



## *Doing Business Uruguay*



# Introducción

The [Doing Business Uruguay 2025](#) guide arrives at a crucial moment for investors. The dynamics of the economy and markets present a challenging environment. To help address these challenges, Deloitte has created this high-value guide for investors seeking insights into the operational conditions and investment climate in the country.

This guide provides a database of key economic indicators. It also examines the legal conditions that impact business activity. Last but not least, it explores fiscal aspects—essential reference points for anyone considering a market entry strategy in Uruguay, as well as for those looking to expand or consolidate their presence.

I hope you find this document a useful complement and a supportive guide in navigating Uruguay's business landscape.

Our professionals are at your disposal to resolve any specific questions or needs on the subject.

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# Doing Business Uruguay

## General profile

Uruguay has a GDP of \$ 79.639 billion in 2024. In per capita terms, GDP stands at \$ 21,899, ranking the country as that with the highest per capita income in Latin America.

Uruguay has 3.44 million inhabitants, according to preliminary data from the 2023 Census. 39% of the population (1.38 million) lives in Montevideo. The next largest demographic centers are the department of Canelones (620,000 inhabitants), Maldonado (200,000), and Salto (130,000).

46% of the current population is under 35 years old. Education is a key priority in Uruguay, both in rural and urban areas, and schooling has improved in recent years. This improvement is reflected in the growth of tertiary education: in 2006, 9.4% of people aged 25 and older had completed tertiary studies, while in 2023 that proportion reached 13.2%. The indicator shows regional differences, with

a stronger positive trend in Montevideo compared to the rest of the country.

Regarding English proficiency, according to the "EF English Proficiency Index 2023," Uruguay ranks 36th out of 116 countries, making it the eighth-best English-speaking economy in Latin America.

Uruguay is strategically located in the Southern Cone of the continent. Just one hour from Buenos Aires and two hours from Asunción, Santiago de Chile, and São Paulo, the country plays an important role as a regional tourist destination.

Uruguay has active trade agreements with 18 economies. Of these, 13 were achieved through its participation in Mercosur (a trade bloc shared with Argentina, Brazil, and Paraguay), and the remaining 5 were signed bilaterally.

In recent years, a macro-prudential economic policy, with new tax incentives, the promotion of free zones and increased public investment in science and technology have been implemented, giving a strong boost to its economy.

# Political System



## Constitution

The Constitution of the Republic of Uruguay is at the top of the hierarchy in our system. Uruguay is a state, ruled by the law, which adopts a unitary system of government. In the country there is no place for arbitrariness, every issue and citizen are subject to the Constitution.

The article 4, establishes the Uruguayan State as a sovereign state where the power is hold by the Nation. As a consequence, the Nation adopts the democratic republican form of government.

The Constitution determines the powers and responsibilities of the State. The powers are divided into three different branches: the Legislative, the Executive and the Judiciary.

The laws defined in the Constitution and in international treaties, must guide the actions of the government and of individuals, constituting a limit to their activities.

Therefore, the rights established in the Constitution are not exhaustive, since they include other rights that are inherent to the human personality or are derived from the republican form of government.

Uruguay is a country where the following principles emerge from the Constitution: sovereign, unitary, secular, pacifist, integrationist and humanist.

## Form Of Government and Different Power

The Nation adopts for its government the democratic republican form. Its sovereignty is exercised directly by the Electoral Body (individuals enables by right to vote) in cases of election, initiative and referendum, and indirectly by the representative Powers established by the Constitution. The Powers of the State are this:

The President of the Republic, acting jointly with the Ministers, exercise the Executive Power. The President is elected for a period of 5 years, together with the Vice-President by direct popular election. The Ministers that are part of the Cabinet are appointed and dismissed by the President.

The Legislative Power is exercised by the General Assembly, which consists of two cameras, the Camera of Deputies and the Camer a of Senators, and is responsible, among other things, for submitting and approving bills. Deputies are elected in each department of the country, while Senators are elected nationally, both for five-year terms. The Vice-President of the Republic is President of the General Assembly.

Finally, the Judicial Power is made up of the Supreme Court of Justice and the Courts of Appeals, Legal Courts and Peace Courts. Members of the Supreme Court are appointed by the General Assembly by a two-thirds majority and serve ten-year terms. The Supreme Court is responsible for judging the constitutionality of the law.

## Rule of Law

The principles of the Constitution that recognize rights to individuals, as well as those that attribute powers and impose duties to public authorities, will not cease to be applied due to the lack of regulation. It will be replaced resorting to the foundations of similar laws, general principles of law and the generally accepted doctrines.

The State is composed of 19 departments, each headed by the Mayor, directly elected by the citizens. In all the territory of the State, there is a common political organization in despite of its departments.

The Constitutional reform, requires the observance of a serious procedure and it is valid only if certain obstacles are overcome, such as the approval of two thirds of the total members of each Camera within the same Legislature, or the affirmative result of a plebiscite process.

The first Constitution was promulgated on June 28, 1830 and sworn in by the people on July 18, 1830. It has undergone several amendments, the text in force currently is from 1967, and it had several subsequent amendements.





## Economic Structure

GDP is the sum of all goods and services produced by a country and the most important way to estimate the productive capacity of an economy. The three main economic sectors that make up Uruguay's GDP in order of relevance are:

**Tertiary sector:** services, wholesale and retail consumption.

**Secondary sector:** industrial activity of processing, mining construction and manufacturing.

**Primary sector:** agriculture, livestock, forestry, hunting and fishing.

In Uruguay, the tertiary sector is the largest component of GDP, accounting for 68% in 2024; second is the secondary sector, with 17.3%. In labour matters, it is estimated that the primary sector employs 7.9% of the population, and the tertiary the remaining 73.1%.

Industria manufacturera

Uruguay has positioned itself as a major producer and exporter of agrifood products and cellulose. This has been achieved through the continuation of policies and investments aimed at promoting the country's agro-industrial sector.

The food and beverage segment is the most significant within the manufacturing industry, accounting for 47% of the total. Other key activities include the production of wood, paper and related products (18%), the chemical industry (12%), and the petrochemical industry (8%).

Uruguay serves as a regional hub with a strategic location for accessing the rest of the region. Thanks to its geographic position and distribution centers, the country is a relevant site for the development of logistics, industrial, and commercial activities.

Free trade zones play a prominent role in attracting investment, skilled employment, and diversifying exports. In the goods sector, these zones act as intermediaries for the export of grains, pharmaceutical products, and industrial processing locations such as cellulose and beverage concentrate.

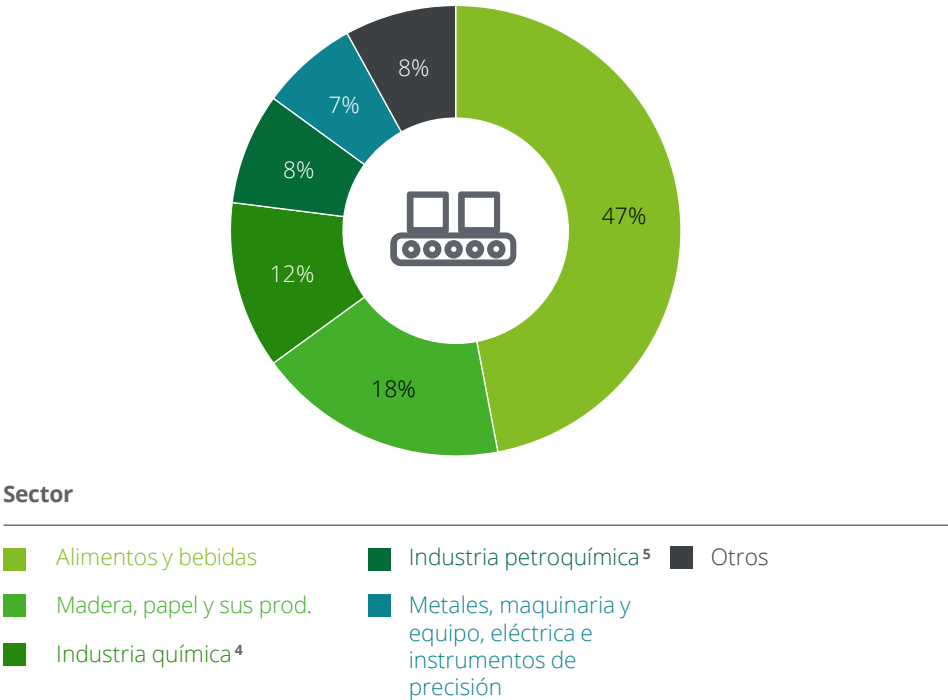
**Source:** Central Bank of Uruguay (BCU), National Institute of Statistics of Uruguay (INE), and International Monetary Fund (IMF). The average nominal exchange rate for 2024 was used for calculations.

