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Doing Business in Uruguay

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Contents

Presentation

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With a population of only 3.4 million spread over 176,000 square km, Uruguay is a small country located in the southern cone of South America. Although a relatively young nation with less than 200 years since foundation, Uruguay has managed to differentiate through its education, social security and health coverage, strong political system and democratic culture, ranking as first country among Latin America in most indicators in those areas.

The country has experienced continued growth of its GDP during the last fifteen years averaging a 4.5% annual rate which permitted reaching the investment grade and having the largest GDP per capita in the region.

Based on political stability, clear and solid rules, a well-trained labour force along with international conditions, foreign investment has jumped hitting almost 5% of GDP in recent years. Investments in food production facilities, pulp mill, agricultural and retail business fueled the economy. Private companies from many countries decided to invest and seize the opportunity to establish in a stable country located in one of the most economically promising regions of the world.

The government, fully aware of the fundamental role of investment in the economy to support the continued growth that can nourish a still unsatisfied breadth of social needs, is permanently seeking to improve conditions for investors and willing to support projects, which boost employment, R&D and innovation, and specially reinvigorates infrastructure for the medium and long term.

In this publication, we address the factors that make Uruguay a preferable location for those looking for opportunities of investment in the country to take advantage of a growing consumer population, and for those establishing in the country to address regional opportunities.

PwC has had a continuous presence in Uruguay since 1920. Throughout these years, we have earned a solid reputation for excellence and distinctive services, making us one of the leading firms in audit, tax and business advisory services in Uruguay, providing services to local and foreign companies and individuals established in the country. Our purpose is to build public trust and contribute to the solution of important matters. Our solutions are designed to meet the specific needs of each, combining the talent of a multidisciplinary team and a comprehensive approach. Maintaining and building on our position of leader depends on our ability to create and sustain real differentiation from our competitors, creating a distinctive firm.

We are confident that this edition of Doing Business in Uruguay will be of assistance for executives considering direct or indirect investment in our country. The content of this material is also available at www.pwc.com.uy/doingbusiness

We welcome the opportunity to assist you with any questions or matters related to doing business in Uruguay.

The República Oriental del Uruguay, hereafter referred to as Uruguay, is a small country both in size and in population.

Its culture, health and living standards are among the highest in Latin America.

Foreword

This guide has been prepared to provide information on doing business in Uruguay. While the guide covers a broad range of topics, it is not intended to provide comprehensive coverage and does not constitute professional advice. For specific questions, it is necessary to refer to the laws, regulations and decisions and/or to seek appropriate advice.

The materials contained in this guide were assembled in December 2017 and, unless otherwise indicated, is based on the information available at that time.

Country overview

Localisation and weather

Uruguay is located in South America with coasts on the Atlantic Ocean, between Brazil and Argentina. It has a land surface area of 176,215 km2 and a total area of 318,413 km2, when considering rivers and territorial waters.

The country is divided geographically into 19 states (*Departamentos*) with Montevideo as its capital. The largest cities are Montevideo, Salto and Paysandú, this last two both on the shore of Río Uruguay, the river that is the borderline with Argentina.

It is the only South American country that lies entirely in a temperate zone. Due to this fact, it has small variations in temperature, precipitation and other climatic factors.

There are no remarkable topographic features. Most of the country consists of gently undulating plains crossed by long rivers. The climate is mild and healthy throughout the year. In the southern region of the territory (which concentrates a large portion of the population), average temperatures vary from 62° to 82°F (17° to 28°C) in summer and 42° to 57°F (6° to 14°C) in winter. Rainfall occurs in all seasons but is generally heavier in the autumn months.

Its weather and topography is especially suitable for agriculture, forest and livestock production.

Population and language

According to the last census (2011), the population of Uruguay is approximately 3.4 million. Around 95% of the population lives in urban areas, about 60% live in Montevideo and its surrounding areas.

