the determination of the gross income:

- profits derived from fixed-asset disposals;
- profits resulting from the difference between market and fiscal value of goods or property transferred to the shareholders as payment-in-kind;
- exchange gains or accrued losses;
- profits coming from the sale of business establishments;
- increase in net worth except for assets revaluation, capital contributions or share redemptions.
- Fiscal results must be adjusted for inflation for tax purposes.

Taxable basis

The general principle to determine the net taxable income is to deduct from the gross Uruguayan source income (basically that obtained from activities developed, goods located or rights economically used in Uruguayan territory) the necessary expenses to obtain and maintain it accrued during the fiscal year.

All deductions have to be duly documented and they are subject to the limitations or exceptions established by law. In addition, an expense could be deductible only if it represents for the counterpart income subject to IRAE, to Personal Income Tax (Impuesto a las Rentas de las Personas Físicas – IRPF) or to Non Resident Income Tax (Impuesto a las Rentas de los No Residentes – IRNR); or income subject to effective taxation in a foreign country.

If the expenses are subject to IRPF levied on capital income or subject to IRNR, the deduction is limited to the amount resulting from the application of the quotient between

the maximum rate applied to the income of that category in the corresponding tax (12%) and the IRAE tax rate (25%).

For expenses representing an income subject to foreign taxes, the deduction will be 100% if the effective tax rate is at least 25% (i.e. foreign tax rate plus IRNR, if applicable). For lower rates, the correspondent proportion must be calculated. It is assumed that the effective rate is equal to the nominal rate, except in the case of special regimes for determining the taxable base.

In the case of expenses for personal services provided under an employment relation (e.g. salaries), the deduction is also conditioned to the corresponding social security contributions being made.

Fiscal losses can be carried forward for five years.

Net Income for foreign activities

Net income derived from activities performed partially in Uruguay, is in principle determined in accordance with the “Uruguayan source” concept. However, the net income of certain international activities is specifically defined by law as follows:

- Transportation companies: net income of Uruguayan source of foreign transportation companies (sea, air or land) is calculated at 10% of the gross revenue from outbound passenger and freight transportation. In case of transfer of the right of use of containers for transportation in international trade operations the net income of Uruguayan source is calculated at 15% of gross revenue.
- Film, tape and television industry: net income of Uruguayan source is calculated at 30% of gross revenue received for the exploitation of films and TV in Uruguay.
- International news companies: net income of Uruguayan source is calculated at 10% of gross revenue.

Instead of applying the above percentages, the taxpayers may choose to calculate the net Uruguayan income on a real basis. Once a method has been chosen it can only be changed after five years, under the Tax authority's prior permission.

Offshore Trading

The net income from intermediation activities developed in Uruguay over goods and services located abroad is determined as 3% of the difference between the selling and purchase price, in the following cases:

- Offshore trading of goods which do not enter Uruguayan territory
- Intermediation in services provided and economically used abroad.

This regime has been of special interest for companies engaged in offshore trading operations, since it effectively results in a very low taxation on the income obtained from these activities (25% on 3% of the company's gross margin).

Depreciation

Intangible assets that have been acquired, such as trademarks, patents and copyrights, are amortizable on a straight-line basis over five years, as long as they represent an actual investment and the sellers are identified. Expenses derived from the registration of rights, can be charged directly to income. Amortization of goodwill is not admitted for tax purposes.

Fixed assets items other than real estate are depreciated on a straight-line basis considering their probable remaining useful life. New automobiles are depreciated during a period of ten years. An alternative method may be authorized by the Tax authorities if it is considered technically adequate.

Profits or losses resulting from disposal of fixed assets through retirement or sale are computed by comparing the net sales proceeds with the

depreciated value of the assets revalued as of the year-end.

Non-deductible items

The following items are not deductible:

- Losses stemming from illegal operations.
- Penalties imposed because of fiscal infringements.
- Expenses incurred to obtain non-taxable income.
- Personal remunerations for which no social security contributions are paid.
- Income Tax and Net Worth Tax provisions.

Transfer pricing

Law 18.083 introduced a transfer pricing rule between related companies, and the enactment of Tax Office Resolution N° 2084 on December 2009 sets out the basic rules related to transfer pricing enforcement in Uruguay.

Transactions under the scope of transfer pricing regulations include those carried out by IRAE taxpayers with:

- Related entities incorporated, resident or located abroad.
- Entities –not necessarily related entities– incorporated, resident or located in countries with low or no taxation.
- Entities –not necessarily related entities– incorporated, resident or located in countries which benefits from a special regime of low or no taxation. This shall include transactions with entities operating in customs areas, including those based on national territory, with benefits from a regime of low or no taxation (including Uruguayan Free Trade Zone).