<sup>1</sup> Includes agricultural commodities and by-products; food and beverages; wood, paper and related products; hides, leather and leather goods. Uruguay is the 3rd largest global exporter of short-fiber cellulose. It also stands out in the export of frozen beef, powdered milk, combed wool, soybeans, and rice.  
<sup>2</sup> Includes agriculture, fishing, and mining sectors.  
<sup>3</sup> Year 2019. Latest available data.  
<sup>4</sup> Includes chemical substances and products, and rubber and plastic products.  
<sup>5</sup> Includes petroleum refining and coque production.

**Box 1.**  
**Setoral composition of GDP** (Millions of dollars and percentage contribution)

GDP 2024	Value	% GDP
Total	80.927	
Primary <sup>2</sup>	5.328	6,6%
Secondary	11.570	14,3%
Manufactures	7.843	9,7%
Construction	3.727	4,6%
Tertiary	54.675	67,6%
Education and health	20.191	24,9%
Wholesale and retail trade	11.396	14,1%
Transport and communications	6.663	8,2%
Tourist services	6.419	7,9%
Financial services	3.982	4,9%
Public administration and defense	4.165	5,1%
Real estate services	1.860	2,3%
Taxes	9.354	11,6%

**Chart 1.**  
**Manufacturing industries <sup>3</sup>** (Contribution to total income, percentage)



Foreign Currency Inflows to the Country

Exports of agro-industrial products are the main source of foreign currency generation in Uruguay, representing 13.6% of GDP in 2024. The agro-industrial sector has been one of the key drivers of the country's growth over the past decade. While the international context contributed to this growth, investments and transformations within Uruguay's agro-industrial sector further boosted its expansion. The most significant segments are cellulose (3.1% of GDP), beef (2.5%), and soybeans (1.5%).

Exports of manufactured goods play a smaller role in generating foreign currency, accounting for 2.3% of GDP in 2024.

The strength and resilience of Uruguay's institutions, along with

economic stability, have enabled the country to attract Foreign Direct Investment (FDI). Uruguay has a regulatory framework aligned with international standards and practices for attracting FDI. Many foreign companies have invested in export-oriented sectors, helping diversify Uruguay's export base.

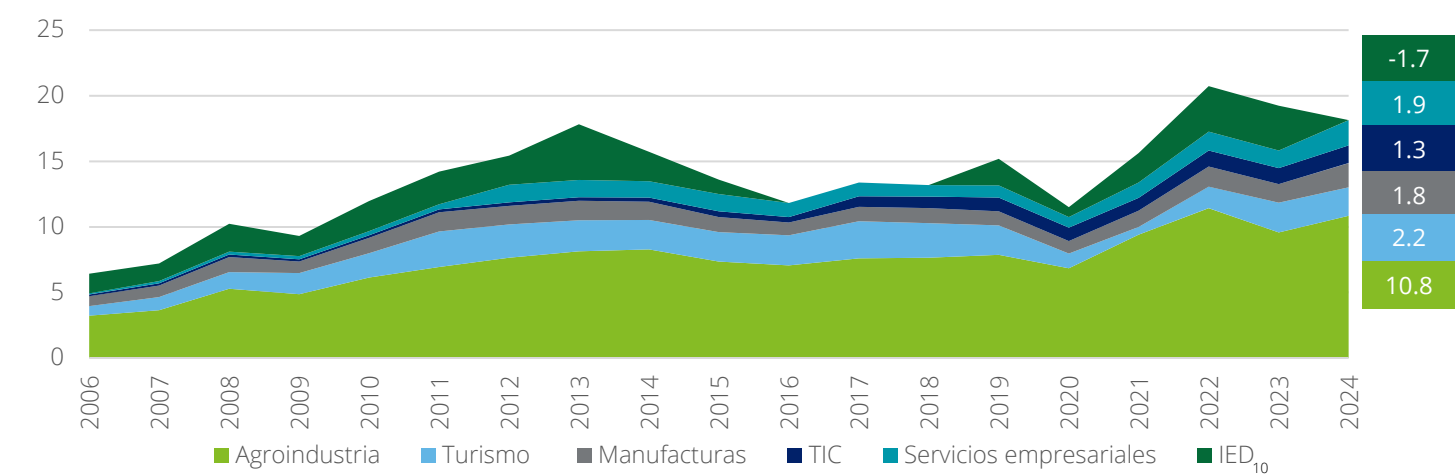
The export of services from the knowledge economy has gained importance thanks to FDI. Many of these activities are carried out by subsidiaries of multinational companies that provide services to their headquarters or other affiliates. In 2024, FDI was negative after five consecutive years of positive inflows, with an average FDI of USD 1.549 billion for the period 2020–2024.

Historically, tourism has been a significant contributor, generating on average 3.6% of GDP in foreign

currency over the past 15 years. Uruguay is the leading country in South America in terms of tourists received per capita: in 2024, 3,341,829 people entered the country—approximately 12% fewer than in 2023—equivalent to 95% of the population. In terms of spending, tourists in Uruguay disbursed USD 2.189 billion in 2024, surpassing pre-pandemic levels.

In 2024, the knowledge economy (ICT and business services) contributed 4.1% of GDP in foreign currency. Exports from the information and communications technology (ICT) sector have grown substantially in recent years, mainly due to FDI in the IT segment. Within the ICT sector, IT and ITO service companies increased their exports from 0.7% of GDP in 2016 to 1.7% in 2024 (USD 1.354 billion), continuing the expansion trend of recent years.

Chart 2. Main Sources of Foreign Currency in Uruguay (Billions of USD)



<sup>6</sup>Includes exports made from Uruguay's free trade zones and customs.

<sup>7</sup>According to Uruguay XXI (2019), this phenomenon has been most evident in the forestry and meatpacking sectors. The entry of foreign companies has led to a transformation of the export basket, successfully diversifying export markets and reducing regional dependency. Additionally, the involvement of foreign companies in exports has contributed to improved quality standards across several sectors.

<sup>8</sup>The knowledge economy encompasses: process management and consulting services, administrative and human resources services – business services; financial services; development and maintenance of technological solutions – ICT; design and management of engineering projects, education, scientific research and others – R&D; development of audiovisuals and advertising – Media. Also referred to by Uruguay XXI (2021) as global services.

<sup>9</sup>According to Uruguay XXI..

<sup>10</sup>Data for the years 2016, 2017, and 2018 are not shown, as FDI was negative during those years. This negative value is mainly explained by loans from companies based in Uruguay to their parent companies abroad.

**Note:** Agro-industry, manufacturing, and technology services figures refer to export values in USD; tourism includes inbound tourism; and FDI figures represent capital inflows to the country in USD.

**Source:** Central Bank of Uruguay (BCU), National Institute of Statistics (INE), Ministry of Tourism, Uruguayan Exporters Union, Uruguay XXI, and UNCTAD.