There is no indigenous population; most Uruguayans are descendant from Europeans (mainly Spanish and Italian).

Spanish is the official and most used language. English is the most used foreign language by the business community. Portuguese is also widespread, as a result of having a long border with Brazil and because of trade and tourism between both countries.

Political system and government

Uruguay has long-standing traditions of democracy, with legal and social stability; it also has a solid financial and legal framework that is attractive to foreign investors contemplating business ventures in the region.

Politically, Uruguay has a democratic republic system with a presidential regime and three consolidated political parties. The government is divided into three independent branches: Executive, Legislative and Judicial.

The President of the Republic administrates the Executive Branch, acting together with the Vice President and the Ministerial Council. The President and the Vice President are elected through universal, popular, direct vote. The President designates the Ministers.

The Legislative Branch consists of the General Assembly, which includes the Vice President, a 30-member Chamber of Senators and a 99-member Chamber of Representatives. Parliamentary elections are held at the same time as Presidential elections in the last Sunday of October every five years (last election was held on 2014).

Uruguay has a two-round system for Presidential elections. In case the candidate for President with more votes, in the election of last Sunday of October, does not reach the 50% plus one of the valid votes, there is a runoff with the second most voted candidate, on the last Sunday of November of the same year.

The President, Vice President, Senators and Representatives serve a five-year term. The Senators and the Representatives can be consecutively re-elected, but the President and Vice President, cannot.

The Judicial Power, one of the three state powers, administers the judicial system. Its jurisdiction is national. It is divided in Courts and Tribunals. The system adopted for the judiciary is the collegiate for higher organisms (Supreme Court of Justice – the highest hierarchy Justice Body and Appeal Tribunals) and the one-man system for the lower organisms (Courts and Peace Courts).

State governments are elected in a separate election from the Presidential ones and each state chooses its own public authorities. Each state has a Governor (*Intendente*) and a Legislative Branch of 30 members, where the majority (at minimum) belongs to the party of the Governor that won the state election.

Living in Uruguay

In Uruguay, people enjoy a safe and healthy environment. Public meetings take place peacefully.

Traffic in vehicles, even in urban centres, is fluid.

Cities have large green spaces and, because of the continuity of the wind and the absence of polluting industries, there is not substantial pollution.

Epidemics of any kind are practically nonexistent.

The distances to access recreational areas (e.g. the countryside, beaches and shores of rivers) are short. The most popular resort town (Punta del Este) is 140 km east of Montevideo.

All major cities are connected by routes that have origin in Montevideo (South - North). In addition, there are some important routes East - West across the country.

The national sport is soccer. There are many private clubs where to practice sports, including golf, tennis, soccer, rugby, squash, etc. There is also cultural activity, which results in an adequate range of theatres, cinemas and music shows.

A summary of Uruguay's advantages for investors

Why Uruguay?

Its location, infrastructure and natural conditions enable complete and easy access to the largest economies in the region.

A tradition of respect for political, social and economic freedom, as well as solid institutions, ensures a stable framework.

Uruguayans are family oriented and human relations often play an important role.

According to the 2017 Legatum Prosperity Index, Uruguay is the best place to live in Latin America. Ranked 28th, ahead of Chile, Argentina and Brazil. The ranking is based on a variety of factors including wealth, economic growth and quality of life, covering 142 countries, 96% of the world's population and 99% of the world´s GDP.

According to the 2017 Global Peace Index; that ranks 163 countries by measuring security in society, the extent of conflict and the degree of militarization; Uruguay is in the highest ranks in Latin America and 35th globally.

Also Uruguay maintains a high level of human development, ranking in 2016 among the top three in the region and 54th worldwide, according to the United Nations Index that each year reflects the quality of life in different countries.