Regulatory Decree 56/09 of 26.1.09 contains a list of 33 countries or regimes that are considered included in the above concept, and the definition of customs areas and customs areas with regime of low or no taxation.



Regulations governing transfer prices in Uruguay are centered on the principle that the prices charged in transactions with associated enterprises (involving goods, services, funding, or the use of intangible property) must be at arm's length prices.

For this purpose Uruguayan regulations have been mostly based on the rules included in OECD's Transfer Pricing Guidelines.

Companies are also required to keep, together with the accounts for the fiscal year, all the documents, vouchers, and evidence showing the company's transfer prices, the methods used in their determination, and the comparison criteria used to establish that the method used was the best for the underlying transaction or company.

The transfer pricing methods acceptable by law are the following: comparable uncontrolled price; resale price; cost plus, profit split and transactional net margin method. Also is included a specific methodology to measure the taxable income derived from import or export transactions involving "commodities". The method to establish whether transfer prices comply with the Arm's Length Principle

is the method that best reflects the economic facts of the transactions.

Taxpayers must submit an annual declaration and a transfer pricing documentation report when any of the following conditions are met:

- a. The value of the transaction is greater than UI (Unidades Indexadas) 50,000,000 (approximately US\$ 5,400,000) in the corresponding fiscal period.
- b. If notified by the DGI.

DGI Resolution establishes that the Transfer Pricing Documentation Report and the Transfer Pricing Return – for these taxpayers – must be filed in the ninth month following the close of the tax year, based on the due-date table established for each group of taxpayers.

Although not all the taxpayers are required to file the Transfer Pricing Return, they must maintain the documentation that supports the correct pricing determination.

The information to be disclosed is the following:

- A transfer pricing declaration (return) indicating the different related-party transactions, the transaction amount, and other general information.
- A Transfer Pricing Study. The major elements required or recommended to be included in a transfer pricing study are: Business description/overview; functional analysis; risk analysis; description of controlled transactions; method selection; rejection of alternate methods; identification of comparables; economic analysis; identification of the foreign counterparty with whom the transactions had been conducted; determination of the median and the inter-quartile range; transcription of the statement of income of the comparable companies corresponding to the fiscal years necessary for the comparability analysis, with an indication of the sources of such information; description of the corporate activity and the characteristics of the business carried out by the comparable companies; rejection matrix with criteria followed to discard companies as comparables and conclusions obtained.
- Financial Statements.

Exempt income

Exemptions have been established for certain types of income, including:

- a. Income earned by national airlines and shipping companies: In the case of foreign companies, exemption is granted by the international reciprocity rule. Exemptions to foreign companies engaged in road and rail transportation are subject to reciprocal treatment.
- b. Freights for maritime transportation of goods from Uruguay to foreign countries.
- c. Income from agricultural activities included in the Tax on the Sale of Agricultural Goods (IMEBA).
- d. Income subject to Personal Income Tax

e. Income subject to Non Resident Income Tax

f. Income from investigation and development in areas of biotechnology and bio-software, or obtained from the production of software and related services (if they are fully utilized abroad)

g. Dividends or profits from the holding of capital participations.

h. Cultural, educational and sport institutions' income.

i. Income obtained by official entities of foreign countries, subject to reciprocal treatment, and by International Organizations settled in Uruguay.

j. Income from small business (each year the government establishes an amount of gross revenue, below which businesses are exempt from Corporate Income Tax.

In addition, special exemptions have been established for investment activities, as described in Chapter 2.

Non Resident Income Tax (Impuesto a las Rentas de los No Residentes – IRNR)

Non Resident Income Tax (Impuesto a las Rentas de No Residentes – IRNR) is levied on the Uruguayan source income obtained by nonresident individuals or by foreign companies without a permanent establishment in the country.

Legal entities are considered as non resident if they have been incorporated under the laws of a foreign country. In the case of individuals, they will be considered as non resident for tax purposes if they stay in Uruguay less than 183 days per calendar year or if the centre of their economic or vital interests is not located in our country (when the taxpayer has moved to Uruguay with his wife or sons, it is presumed that the centre of his vital or economic interests is located in Uruguay).

With reference to the categorization of income as of Uruguayan source, it is basically understood as such, the one that is obtained

from activities developed, goods located or rights used economically in Uruguayan territory, but income obtained from technical services provided from abroad to IRAE taxpayers is also considered of Uruguayan source.