## Investment and foreign trade

FDI flows are divided into three categories: capital contributions, reinvestment of earnings, and intercompany loans between related entities.<sup>11</sup> The majority of FDI inflows over the past five years came from:

- Brazil: 27.3%
- Netherlands: 16.0%
- Spain: 9.7%

Foreign investments arriving in Uruguay were primarily concentrated in the cellulose sector,<sup>12</sup> where the Finnish-owned company UPM stands out due to the scale of its projects. The financial and insurance sector also played a significant role, accounting for 22.7% of FDI between 2018 and 2022. According to Uruguay XXI (2024), most of the capital entering this sector came from Spain, particularly linked to financial services and fintech.



### Box 2.

#### Main Countries of Origin of FDI

(Billions of Dollars, Accumulated 2019–2023)

Brazil	Spain	Netherlands	Singapur	Germany
2.90	2.19	1.45	1.39	0.51
13.8%	10.4%	6.9%	6.6%	2.4%

**Source:** Based on data from the Central Bank of Uruguay (BCU).

### Box 3.

#### Main Investment Sectors

(Billions of Dollars, Accumulated 2019–2023)

Cellulose <sup>12</sup>	Trade	Financial Services	Professional Services
3.34	3.30	2.01	1.23
31.2%	30.9%	18.8%	11.6%

**Source:** Based on data from the Central Bank of Uruguay (BCU).

<sup>11</sup> It is important to remember that, due to the construction methodology, FDI flow figures depend on changes in capital contributions, reinvestment of earnings, and profits as recorded by central banks based on the movements of transnational companies. Therefore, to analyze FDI over the past five years, only data on capital contributions and reinvestment of earnings are used. Since FDI flow data are highly volatile, it is important to complement the analysis with the stock of direct foreign investment by country. This provides a more accurate and structurally meaningful picture of FDI across different countries.

<sup>12</sup> Includes other manufacturing industries in smaller quantities.

Monetary and Fiscal Policy

The Central Bank of Uruguay (BCU) is tasked with promoting price stability to support growth and employment objectives, as well as regulating and supervising the payment and financial systems, ensuring their soundness, solvency, efficiency, and development.

Monetary policy operates under an inflation targeting regime, committing to efforts that keep inflation within the target range set by the Macroeconomic Coordination Committee (COPOM). In 2024, the interest rate continued to be used as the main monetary policy instrument, aiming to maintain the inflation target range between 3% and 6% annually. The exchange rate regime is flexible with managed float, meaning the exchange rate fluctuates, but the Central Bank intervenes occasionally to limit excessive volatility. In this regard, the BCU did not intervene in the foreign exchange market in 2024, with the last spot market intervention occurring in August 2021.

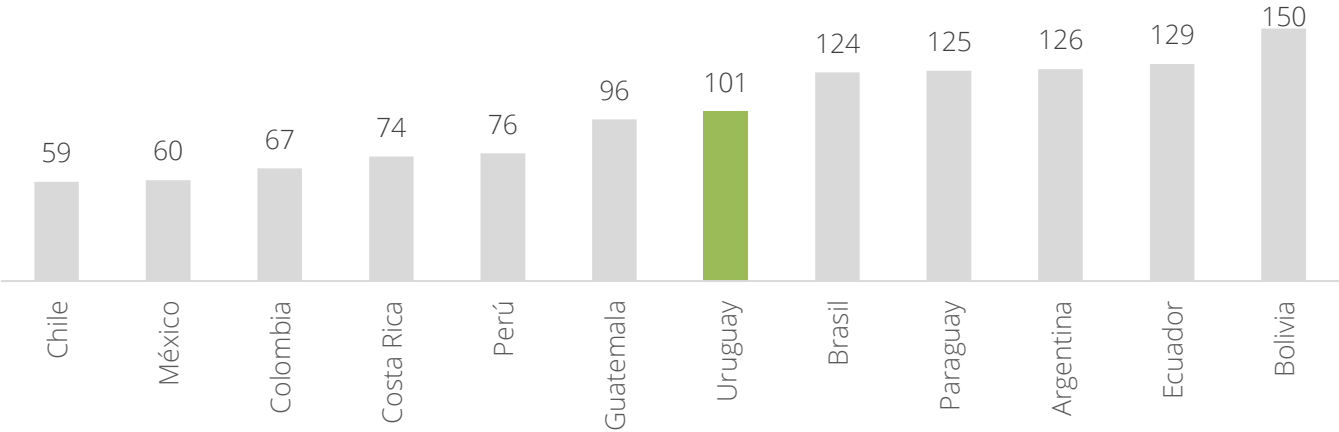
The primary deficit of the Central Government and the Social Security Bank ended 2023 at 0.8% of GDP, and the fiscal balance at -3.4% of GDP, improving by 0.1 percentage points compared to 2022—marking the third consecutive year of improvement in public accounts. This was made possible by a revenue increase slightly higher than the rise in current expenditures. The increase in primary revenues was mainly due to higher income from public entities and increased collections by the Social Security Bank, with respective increases of 0.6% and 0.2%.

Additionally, the requirements of the Fiscal Rule—a tool created in 2021 to ensure fiscal sustainability (Law No. 19,889, known as the “Urgent Consideration Law”)—were met. This rule is based on three pillars: the structural fiscal result, the cap on real primary expenditure growth, and the cap on net dollar-denominated debt of the Central Government.

Ease of Doing Business

The Doing Business report published by the World Bank measures how easy it is to do business in Uruguay across various indicators. As of the preparation of this report, the World Bank has not released a 2024 edition, so the 2020 report is used as reference. In that edition, Uruguay ranked 101st out of 190 economies, with a score of 61.5 points. Uruguay ranked above its Mercosur trade partners, but below other countries in the region.

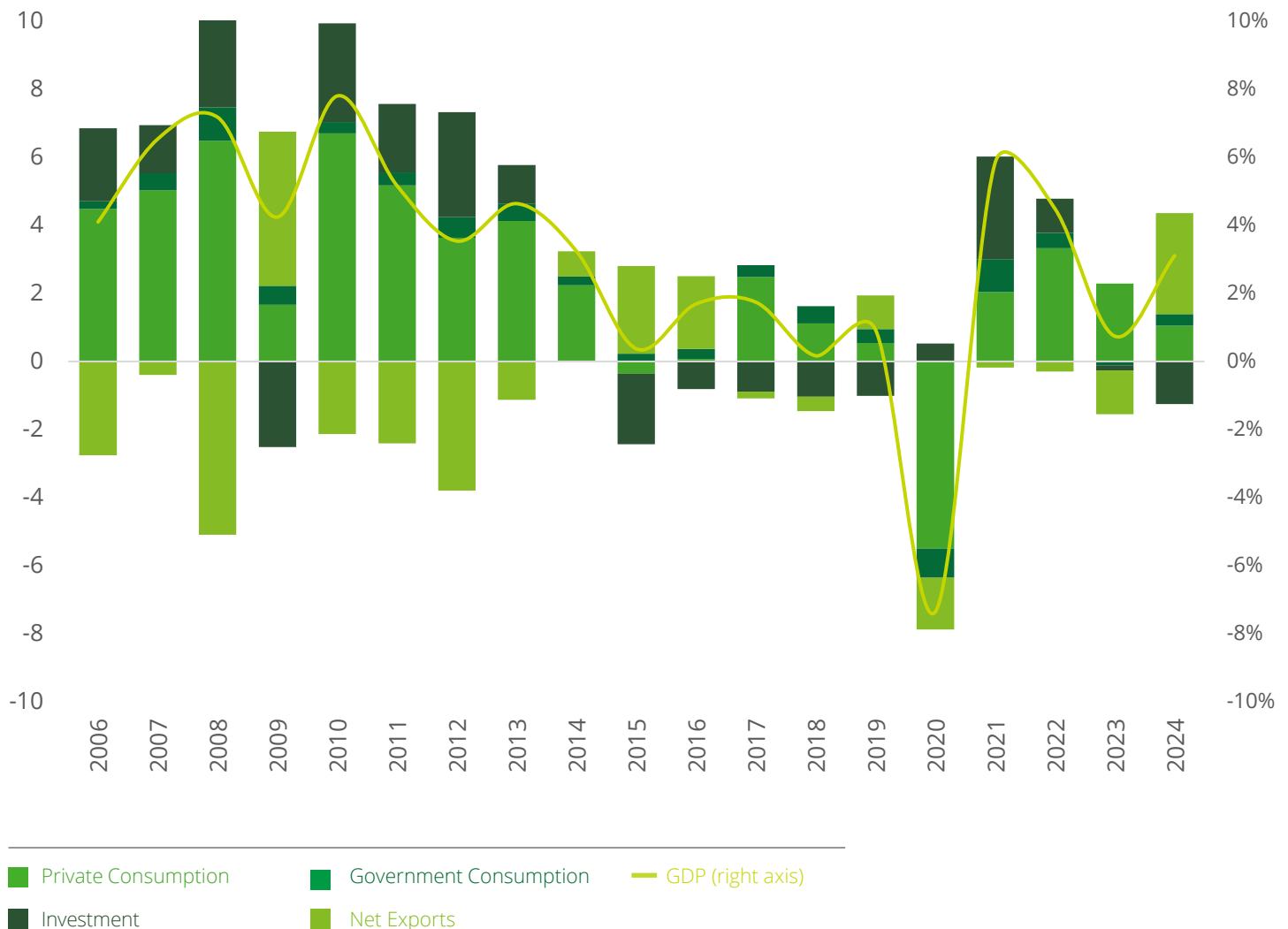
Chart 3  
The Environment for Doing Business in Uruguay Compared to Its Latin American Peers  
(Position of Various Economies in the World Bank's Doing Business Report, 2020)