In accordance with the Mercer 2017 Quality of Living Worldwide City Rankings that surveys 231 global cities -using New York as the base city for comparisons-, Montevideo ranks number 79 overall, and emerges as the number one city in South America. Factors such as internal stability, law enforcement effectiveness, crime levels, medical facilities, infrastructure and public transportation, are taken into consideration by the Mercer research team.

A solid economy

Although Uruguay's economy is strongly rooted in raw material production (meat, grains, wool, wood, cellulose pulp), other strategic sectors have developed because of high human capital standards. These sectors, including services related to tourism, information technology, finance, logistics and transportation, construction, call centres, and shared service centres, have shown significant growth.

Most companies are small and closely held by controlling families, but state-owned companies and multinationals are an indispensable part of the Uruguayan economy.

In the beginning of the 21st century, Uruguay has gone through one of the highest growth periods in its history, sustained by a favourable context of prices for primary products and the implementation of stable macro-economic policies.

Promotion for investing

Foreign and domestic investors receive the same treatment.

Promotion and protection of investments has been a consistent state policy in Uruguay. Investors may access a series of tax benefits should they comply with the conditions established in the Investment Law and regulatory decrees.

Uruguay also has Free Zones and industrial areas, with systems that offer an adequate framework for structuring investments with a focus on the international market for manufacturing, commercial and service activities.

Financial market

Uruguay's financial system is comprised of banks, financial houses and representative offices of foreign banks. All of the above require the authorization by Uruguay's Central Bank to operate.

The largest bank is *Banco República* (BROU), which is state-owned; another important state bank is the *Banco Hipotecario* (BHU). Almost ten private banks operate in the country, most of them branches of international financial institutions.

Uruguay's banking system is characterized by lack of exchange controls, allowing the transfer of funds and profit remittances with no restrictions or limits. It has an efficient process for foreign individuals or companies to open bank accounts compliant with all the international standards.

Mercosur

Currently, along with Argentina, Brazil and Paraguay, Uruguay is a full member of the Mercosur (Southern Common Market). As a general principle, imports of goods from any of the countries that are part of the Mercosur are generally free from customs tariffs. Except for goods included in exception regimes, or those pertaining to the sugar industry (which are subject to the import tariff prevailing in Uruguay) and to the automotive industry (which are subject, in some cases, to a reduced import tariff). For some goods imported from Argentina, special duties known as Specific Rights may correspond – though its application is under review -.

Moreover, the Mercosur has the following associated members: Chile, Colombia, Ecuador, Guyana, Peru and Surinam.

Strategic location in the region

Uruguay's strategic location offers easy access to major business and industrial centres in the region.

Approximately 70% of Brazil's, 60% of Argentina's and 56% of Chile's GDP is generated in the area surrounding Uruguayan territory.

Natural conditions and an extensive infrastructure network enable full and rapid access to the entire territory.

The country's port facilities are strategically located along the Atlantic Ocean and the Paraguay-Parana fluvial waterway, to access both overseas locations and the centre of the continent.

Natural conditions and an extensive infrastructure network enable full and rapid access to the entire territory.

A high degree of identification with the values of democracy and respect for liberties has stimulated business investments in Uruguay.

The country is known for its legal clarity and for the solid development of its institutions, both of which play a basic role in investment decisions.

Respect for legal clarity

Liberties in Uruguay

Political stability in the country reflects in the political, civil and economic liberties of the population and in the degree of development of its institutions.

Regarding political and civil rights, individuals in Uruguay may freely associate, express themselves and participate in political activities. Moreover, satisfaction and support for democracy is higher than the regional average.

According to the report prepared by the Economist Intelligence Unit (research arm of The Economist Group for business executives), Uruguay is considered the most democratic country in Latin America (categorized as "full democracy") with a score of 8.12, and was ranked 18th out of 165 countries worldwide.

The overall Democracy Index is based on scores for 60 indicators in five different categories: electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture. Each nation is categorized across gradient levels of regimes: full democracies, flawed democracies, hybrid regimes, and authoritarian regimes.