IRAE taxpayers that pay or credit taxable income to non-resident have been appointed as withholding agents of IRNR.

Payments subject to the IRNR withholding include:

- Interest of loans received from abroad at a tax rate of 12%;
- Dividends or profits paid or credited abroad by IRAE taxpayers at a tax rate of 7% provided they correspond to IRAE taxable income and capped by the fiscal profits obtained during the fiscal year for which the dividends or profits are distributed;
- Technical service payments at a tax rate of 12%, applied on the total amount of the fees paid or credited for these services. It should be noted that income obtained from technical services provided from abroad to IRAE taxpayers is also considered of Uruguayan source, even if the services are rendered outside Uruguay, this being an exception to the source of income principle. For this purpose technical service fees have been defined by local tax regulations as "all amounts paid or credited for services provided in the areas of management, techniques, administration or advice of any type".

The law also establishes certain exemptions from IRNR such as:

- a. Public Debt interest and capital gains.
- b. Interest from loans, when assets associated to income exempt or not subject to Corporate Income Tax exceed 90% of the total assets.
- c. Capital gains derived from the sale of assets, when the individual price of the sales does not exceed 30,000 Indexed Units, and the

total amount of sales does not exceed 90,000 Indexed Units during the fiscal year.

d. Income from maritime or air navigation companies under reciprocity condition. Income derived from freights for maritime or air transportation of goods from Uruguay to foreign countries is always exempt.

e. Income from activities developed abroad, in customs areas, and in free zones, when goods do not have Uruguay customs territory as their place of destination. This exemption will also be applicable when those goods have Uruguay as destination if operations do not exceed 5% of the total amount of sales in transit or deposited during the fiscal year.

Personal Income Tax (Impuesto a la Renta de las Personas Físicas - IRPF)

This is a personal and direct tax levied on Uruguayan source income obtained by resident individuals. It is applied under a dual system, which distinguishes two income categories: Category I which includes income derived from capital and Category II which includes income derived from labor.

Category I includes the following income:

- **Capital Gains:** The capital gains consist of income obtained from assets, goods, or rights over which the taxpayer holds title. They include the income derived both from movable property (e.g. deposits, loans, placements, lease of movable goods, goodwill, patents, royalties, copyrights, dividends, etc.) and from real estate (e.g. rental or sub-rental of real estate in Uruguay).
- **Net Worth Increases:** Net worth increases include the income derived from the transference of intangible or material assets, movable or real estate. This category also includes donated goods whose fiscal value is compared to the market value, provided the former is higher than the latter.

The Uruguayan Tax System

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The tax rates applicable to Category I are the following:

- Interest corresponding to deposits in national currency or Indexed Units (UIs), with a term of more than 1 year in national banks and financial entities: 3%
- Interest of debt titles with a term of more than three years, issued through public subscription and quoted at a stock exchange: 3%
- Income from participation certificates issued by Uruguay trusts (fideicomisos), issued and quoted at Uruguay stock exchanges: 3%
- Interest corresponding to deposits with a term of one year or less, in national currency and without adjustment clauses: 5%
- Dividends or profits paid or credited by Corporate Income Tax taxpayers: 7%
- Income from author rights over scientific, artistic or literary works: 7%
- Other income: 12%.

The legal exemptions established for Category I include, among others, the following income:

- Interest and capital gains from Public Debt Titles issued by the Uruguayan State,
- Dividends and profits corresponding to income not subject to Corporate Income Tax,
- Net worth increases corresponding to the sale of bearer shares from Uruguay companies,
- Net worth increases not exceeding the amount of UI 30,000 individually, and UI 90,000 in total during the year,
- Income from the rental of real estate that does not exceed a certain amount, provided certain additional conditions are fulfilled, including the lifting of bank secrecy.
- Net worth increases obtained from the sale of the real estate that constitutes the permanent housing of the taxpayer, only if:
 - the amount obtained from the sale does not exceed UI 1,200,000,
 - at least 50% of the selling price is destined to the acquisition of real estate

for permanent housing purposes with a value that does not exceed UI 1,800,000, and

- the purchase of the new house takes place within a term of 12 years from the sale of the previous one.

Foreign source income obtained by resident individuals as a rule is not considered as taxable, with the exception of dividends and interest received from abroad, which are subject to IRPF at the rate of 12%.