**Note:** The ranking shows where each of these countries stands among 190 economies (the closer to 1, the better, and vice versa).  
**Source:** Doing Business, World Bank, 2020.

## Current Economy

**Chart 4**  
**GDP Growth and Contribution of Aggregate Demand Components**  
 (Percentage Points, Left Axis; Annual Growth, Right Axis)



Source: BCU.

Prior to the COVID-19 health emergency in 2020, during which the Uruguayan economy experienced a 6.1% contraction, Uruguay had gone through the longest period of economic growth in its history, with 17 consecutive years of expansion.

By the end of 2024, private consumption accounted for approximately 62.6% of GDP and 49.3% of the country's aggregate demand. Exports represented 32.2% of GDP.

Imports had a slightly lower absolute value, resulting in a positive trade balance for the

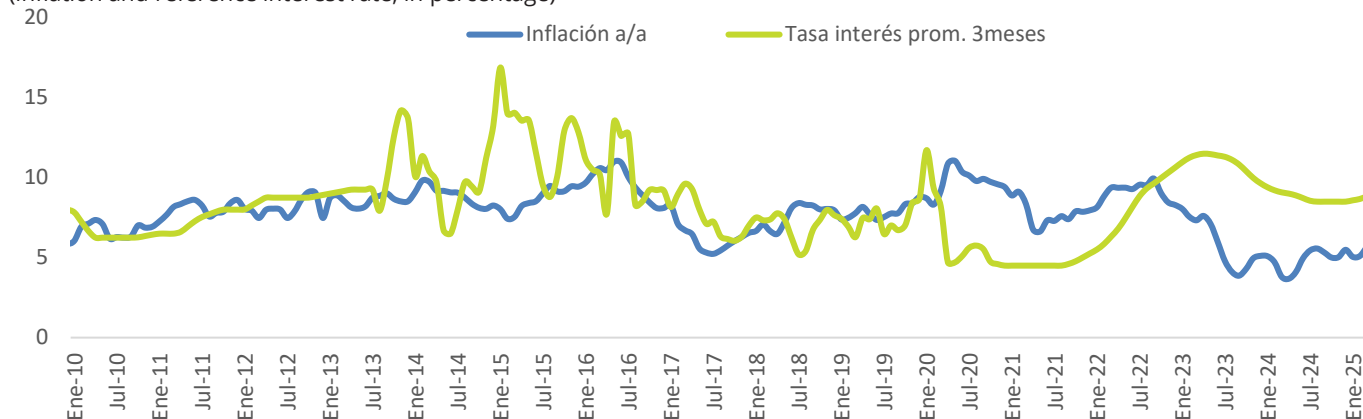
ninth consecutive year. Investment amounted to 17.3% of GDP, while government consumption represented 15.8%.

In 2023, economic activity in the country was negatively impacted by a severe drought that affected the agro-industrial sector and energy generation during the first half of the year. Additionally, the Argentine crisis, marked by a devaluation scenario through the parallel exchange rate, diverted Uruguayan consumption toward Argentina, making it a year of moderate growth.

In 2024, Uruguay achieved a higher growth rate of 3.1%, mainly driven by the recovery of the agricultural sector following the 2023 drought and increased hydroelectric energy generation. The manufacturing industry also had a positive impact on GDP, with pulp production being one of the most exported products alongside soybeans.

**Chart 6.****Inflation and monetary policy rate in Uruguay**

(inflation and reference interest rate, in percentage)



**Note:** Inflation is measured as year-over-year variation. The interest rate is derived from one-day transactions carried out between banking institutions and between these institutions and the Central Bank of Uruguay. It is calculated as a simple average of the closing rates over the last three months.

**Source:** BCU and IMF.

At the beginning of the new century, high inflation led monetary policy (MP) to be strictly based on meeting targets for the Monetary Base (MB). As inflation decreased, the MP gradually shifted focus toward inflation control while continuing to monitor monetary aggregates. By mid-2005, the monetary aggregates regime was made more flexible, allowing deviations from the target range, and in 2006, the announcement of the MB trajectory was discontinued. That same year, for the first time, the Central Bank began announcing the 12-month inflation rate it aimed to

achieve, a strategy known as inflation targeting, which remains in place today.

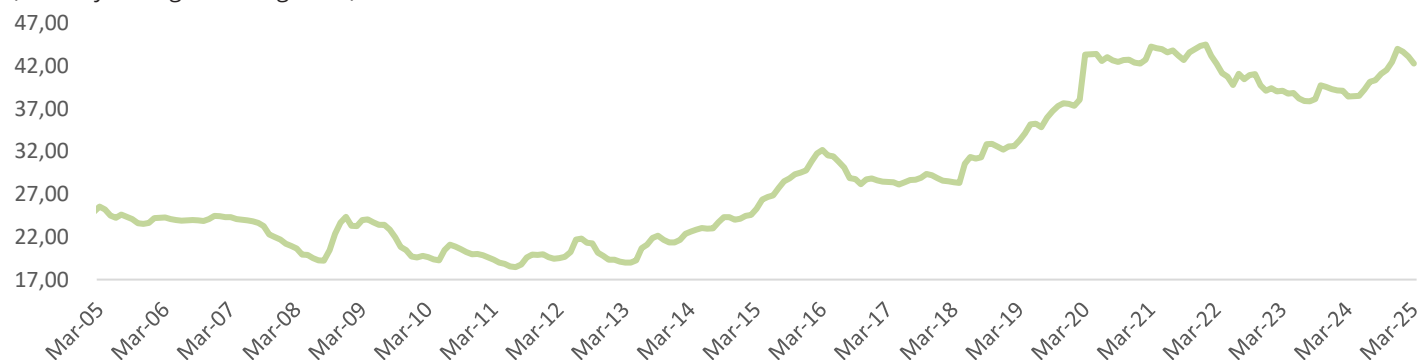
In 2006, the evolution of the M1 aggregate began to be communicated for informational purposes. Starting in September 2007, the interest rate was adopted as the MP instrument. This framework remained until June 2013, when M1 was reinstated as the MP instrument. This continued until after the COVID-19 pandemic crisis. In September 2020, the interest rate was reintroduced as the MP instrument in response to accelerating inflation. In the first half of 2022, economic recovery and rising inflation (9.5%

y/y in August 2022) led to a contractionary phase of MP. By the end of 2022, the inflation target was adjusted to a range of 3–6%, and the MP rate reached 11.25% annually.

In April 2023, the Central Bank of Uruguay became the first in South America to begin a cycle of interest rate cuts. By April 2024, the rate had been reduced by 300 basis points, reaching a monetary policy interest rate of 8.50%. In December, this trend reversed, initiating a rate hike process in response to global volatility, core inflation, and inflation expectations exceeding the target.

**Chart 7.****Exchange rate: Uruguayan peso per US dollar**

(Monthly average exchange rate)



**Source:** BCU.

The exchange rate regime was modified in 2002. Until then, the Central Bank of Uruguay (BCU) had adopted a crawling band system, which was discontinued due to the crisis and subsequent devaluation in Argentina. From that point on, the Uruguayan peso has operated under a flexible exchange rate regime with managed float, which remains in place to this day. Under this framework, the BCU intervenes

in the foreign exchange market occasionally to prevent excessive currency volatility.

During the COVID-19 pandemic crisis, the currency experienced a sharp depreciation of 14%, from 38 UYU/USD to 44 UYU/USD. In 2022 and 2023, due to economic growth and a strong external sector, the exchange rate appreciated from 44.7 UYU/USD to 39 UYU/USD, representing an appreciation of approximately 15%.

In 2024, this trend reversed. Low economic growth led to a depreciation of the currency, reaching an exchange rate of 44 UYU/USD by year-end, 12% higher than at the end of 2023. As of March 2025, the exchange rate experienced a slight decline, resulting in a 3% appreciation.

# Main economic indicators

GDP 2024

79.6 mmdd

World Ranking

81 / 193

GDP growth

(Annual porcentaje change, original figures)

2023

0.4

2024

3.1

2025<sup>P</sup>

2.6

2026<sup>P</sup>

2.4

<sup>P</sup> Projected Value.  
<sup>e</sup> Estimated Value.



## Macroeconomic context (figures as of year-end 2024)

GDP per capita 2023 <sup>e</sup>	22,760 Dollars
Reference rate	9.25 Percent
Inflation	5.6 Annual percentage change
Unemployment rate	8.1 Percent
Exchange rate	42.9 UYU/USD
Population	3.49 Millions of people
FDI (inward flow)	-1.73 Billion of US dollars
Fiscal balance, percentage of GDP	-3.4 Percent
Primary balance, percentage of GDP	-0.8 Percent
Public debt, percentage of GDP	69.0 Percent
Current account, percentage of GDP	-1.0 Percent
Trade balance, percentage of GDP	5.1 Percent
International reserves, percentage of GDP	24.4 Percent
Reserves, percentage of public external debt	79.9 Percent





Competitiveness

World Ranking  
**54 / 141**  
(WEF, 2020)



Ease of doing business

World Ranking  
**101 / 190**  
(WB, 2020)



Corruption perceptions index

World Ranking  
**13 / 180**  
(TI, 2024)



Foreign trade (main goods, 2024)

Producto	Value (mdd)	Participation
<b>Exports</b>	<b>12,946</b>	
Cellulose	2,545	19.7%
Beef	2,018	15.6%
Soybean	1,174	9.1%
Dairy products	812	6.3%
Beverage concentrate	789	6.1%
Others	5,606	43.3%
<b>Imports</b>	<b>12,473</b>	
Mineral fuels, bituminous substances	1,830	14.7%
Motor vehicles and tractors, their parts and accessories	1,802	14.5%
Nuclear reactors, machinery and mechanical appliances	1,227	9.8%
Image and sound recording machines and apparatus	909	7.3%
Plastics and articles thereof	601	4.8%
Others	1,398	48.9%



Foreign trade (main trading partners, 2024)

País	Value (mdd)	Participation
<b>Exports</b>	<b>12,946</b>	
China	3,084	23.8%
Brazil	2,324	18.0%
United States	1,195	9.2%
Argentina	809	6.3%
Netherlands	605	4.7%
Others	4,927	38.1%
<b>Imports</b>	<b>12,473</b>	
China	2,769	22.2%
Brazil	2,649	21.2%
Argentina	1,607	12.9%
United States	798	6.4%
Nigeria	445	3.6%
Others	4,202	33.7%

Fuente: Banco Mundial, Foro Económico Mundial (WEF, por sus siglas en inglés), Transparencia Internacional (TI) y Uruguay XXI.

# Legal System

## Corporative Legal System

### Legal entities

Legal entities have independent existence from their shareholders and partners (except for branches of foreign entities). The most common legal entities in Uruguay are:

**Sociedades comerciales reguladas por la Ley de Sociedades Comerciales N° 16.060 y por la Ley de Fomento al Emprendedurismo N° 19.820**

- Limited Liability Company (S.R.L.).
- Corporation (S.A.)
- Simplified Stock Company (SAS)
- Branch of a foreign entity

In addition to the companies listed above, the following civil entities are available:

- Civil Society (S.C.)
- Civil Association (A.C.)
- Foundation

Commercial companies are those that are constituted to carry out an activity that seeks economic profit, while civil associations, foundations, etc., may have other purposes.

### Main Business Corporations







In Uruguay, companies need at least 2 partners/shareholders to be constituted (except for S.A.S. that can have only one shareholder). Corporations (S.A.) may continue to exist with only one shareholder after its constitution.

In addition, Corporations may be bought off-the-shelf (no minimum amount of shareholders required for acquisitions).

Partners or shareholders can be all be foreigners.



The most common business corporations in Uruguay are:

	Corporation (S.A.)	Limited Liability Company (SRL)	Simplified stock company (SAS)
 <b>Shareholders/ Partners</b>	Minimum: 2 shareholders for constitution. Maximum: unlimited	Minimum: 2 partners. Maximum: 50 partners.	Minimum: 1 shareholder. Maximum: ilimitado.
 <b>Company purpose</b>	The activities that the company can carry out must be established in the company bylaws.	The activities that the company can carry on must be established in the social contract..	It may state in its bylaws that its object is "Any licit activity".
 <b>Shareholders / Partners liability</b>	The liability of shareholders is generally limited to the amount of their contributions.	The liability of the partners is, in principle, limited to the amount of their contribution, with the exception that they are also liable for salary, tax and social security debts.	The liability of S.A.S. shareholders is limited, in principle, to the amount of their contributions.
 <b>Share capital</b>	Expressed in shares that may be bearer or normative. 25% of the authorized capital must be integrated and 50% must be subscribed later. The law does not require the integration of 100% of the capital.	The capital is expressed in social quotas. A minimum of 50% of the contribution in money or 100% of the contribution in Kind must be subscribed at the time of incorporation, with a term of two years to integrate 100% of the capital.	Expressed in shares. Each shareholder must make 10% of their contribution in money or 100% of the contribution in Kind when the company is formed, having a term of 2 years to contribute the rest..
 <b>Management</b>	The administration Will be in Charge of Board of Directors or Administration, and individual or a legal entity, designated in the bylaws or by the Shareholders ´ Meeting.	In the case of an S.R.L. with 20 partners or less, the administration and representation of the company Will correspond to one or more persons, partners or not, designated in the corporate contract (or later).  In the case of an S.R.L. with more than 20 partners, its administration system is the same as that of an S.A.	No requirement to have a Board of Directors. It may be established in the bylaws, but in all cases it must be established that the company has at least one legal representative.
 <b>Transfer of shares</b>	Shares may be transferred without limitation although restrictions on their transfer may be set out in the bylaws.	The social quotas can be freely transferred although partners consent is required.  In case the S.R.L. has 5 or less partners, the transfer shall be approved by 100% of the capital.  In case the S.R.L has more than 5 partners, the transfer shall be approved by 75% of the capital.	Shares may be freely transferred. However, the bylaws may set restrictions involving the disposal of the shares.