Notwithstanding, foreigners who become fiscal residents in Uruguay have the option of being treated as non resident exclusively for purposes of these capital income obtained from abroad, which in that case will not be considered as taxable. This option will apply for the year in which the foreigner changes its fiscal residence to Uruguay and for the following five years.

Category II includes income from personal activities involving employment relations or independent services not subject to Corporate Income Tax (IRAE).

With reference to labor income, the following aspects must be taken into account:

- a. Labor income is determined applying the accrual principle.
- b. Income resulting from currency exchange differences and price readjustments are computed at the moment of payment.
- c. The income from employment relations includes all regular or extraordinary revenues, in cash or kind, obtained by the taxpayer considering his working activities. Severance indemnifications, are also considered taxable income if their amount exceeds the legal minimum indemnification,
- d. The tax is determined through the application of progressive rates linked to a scale of income. The sum of the computable incomes is entered in the scale, and the portion of the income in each section is levied with the corresponding rate.

Taxpayers can deduct the following expenses:

- Social Security Contributions
- Medical care expenses for dependent children: A notional expense of 13 BPCs⁶ per year per child. This deduction is duplicated in case of disabled children.
- Under certain conditions, the payment of loans destined to the purchase of the permanent living accommodation of the individual provided its value does not exceed a certain amount.

A credit is also granted for the rental of housing, under certain conditions (including the identification of the owner of the leased house) and up to 6% of the rental payment.

Category II income is subject to tax at progressive rates ranging from 0% to 30% according to the following chart:

Rate	Annual income
Exempt	Up to the nontaxable-minimum of 84 BCPs annually
10%	From 84 BCP to 120 BCP
15%	From 120 BCP to 180 BCP
20%	From 180 BCP to 600 BCP
22%	From 600 BCP to 900 BCP
25%	From 900 BCP to 1380 BCP
30%	More than 1380 BCP

Based on Law N° 18.083, the Executive Power has appointed a series of withholding agents for Personal Income Tax liabilities. These agents must basically:

- Provide the taxpayers with documents evidencing the amount of tax that has been withheld in each occasion.
- Pay the withheld taxes to the Social Security Office (BPS), in terms and conditions established by the applicable regulations.
- Present tax returns of the withholdings applied, in the terms and conditions established by the applicable regulations.

In the case of labor income from employment relations, all employers of active workers affiliated to the Social Security Office (BPS) have been appointed as withholding agents. An active worker is an individual who develops personal activities covered by any social security institution.

The withholding is applied monthly as an advance payment of the annual tax. The advance payment is determined by applying the scales established by law to the monthly net income. The income to be computed for purposes of the withholding cannot be inferior to the taxable basis determined for Social Security Contributions purposes.

⁶ Bases de Prestaciones y Contribuciones, a unit of value created by law. Its current value is of UY\$ 3,052, approximately US\$ 100 at the current exchange rate.

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Besides the monthly withholding, the withholding agent will make an annual adjustment every December 31st. The balance will be the difference between the annual tax determined under applicable legal provisions and the monthly withholdings made by the agent. If this calculation results in a liability for the taxpayer the withholding agent shall withhold the corresponding amount and transfer it to the collecting organism (in this case, the Social Security Office). When the adjustment results in a difference in favor of the taxpayer, the corresponding amount will be returned by the Tax Office (Dirección General Impositiva – DGI).

For Category II income, the option exists for resident taxpayers which are part of a family group (married couple or judicially declared cohabitation) to pay the tax jointly.

If an individual only obtains labor income from one employer, the withholding made by that employer can be considered as final, and the taxpayer will not be required to present a tax return. If the taxpayer obtains other labor income subject to Personal Income Tax, the withholding made by his employer will be considered as an advance payment of the annual tax.

Net Worth Tax (Impuesto al Patrimonio - IP)

The Net Worth Tax (IP) is assessed on assets located in Uruguay less certain debts, as at the close of the fiscal year. This tax is levied annually on the net worth (of individuals, family groups, numbered bank accounts, domestic and foreign corporations).

For industrial and commercial business entities and forming exploitations- except certain debts- the rate is 1.5%. In the case of banks and banking houses the tax rate is 2.8%.

For manufacturing industries, industrial equipment is excluded from taxable assets during a period of 5 years from the date they are put into production, and after this period such equipment is computed only at 50 percent of its fiscal value.

For individuals and families the Net Worth Tax is imposed at progressive rates ranging from 0.7% to 1.2%, with an individual non taxable minimum of approximately US\$ 105,000 which is duplicated in the case of families.

Only assets located, placed or economically utilized in Uruguay are subject to tax. Individuals or legal entities domiciled abroad are not subject to this tax in respect of outstanding balances of import operations, deposits and deposits made to Uruguayan residents.



The following assets are exempted from the Net Worth Tax:

1. Government bonds and debt securities issued by the State Mortgage Bank and by the Central Bank.
2. Shares or quotas held by entities subject to Net Worth Tax and company debentures quoted at the Stock Exchange.
3. Certain debts of business entities that are taxable assets for the creditors. This category includes imports pending payment, loans and deposits received from creditors domiciled abroad and debentures quoted at the Stock Exchange issued by business entities.
4. Government securities.
5. Bank deposits held by individuals.

Foreign assets and exempt assets are both deducted from the company's assets and liabilities to determine the taxable net worth.

Value Added Tax (Impuesto al Valor Agregado)

This tax is levied on the internal sales of goods, on services provided within Uruguayan territory, on imports to Uruguay and on the aggregate value generated through real estate constructions.

VAT has been structured as a general consumer expenditure tax in which the basic principle is to charge tax at each stage in the production of goods and services, with each supplier receiving credit for the tax he has paid so that the total tax is actually borne by the final consumer.

All business undertakings that are income taxpayers are defined as VAT payers. VAT also applies to self-employed individuals and associations of individuals rendering personal services.

Two different rates apply: a basic rate of 22% and a reduced rate of 10% for specific sales, such as basic food items, medicines, and services rendered by hotels.

There is no special rate for luxury items; however, some of them are subject to excise taxes.

The tax is calculated on the net amounts charged for sales and services as specified in the invoice and it forms part of the final price paid by the consumer.

The following products are exempt from VAT: 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 and educational material.

Exports as well as sales of farming products by farming income taxpayers are zero-rated, with the effect that VAT is not computed on the net amounts invoiced, allowing VAT refund.

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.

Under Law 19.210 and its regulatory decree, as from August 1, 2014, all purchases made by final consumers through debit cards got a two point reduction on VAT rates which was temporarily increased to a four point reduction during a term of one year for transactions of less than 4,000 Indexed Units (approximately US\$ 410). Starting on August 1, 2015, these temporary rate reductions will be of three points instead of four, and therefore, the rates for these transactions will be of 20 percent and of 8 percent, with 19 percent and 7 percent rates applying for transactions of less than 4,000 Indexed Units. In the case of purchases made with credit cards, the reduction in the tax rate (which only applies for transactions below 4,000 indexed units) was originally of two percentual points and will also be lowered to 1 percentual point as from August 1st (in the

case of credit card transactions the benefit will stop applying after August 1, 2016).

VAT is administered by the General Tax Office. Tax returns are filed monthly by the end of the following month. If the return shows a credit, it will have to be carried forward (without adjustment for inflation) to the following months until it is offset by VAT on sales.

In the case of exporters the Tax authorities issue credit certificates for the amount of VAT on purchases, which can be used to offset other tax liabilities or endorsed to pay exports. These certificates can be requested monthly and they are generally issued within two or three months after the application date.

Other Taxes

Tax on the Sale of Agricultural Goods (IMEBA)
This Tax is levied on the first sale made by producers for specific goods, such as wood, hides, cattle on foot, grain, milk, fruits, vegetables, products derived from poultry, bee-keeping and rabbit breeding. All exports of those goods made by producers are also subject to tax.

Tax rates vary from 0.1% to 2.5% depending on the type of the goods.

Notwithstanding, Corporate Income Tax will be levied instead of IMEBA under one of the following conditions:

- The taxpayer is a corporation, a limited partnership, a permanent establishment of a nonresident entity or a trust.
- The taxpayer obtains income exceeding UI 2,000,000 (approximately US\$ 210,000) during the fiscal year.
- The taxpayer is developing their exploitation in real estate of more than 1,250 hectares, CONEAT 100.

Excise Tax (IMESI)

This tax applies, in principle, on the first transaction carried out by manufacturers or importers of goods in the domestic market. Exports are not taxable.

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 certain 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 have rates varying from 10 to 30%.

Control of Corporations Tax (ICOSA)

This tax is levied on the incorporation of Corporations (Sociedades Anónimas – SAs) at the end of every fiscal year.

The rates are the following:

- a. 1.5% for corporation's constitution
- b. 0.75% for every accounting period

The taxable basis is UI 578,478 considering the quotation of the UI by December 31st of the year previous to the occurrence of the taxable event.

The tax is not levied on branches of foreign entities.