## Finance

Uruguay has a stable, transparent, well-regulated and supervised financial system. There are no limitations on capital outflows, and no Exchange controls on foreign currency transactions. The financial system is regulated by the Central Bank of Uruguay (BCU) through the "Superintendence of Financial Services" (SSF), taking as a reference the standards of the Basel Committee on Banking Supervision for the definition of the regulatory framework.

The SSF aims to ensure proper protection of users of financial services, promoting strength, solvency and transparency of the financial system, as well as maintaining its proper functioning seeking to be efficient and competitive.

### Financial Information and Analysis Unit

In order to support the fulfilment of the objectives of the SSF this Unit is in charge of the prevention of money laundering.

### Risk Central

In charge of consolidating the information provided by financial intermediaries in relation to the credit history of debtors, in order to provide greater transparency and control of the market.

In recent years, Uruguay has made strong progress in the efficiency of its payment system, since the Financial Inclusion Law (Law N° 19,210) encouraged the use of electronic means of payments as a substitute for cash. This law promotes the Access and use of financial services by the entire population. Certain measures were established that include a combination of incentives, promotion of competition and regulation, which have laid the foundations for transforming the financial system and the payments system.

### Infraestructure

In Uruguay, Public infrastructure projects may be financed concessions, tenders or public-private participation projects. The deadlines set out in the applicable regulations must be followed.

Furthermore, these procedures must be executed in accordance with the general principles of law, and those provided for in each of them, such as flexibility, publicity and transparency.

There are, of course, exception procedures of public bids: direct awards; however, even procedures must comply with the above conditions.

The main laws government contracting and public Works are the Constitución of the Republic, the Ordered Text of Accounting and Financial Administration (TOCAF) and Law No. 18,786 on the Regime of Public-Private Participation; the latter enables the execution of agreements or contracts whereby a private person may finance and supply, partially or in full, the infrastructure required for the adequate provision of public services, for example, road and rail Works, social infrastructure Works such as prisons, health and education centres, etc.

### Investment vehicles

In Uruguay, there are various mechanisms and ways to implement investments, among others:

- Capital contributions.
- Investment trust
- Management trust
- Investment funds
- Corporations

### Foreign Investment

Investment in Uruguay, both domestic and foreign, is declared of national interest by law. The foreign investor enjoys the same incentives as the local investor, with no discrimination from a tax point of view and no restrictions on the transfer of profits abroad or on operations in the foreign exchange market. Among the main incentives available are the investment law, sectorial incentives, free zones, the free port and airport regime, public-private participations contracts, industrial Parks and temporary admission.

The investment promotion regime is framed by Law No. 16,906 and regulated by Decrees 455/007 and 002/2012. The law declared of national interest the promotion and protection of investments made by national and foreign investors in the national territory, granting general and specific tax benefits, and guaranteeing the free transfer abroad of capital and profits in freely convertible currency. Corporate Income Tax (IRAE) and Tax on Sale of Agricultural Goods (IMEBA) taxpayers who carry out industrial or agricultural are entitled to exemption from Net Worth Tax, VAT and Specific Consumption Tax (IMESI) on movable goods directly destined to the production cycle on equipment for electronic data processing.

Likewise, those companies from any sector of activity that present an investment Project that is promoted by the Executive Power, will have the possibility of accessing the following additional benefits:

(I) Exemption from Net Worth Tax (IP) for the entire useful life of movable fixed assets, for eight years for civil Works based in Montevideo and for ten years for civil Works based in the interior of the country.

(II) Exemption from import duties or taxes on movable goods for fixed assets, declared non-competitive of the national industry.

(III) VAT refund under the exporters' regime for the acquisition in the Marketplace of materials and services destined to civil Works.

(IV) Exemption from IRAE for a maximum amount and time that will result from applying a matrix of objectives and indicators, which weighs employment generation (30%), desentralization (15%), increased exports (15%), cleaner production or investment in research and development (20%) and sectorial indicators (20%). The exempted tax will be between 20% and 100% of the amount effectively invested in fixed or intangible assets included in the promotional declaration. The period in which the company may enjoy the IRAE exemption is established according to a pre-established formula and may not be less than 3 years.



### Agreements and Treaties

Uruguay currently has 31 Investment Promotion and and Protection agreements in force, three of which (Chile, Mexico and the United States) include liberalization provisions. The agreements signed with Armenia, Australia, Belgium-Luxembourg, Canada, China, Czech Republic, El Salvador, Finland, France, Germany, Hungary, Israel, Italy, Japan, Malaysia, Netherlands, Panama, Poland, Portugal, Romania, South Korea, Spain, Sweden, Switzerland, United Kingdom, Venezuela, and Vietnam are post-establishment agreements.

The agreements signed by Uruguay guarantee foreign investors certain principles such as “national treatment”, “most favored nation” clause, fair and equitable treatment, clauses linked to expropriation and non-restriction to transfers, and the right to resort to international dispute resolution mechanisms if the agreements are not respected.



# Tax aspects

## Generalities

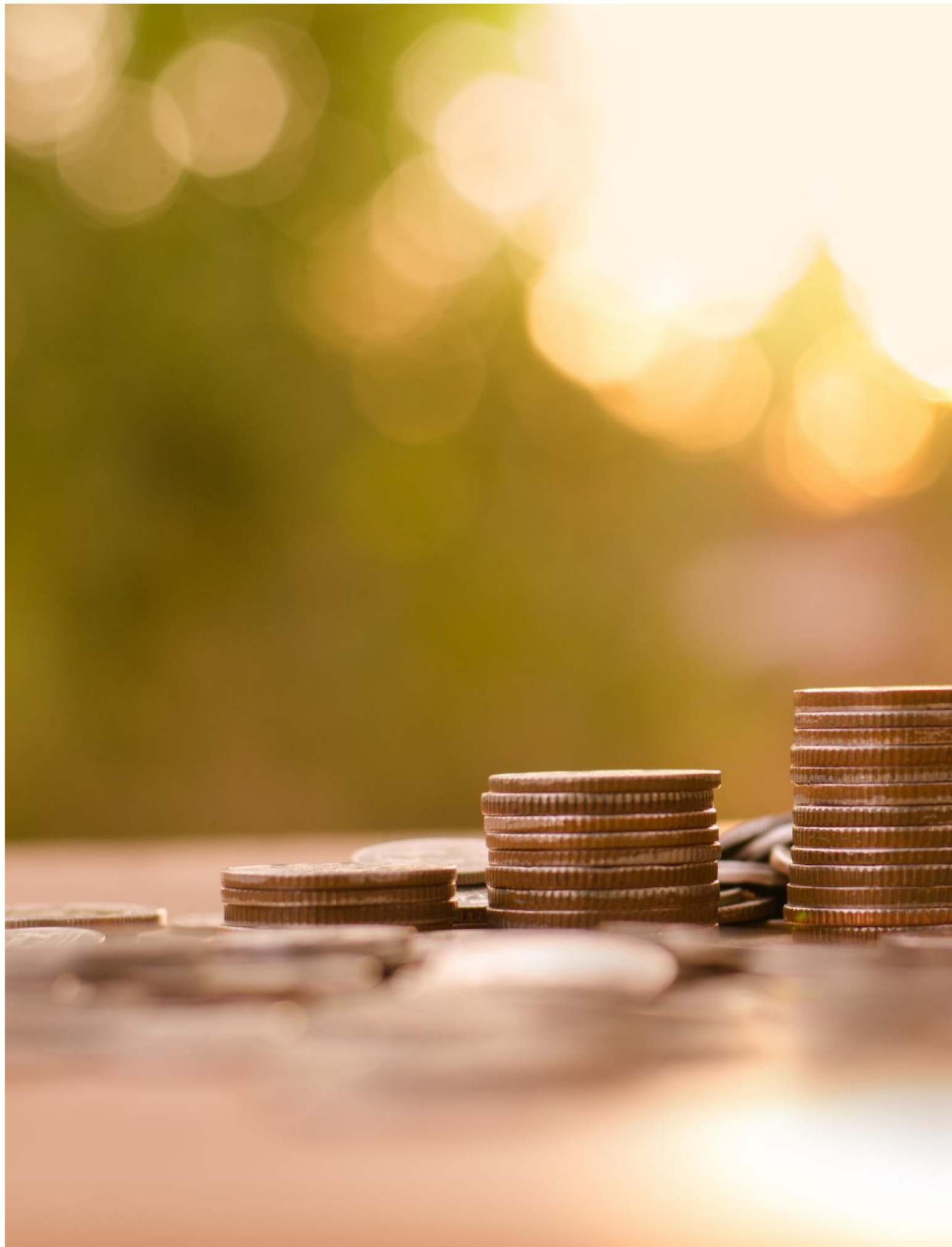
The main taxes that affect Uruguayan entities are Corporate Income Tax (IP) and VAT. There are other taxes applicable to specific activities such as the Tax on Sale of Agricultural Goods (IMEBA) and the Specific Consumption Tax (IMESI) among others.

Non resident entities that do not constitute a Permanent Establishment in Uruguay are subject to Non Residents Income Tax (IRNR), while Permanent Establishments are subject to Corporate Income Tax (IRAE) as local entities.

Uruguay has adopted in general terms a territorial concepts of taxation, with some exceptions.

Uruguay has special regimes applicable to entities located in Free Zones, trading activities and an attractive regime of incentives under the Investment Promotion Law.

Even though Uruguay is not a member of the organization for Economic Co-operation and Development (OECD), local regulations include Transfer Pricing dispositions applicable to transactions between related parties and low or nil tax jurisdictions. In this same line, Uruguay has signed a wide range of treaties to avoid double taxation and some other for Exchange of information, most of them based on the OECD model.



## Tax residence - companies

Entities are considered tax residents in Uruguay when they have been created according to Uruguay regulations.

## Tax based and rates

Uruguay has a concept of taxation based on the source. Uruguayan source income includes that derived from activities carried out, goods situated and rights economically used in the country, irrespective of the nationality, domicile or residence of the parties involved, and the location where the contracts are entered into.

Technical services and publicity/advertisement services rendered from abroad to a Corporate Income Tax taxpayer are considered of Uruguayan source provided these are related to taxable income.

Capital gains derived from sale of shares/participation from an entity located in a low or nil tax jurisdiction are also considered of Uruguayan source as long as more than 50% of their assets are directly or indirectly located in Uruguay (fiscal values).

As of 2023, additional substance requirements were introduced to exempt foreign-source "passive" income (e.g., royalties, dividends, interest, software/patent income) of entities within multinational groups. However, income from trademark use remains taxable.

Companies that are resident in Uruguay, as well as Permanent Establishments of non-resident entities, are subject to IRAE on their net taxable income at a flat rate of 25%.

Non-resident entities are subject to IRNR on their gross income of Uruguayan source at a flat rate of 12%.

Entities located in a nil tax jurisdiction are subject to a 25% rate.

IRAE levies on net taxable at a 25% rate. Net taxable income includes all income of Uruguayan source less costs and expenses that meet tax criteria for deduction.

## Deductions

In order to be deductible, the general rule is that costs and expenses need to be well-documented, accrued that tax period and necessary to obtain and maintain taxable income.

In addition, only expenses that are taxed to the counterparty at least at a 25% rate are deductible (considering local and foreign taxes applicable to the income). In case the tax impositions were less than 25%, the expense is deductible proportionally.

In the specific case of salary of employees, it is required that the corresponding social security contributions were made for the expense to be deductible.

Financial expenses are deductible in proportion to assets that generate taxable income over all assets (fiscal values).

## Tax losses

A tax loss incurred in one year, adjusted for inflation (IPC), may be carried forward to offset taxable profits arising in the following five years.

## Transfer Pricing

Uruguayan transfer pricing rules are based on the OECD model. These rules apply to cross border transactions between related parties and entities located in low or nil tax jurisdictions (including Uruguayan Free Zones).

Entities with transactions subject to the transfer pricing regime exceeding 50 million indexed units (UI) are required to submit before the Tax Authority a transfer pricing report as well as a special Tax Return on an annual basis. All taxpayers (irrespective of the threshold) need to keep record of a transfer pricing analysis that supports the transactions subject to these regulations in case the Tax Authority requires it.

Uruguay has also incorporated obligations with respect to the Country-by-Country Report and Master File (although the Master File has not yet been regulated) for entities that are part of a large multinational Enterprise.

## Special Regimes

### Free Zones

Free Zones are areas of the Uruguayan political territory which are not part of the customs territory and are subject to a special regime.

They were declared of national interest in Uruguay with the objective of promoting investments, expanding exports, increasing the occupation of national labor and encouraging international economic integration.

Entities that acquire the Free one User designation are exempt from all national taxes. This exemption does not apply to social security contributions from its employees.

Free Zone Users in general not required to make withholdings in cross border payments related to dividends, interests, royalties and technical services.

### Trading

The trading regime sets an alternative method to calculate the net taxable income for IRAE purposes in certain transactions:

- Intermediation of goods: buying and selling goods that do not have Uruguay as its origin or destination, nor do the goods pass through national territory during the transaction.

- Intermediation in the provision of a Service, where the service is provided and economically used abroad.

For this kind of intermediation, regulations establish that only 3% of the difference between the sale and purchase Price of the goods is considered of Uruguayan source. The 25% rate is then applied to this tax base with no further deductions.

### Capital gains and holding income

Capital gains and holding income of Uruguayan source are subject to IRAE at the 25% rate. Dividends and profits distributed by a local company are not subject to IRAE.

Non-resident entities pay IRNR on this kind of income provided it is Uruguayan source. The general rate is 12% but entities located in a low or nil tax jurisdiction are subject to a 25% rate.

In general, non-resident entities are subject to local taxes vis withholding. When a withholding agent is not appointed, the non-resident entity has to register locally to pay the corresponding taxes.

If the entity selling the share of shares/participation of an jurisdiction, the taxable income will be 30% of the selling price of the share.

Capital gains derived from the sale of share/participation of an entity local in a low or nil tax jurisdiction are also considered of Uruguayan source, and taxed accordingly, if more than 50% of its fiscal assets are located in Uruguay.

### Net Worth Tax (IP)

An annual Net Worth Tax is imposed on residents and non-residents at the end of the fiscal year. The tax is levied on the assets held in Uruguay as at the fiscal year-end valued according to tax regulations (only specific liabilities are deductible in the calculation).

The general rate is 1,5. In the case of financial entities the rate is 2,8%. The rate applicable to entities located in low or nil tax jurisdictions is 3&%

In the case of individuals, the rates are progressive and there is a non taxable threshold.

### Payments to foreign parties

Uruguayan companies that make payments to foreign individuals or entities are in general designated withholding agents for the corresponding taxes applicable to these. In this sense, the withheld taxes are in general paid to the tax authority in the following month to that of the transaction and a Form has to be filed before the Tax Authority including a detail of the transactions subject to withholding and the counterparty involved.

Local companies that are designed withholding agents have responsibility in incorrect withholding and/or lack of payment and may be subject to fines and surcharges.

The following are the withholdings applicable to the most common payments made to foreign parties.

#### Dividends

Dividends and profits distributed to non-residents are subject to a withholding tax of 7% as long as they are related to income subject to IRAE.