Insurance Companies Income Tax

Insurance Companies are subject to a tax on their gross earnings. Local insurance companies are assessed at a 5% rate, except for fire and vehicle insurances (7%). Marine, life and transportation insurances are exempt.

If the insurance entity is not allowed to develop an insurance activity in the country, the rate may be raised up to 40%.

Real Estate Transfer Tax

The tax is levied on the real estate transfers. Both parties to the transfer contract are subject to this tax at a rate of 2%. When the property is transferred without payment, the beneficiary pays tax at a rate of 4% on its tax valuation except for direct heirs or legatees, who pay tax at a rate of 3%.

Tax Administration

The Tax Office (Dirección General Impositiva – DGI) is entrusted with the administration and the collection of the main nationally levied taxes. The collection of the Personal Income Tax is made jointly by the Social Security Office and by the Tax Office. The municipal taxes are administered and collected by each Municipal Government. It is important to point out that the Tax Office does not administer neither social charges, nor import and export taxes. These are collected respectively by the Social security Office (BPS) and by the Customs Office (Dirección Nacional de Aduanas – DNA).

Self-assessment is the general rule for national taxes. Within four months of the financial year-end companies and individuals must file Corporate Income tax and Net Worth Tax returns by means of a standard form. On that due date the taxpayer must pay any balance of the tax liquidated and deduct monthly advances made during the year.

In the case of Personal Income Tax and Non Resident Income Tax, if the total amount of the tax is paid through withholding, the taxpayer will not be required to present his tax returns provided he chose to consider the withheld amounts as final.

In the case of error of fact or of right, the tax return may be modified without prejudice to the responsibilities for infringement. Anyway, in the course of a tax audit, the submission of corrected declarations is not allowed.

All information given to the tax authorities by taxpayers must be kept secret. However, in certain cases a judge may request the DGI to disclose information to a Court if it is dealing with criminal or family cases or special property rental cases, and only if the information required is considered indispensable. Tax secrecy can also be lifted in the case of exchange of information requests made by other countries in the context of international tax treaties.

Declarations may be audited by the Tax Authority through the General Tax Office on a random sampling basis. The audit may require the taxpayer to provide further information or explanation on certain issues. When the authority disagrees with all the given explanations, a formal report is collected and forwarded to the taxpayer; however, it provides the taxpayer with the opportunity to enclose further documentation supporting his opinion within the ten days. After that, a final assessment is issued, but the taxpayer has the right to appeal it.

A taxpayer who has been over assessed or ever improperly fined can appeal to the General Tax Office and, simultaneously, to the Executive Power. Both appeals must be filed jointly within ten days that follow the notification. If both appeals are rejected, the taxpayer may apply to the Court of Government Administration Claims for a declaration of nullity.

Failure to pay taxes, withholdings, prepayments or social security contributions is punished automatically with a late payment fine of 5% or 20% according to the delay, plus a delinquent interest capitalized every four months. In case the withholding taxes have not been paid when they have already been withheld, the one-time fine increases to 100%. Fines for omission can vary from one to five times the amount of the due taxes up to 15 times the whole amount in case the offense involves fraud. Tax fraud is punished by the Criminal Law.

Electronic invoicing

The Government is in the process of implementing a new regime for electronic invoicing, based on a timeline which aims at including most taxpayers by the end of 2019.

The authorization from the Tax Office for a taxpayer to use electronic invoices requires that the applying company first complies satisfactorily with a number of tests, and then applies to the Tax Office for authorization with documentary evidence on the results of the initial tests, indicating that it will comply with all the conditions legally established for this regime to operate. The Tax Office will evaluate the application together with the documents and information provided and then decide whether it authorizes the applicant to use the electronic invoicing regime.

Some of the requirements necessary for applying include:

- a. having a valid electronic certification from a service supplier duly registered at the Tax Office;
- b. having adequate software for the issue of the e-invoices;
- c. justifying that adequate applications, systems, equipment and procedures are in place for operating under the regime;
- d. having the status of taxpayer of VAT, Corporate Income Tax or free zone user;
- e. having a valid certificate of compliance with tax obligations;
- f. having updated information at the Taxpayers Register (RUT);
- g. not having pending court litigations with the Tax Office;
- h. having complied with any requirement made by the Tax Office to the taxpayer in exercise of its faculties;
- i. declaring two electronic addresses to be exclusively used for e-invoice purposes. In addition to the indicated requirements, the Tax Office will evaluate the convenience of authorizing the taxpayer to use the electronic invoices regime. The electronic invoices regime is still in its initial stages, and for the moment it is only being used by companies included in the Big Taxpayers Division of the Tax Office.