In addition, undistributed profits (over 3 years old) are also subject to a 7% tax as they are considered notional dividends.

Withholding on dividends is considered a final tax and the tax rate applicable may be reduced in application of a treaty to avoid double taxation.

#### Interests

The general rate applicable to interests paid to non-residents is 12%.

#### Royalties

The general rate applicable to payments of royalties of Uruguayan source is 12%. Payments made to entities located in a low or nil tax jurisdiction are subject to a 25% rate.

The tax rate applicable may be reduced in application of a treaty to avoid double taxation.

### Real estate income

Payments derived from the rental of real estate in Uruguay are subject to a withholding of 10,5%, while capital gains derived from real estate are subject to a withholding rate of 12%.

Payments made to entities located in a low or nil tax jurisdiction are subject to a 30,25% withholding.

### Technical Services

Technical Services and advertisement/publicity services provided abroad to a local IREA taxpayer are considered of Uruguayan source and therefore subject to a withholding tax of 12%.

Technical services are those rendered in areas of management, technique, administration and Advice of any kind.

When the local company user of the Service has taxable income of less than 10% of its income, only 5% of the services are considered of Uruguayan source. In case the local entity does not have any income subject to IRAE, then the services will be considered of foreign source and no withholding will be applicable.

In all cases the tax rate applicable may be reduced in application of a treaty to avoid double taxation.

## Digital Services

Income arising from production, distribution or intermediation of movies or tapes, as well as those arising from TV's streaming or any audiovisual streaming, through internet, technological platforms, apps or any other similar means are considered of Uruguayan source and subject to a 12% withholding tax.

Income arising from mediation and intermediation of services carried out through computer means will be considered 100% Uruguayan-sourced if both the buyer and the seller are located in Uruguay, or 50% Uruguayan-sourced if only one of them is located in Uruguay.

The tax applicable is 12% but there are no withholding agents appointed in this case. The non-resident entity has to register locally and pay the corresponding tax.

## Double Taxation Treaties

Uruguay has an extensive network of double taxation treaties, generally based on the OECD Model Convention. Among other objectives, these treaties typically provide relief from double taxation by limiting or eliminating the taxes imposed by the contracting states on income earned by their respective residents.

Additionally, these treaties usually include information exchange provisions, which comply with

OECD standards.

To benefit from the provisions of a double taxation treaty, the beneficiary must prove tax residency in the relevant jurisdiction by obtaining a tax residency certificate issued by the competent authority. This certificate must be issued under the specific treaty being invoked.

It is also worth noting that Uruguay has signed the Multilateral Instrument (MLI) for the implementation of tax treaty-related measures to prevent Base Erosion and Profit Shifting (BEPS). The provisions of the MLI, applicable to the relevant treaties, must be observed once they enter into force in the respective jurisdictions.

## The treaties to avoid taxation currently in force in Uruguay are:

Alemania	Finlandia	Paraguay
Argentina	Hungría	Portugal
Bélgica	India	Reino Unido (GB e Irlanda del Norte)
Brasil	Italia	Rumania
Chile	Japón	Singapur
Corea del Sur	Liechtenstein	Suiza
Ecuador	Luxemburgo	Vietnam
Emiratos Árabes Unidos	Malta	
España	México	

**Note:** The table above refers to Double Taxation Treaties in force, signed by Uruguay.

## Indirect taxes

### VAT

VAT levies on the sale of goods and provision of services within the Uruguayan customs territory, as well as on the introduction of goods to the country.

The general rate is 22%. There is a reduced rate of 10% applicable to certain goods and services, while there are some others that

are specifically exempt.

Exports of goods and Services are subject to a zero rate regime under which no VAT is included in the export invoice, but input VAT associated can be recovered. Services that qualify as exports are listed in the regulations.

VAT calculation is made on a monthly basis, for both payment and return filing (except for the case of some small companies that file VAT returns annually).

EVAT is also applicable to digital services included in point 7.6 for which there is a simplified regime for payment of the tax.



### Specific Consumption Tax (IMESI)

A specific consumption tax (IMESI) is levied at various rate on the first sale made by important and manufacturers of a certain range of products.

These products include certain alcohol, cosmetics, tobacco, fuel and automóviles.

### Tax residency

An individual is considered a tax resident in Uruguay. If any of the following conditions is met:

- Over 183 days of presence in Uruguay in the calendar year (including sporadic leaves)
- Individual has in Uruguay the centre of its activities or economic interests.
- Individual has in Uruguay its centre of vital interests.

### Personal Income Tax (IRPF)

Individuals that are considered tax residents in Uruguay are subject to Personal Income Tax (IRPF) on their income of Uruguayan source, income for work carried out abroad for a local company, and holding income of foreign source (namely interest and dividends).

Work income is subject to progressive rates that go up to 36% with a non-taxable threshold.

Holding income is subject to a general rate of 12%. Some interests on specific local deposits are subject to a reduced rate of 7%. Dividends from local companies are subject to a 7% rate provided they relate to profits subject to IRAE. Dividends from foreign entities are subject to a 12% rate.

Foreign tax credit is available for interests and dividends of foreign source, limited to the local tax applicable.

Non-resident individuals that become tax residents before 2020 had a holiday available on interests and dividends of foreign source. This holiday lasts for a period of 6 years starting the years in which tax residency is determined in Uruguay. However, it can be extended to 11 years if some conditions of investment in real and physical presence in the country are met.

Individuals who become tax residents 2020 may opt for an 11 years tax holiday on this foreign-source income or a permanent reduced tax rate of 7%.

### Non-residents Income Tax (IRNR)

Non-resident individuals are subject to Non-residents Income tax (IRNR) exclusively on their Uruguayan-sourced income.

The general rate applicable to both, work income and capital income is 12%. Although there are some specific shorts of income subject to a reduced rate of 7%. Dividends from local companies are subject to a 7% rate provided they relate to profits subject to IRAE.

For some kinds of income, there are notional amounts to determine the portion of income that is considered of Uruguayan source.

### Social Security Contributions

Social Security Contributions are payable by both, the employer and the employee, over all benefits related to the activity carried out in Uruguay. Employee contributions are withheld on a monthly basis by the local company and paid directly to the Social Authority.

The following are the general rates applicable to the industry and commerce industry:

	Aporte personal	Aporte patronal
Aporte jubilatorio	15% topeado	7,5% topeado
FONASA	3% - 8%	5%
FRL	0,1%	0,1%
Fondo garantía		0,025%

Uruguay has also signed Social Security Agreements with different countries that allow the totalization of years of Work, as well as the possibility to apply for a Certificate Coverage.

Foreign employers of Free zone users may opt out of the Uruguayan Social Security regime. In case they do, they may additionally opt to be subject to IRNR instead of IRPF on their work income (related to the Free Zone User).



# First steps – (*Soft Landing* in Uruguay)

A more detailed brochure on these activities has been prepared by Deloitte Uruguay. However, for companies seeking to invest in Uruguay, the most relevant steps to consider are as follows:

## Legal



- Legal and corporate analysis of the characteristics of the investment.
- Analysis of viable investment vehicles.
- Incorporation of the new company.
- Preparation of powers of attorney.
- Drafting of the bylaws for the new company.

## Tax



- Analysis of the transactions within the operating model to determine the tax implications of investing in Uruguay and/or abroad.
- Application of corporate taxes to transactions, including withholding rates in Uruguay..
- Analysis of the key aspects required to comply with local regulations.

## Accounting, Payroll, and Tax Compliance



- Preparation of accounting records and financial statements in accordance with Uruguayan regulations.
- Preparation of corporate tax returns and withholding obligations.
- Calculation and submission of employee payrolls in compliance with local regulations.

## Expatriate Employees



- Determination of tax residence, taking into account local legislation and applicable treaties to avoid double taxation on income tax.
- Analysis of employment and personal income in Uruguay and abroad to determine the appropriate tax treatment.

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