As in the case of standard invoices, electronic invoices are subject to detailed formal requirements.

Double Taxations Treaties

In the last years, Uruguay has significantly increased its network of international tax treaties (OECD based), for the purpose of preventing double taxation and fulfilling the country's commitments regarding accepted standards on fiscal transparency and exchange of information.

Its domestic law has also been adjusted in order to be able to comply with international commitments on fiscal transparency and exchange of tax information. Uruguay is not a tax haven and is not included in any "black list" from either international organisms or foreign countries.

Uruguay currently has Double Tax Treaties in force and effect with the following countries (others are being negotiated or following internalization procedures): Germany, Ecuador, Hungary, Mexico, Spain, Switzerland, Liechtenstein, Portugal, Malta, Argentina, India, South Korea and Finland.

Appendixes



Procedure for opening a bank account

Given the strict bank secrecy regulations which govern banking activities in Uruguay and the Know Your Client policies, banks must comply with certain information and documentation requirements for opening a local account.

Although the requirements may differ slightly from one bank to another, in general the following documents will be needed:

- Bank and commercial references of the individual opening the account, or of shareholders and directors in the case of legal entities;
- Justification of the origin of the amounts of money deposited or transferred;
- Presentation letter.

In the case of companies, the following should also be presented:

- Information about the company's activity in Uruguay, their customers and suppliers, expected volume of transactions and other relevant information;
- Information about the company's beneficial owners, their participation percentages and copy of their personal documents;
- Copy of the company's bylaws;
- Copy of the minutes of the Shareholder's Meeting or any other document in which the formal designation of the persons which may legally represent the company appears;
- Power of attorney empowering the person/s designated in Uruguay to open and handle the bank account;
- Letter addressed to the Bank Manager indicating current members of the Board of Directors, stating that their acts under the company's bylaws will be binding for the Company until their removal from their offices or limitation of their mandate is notified to the bank by writing, and assuming the further commitment of notifying the bank by writing of any further change in bylaws, corporate contract, powers of attorney, etc. which are presented to the bank. The letter should also express the company's acceptance that said notifications will only be valid from the date in which the bank acknowledges their receipt in writing. The letter should be signed by the company's representatives.

All foreign documentation must be duly apostilled or legalised at the competent Uruguayan Consulate abroad and translated.

Ministry of Foreign Affairs

Colonia 1206 - Montevideo
Tel: 2902 1010
Fax: 2902 13 27
www.mrree.gub.uy

National Direction of Migrations

Misiones 1513 – Montevideo
Tel. 1521800
www.dnm.minterior.gub.uy/
dnm-secretaria@minterior.gub.uy

Ministry of Tourism

Rambla 25 de Agosto s/n esq. Yacaré-
Montevideo
Tel: 1885 int. 100 / Fax: 1885
www.mintur.gub.uy
webmaster@mintur.gub.uy

Ministry of Transportation and Public Works

Rincón 561 – Montevideo
Tel: 2915 83 33
www.mtop.gub.uy
difusion@mtop.gub.uy

Ministry of Economy

Colonia 1089 - Montevideo
Tel: 17122 - Fax: 1712 226
www.mef.gub.uy
atencion.usuario@mef.gub.uy

Ministry of Industry, Energy and Minery

Paysandú s/n esq. Avda. Libertador Brig Gral.
Lavalleja - Montevideo
Tel: 2900 02 31/33
Fax: 2900 02 91
www.miem.gub.uy

Ministry of Livestock, Agriculture and Fisheries

Constituyente 1476 - Montevideo
Tel. 2410 41 55-58
Fax: 2419 96 23
www.mgap.gub.uy

Ministry of Labor and Social Security Juncal

1511 - Montevideo
Tel: 2916 2681
Fax: 2916 27 08
www.mtss.gub.uy

Ministry of Housing, Territory and Environment

Zabala 1432 – Montevideo
Tel: 2917 07 10
www.mvotma.gub.uy

Chamber of Industries

Avda. Italia 6101-Montevideo
Tel: 26040464
Fax: 2604 05 01
www.ciu.com.uy

Mercantile Chamber of Native Products

Av. Gral. Rondeau 1908 Piso 1°-Montevideo
Tel : 2924 06 44Fax : 29244701
www.camaramercantil.com.uy

National Chamber of Commerce

Rincón 454 P.2- Montevideo
Tel: 2916 1277 / 1243
Fax: 2916 12 43
www.cnccs.com.uy

Exporters Union of Uruguay

Uruguay 917 P.1- Montevideo
Tel: 29010105
Fax: 29010105
www.uruguayexporta.com
info@uniondeexportadores.com

Commercial Policies Division

Asesoría de Política Comercial
Ministry of Economy and Finances
Colonia 1206 P.2
Tel: 29020354
apc@mef.gub.uy

General Trade Registry

Avenida 18 de Julio 1730, Piso 7- Montevideo
Tel: 24025642
www.dgr.gub.uy
info@dgr.gub.uy

Usefull adresses



Tax Office

Dirección General Impositiva (DGI)
Avenida Daniel Fernández Crespo 1534-
Montevideo
Tel: 1344
www.dgi.gub.uy

Uruguayan Rural Federation

Av. 18 de Julio 965, Piso 1- Montevideo
Tel : 2900 47 91
Fax : 2900 55 83
www.federacionrural.org.uy
federacion@federacionrural.org.uy

Uruguay Technological Laboratory

Laboratorio Tecnológico del Uruguay (LATU)
Avenida Italia 6201- Montevideo
Tel: 2601 37 24
Fax: 2600 22 91
www.latu.org.uy
atencionalcliente@latu.org.uy

Central Bank of Uruguay

Diagonal Fabini 777- Montevideo
Tel: 1967
www.bcu.gub.uy

Social Security Office

Banco de Previsión Social (BPS)
Fernandez Crespo 1621- Montevideo
Tel: 1997
www.bps.gub.uy
consultasweb@bps.gub.uy

Bankers Association of Uruguay

Asociación Bancos del Uruguay
Camacúa 575- Montevideo
Tel: 29161060
www.aebu.org.uy

Uruguayan Rural Society

Asociación Rural del Uruguay
Uruguay 864- Montevideo
Tel: 2902 04 84/86
Fax: 2902 04 89
www.aru.com.uy
consultas@aru.com.uy

National Internal Audit Office

Auditoría Interna de la Nación (AIN)
Paysandú 941- Montevideo
Tel: 29017223
www.ain.gub.uy
ain@ain.gub.uy

State Insurance Bank

Banco de Seguros del Estado (BSE)
Avenida Libertador Brigadier General Lavalleja
1465- Montevideo
Tel: 2908 93 03
Fax: 2902 10 63
www.bse.com.uy

Montevideo Stock Exchange

Bolsa de Valores de Montevideo
Misiones 1400- Montevideo
Tel: 2916 50 51
Fax: 2916 19 00
www.bvm.com.uy
bvm@bvm.com.uy

Electronic Stock Exchange

Bolsa Electrónica de Valores
Misiones 1537, Piso 6- Montevideo
Tel: 2917 00 00
Fax: 2917 00 00 ext. 4
www.bevsa.com.uy
bevsa@bevsa.com.uy

Uruguayan Construction Chamber

Cámara de la Construcción del Uruguay
Andrés Martínez Trueba 1256- Montevideo
Tel: 2410 9800
www.ccu.com.uy

National Customs Direction

Dirección Nacional de Aduanas
Rambla 25 de Agosto 199- Montevideo
Tel: 29150007
www.aduanas.gub.uy
info@aduanas.gub.uy

MERCOSUR Secretary

Dr. Luis Piera 1992 piso 1 – Edificio
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Fax: 2418 0557



KPMG in Uruguay

KPMG International is the coordinating entity for a global network of professional services firms, providing audit, tax, and advisory services, with an industry focus.

The aim of KPMG member firms is to turn knowledge into value for the benefit of their clients, people, and the capital markets.

With nearly 162,000 people worldwide, member firms provide audit, tax, and advisory services in 155 countries.

KPMG in Uruguay

In Uruguay, the KPMG organization is represented by a local practice, operating in Montevideo since the year 1946.

After half a century of activities in Uruguay, the firm has a well-known local reputation in the field of entrepreneurial services.

KPMG's Uruguayan practice has specialized in the following professional services:

- Assurance Services
- Tax and Legal advice
- Notary Public's services
- Economic advice
- Management consulting
- Business process outsourcing
- Information risk management

Our firm's staff is comprised of certified public accountants, economists, experts in business management, computer engineers and analysts, lawyers, notary publics, and psychologists with expertise in different industrial, commercial and service areas.

The aims of our professional activities have been clearly defined. We are committed to service quality, placing at the disposal of our clients our full expertise, professionalism and time in the search for innovating solutions to their problems.

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