Also Uruguay was ranked 1st in South America in 2017 by the Press Freedom Index published by Reporters Without Borders, which reflects the attitudes and intentions of governments towards media freedom in the medium or long term.

High institutional development

A proper institutional framework is decisive for generating business competitiveness and for stimulating growth in the economy.

In this sense, institutional strength is a differential characteristic of Uruguay. Institutional quality refers not only to the efficiency of the existing legal framework, but also to intellectual property protection and to the considerable degree of independence of the Judicial Branch. Likewise, values such as ethical behaviour in business prevail in the private sector.

Economic freedom

Uruguay's economic freedom score is 69.2, making its economy the 38th freest in the 2017 Index prepared by The Heritage Foundation and The Wall Street Journal, occupying the third position in Latin America after Chile and Colombia. Compared to the 29 countries in the South and Central America/ Caribbean region, Uruguay ranks second (after Chile).

The foundations of economic freedom are among the strongest in the region and solid in comparison to other countries in the world. The relatively independent and efficient judiciary provides strong protection of property rights and sustains the rule of law. The perceived level of corruption has declined, enhancing the prospects for long-term economic development.

Economic freedom is obtained through the average score of the following ten components: property rights, freedom from corruption, business freedom, labour freedom, monetary freedom, government spending, fiscal freedom, trade freedom, investment freedom and financial freedom.

Bribery and corrupt practices

Uruguay has strong laws to prevent these kind of practices. A law against corruption in the public sector was approved in 1998, and acceptance of a bribe is a felony under Uruguay's penal code.

Money laundering is penalized with sentences of up to ten years (which also apply to Uruguayans living abroad). Laws 17,835 and 18,494 (passed in 2004 and 2009) established a good framework against money laundering and terrorism finance, enhanced and updated by Law 19,574 passed in December 2017.

In the 2017 edition of the Transparency International's Corruption Perception Index, Uruguay ranked first in Latin America (above Chile) and 23rd globally - among 180 countries -. Uruguay has gradually been improving in the Corruption Perception Index over time, from 35th place in 2001 to the 23rd place in 2017.

Uruguay is considered a country with a high regard for economic liberty.

High human resource quality

High literacy and school enrolment

The fact that public education in Uruguay is free and mandatory has led expenditures in education to be a major component of social spending by the government.

According to the statistics, the percentage of Uruguayans without any education is one of the lowest in the region.

Regarding the quality and coverage of public education, these have shown progress over the last few years, which is reflected in one of the highest literacy rates in the region. School enrolment levels also compare well with regional countries.

In primary education (children from 6 to 11 years old), Uruguay has a universal scholarship in all sectors of the population, with 99% of the children attending school.

Regarding high school (teens from 12 to 17 years old), the percentage is a bit lower, and 85% of the teens attend education.

Plan Ceibal

Uruguay was the first country to implement the One Laptop per Child (OLPC) initiative, known locally as the *Plan Ceibal*. It was a project developed jointly by the Ministry of Education and Culture (MEC), the Technological Laboratory of Uruguay (LATU), the State Owned Telecommunications Company (Antel) and the National Public Education Administration (ANEP).

Plan Ceibal was born as a project of a social nature, focused on the educational field. It was created to provide a laptop to every child in all public schools in the country. This initiative led Uruguay to be the first country in which 100% of its students have Internet access. The project has also demonstrated a significant social impact on the schools' connection to families, promoting skills for a 21st century society, not only for students but also for the entire family.

Plan Ceibal won in 2013 the award of the Knowledge Fair conducted by the United Nations Development Programme (UNDP), and was awarded a bronze medal for National Quality and Commitment in Public Management from the National Institute of Quality (INACAL) in October 2012. The latter was due to the work in connectivity and connectivity support. It also won a *Frida* award in the category "Access", awarded by LANIC, IDRC and ISCO in Argentina, in October 2011.

Plan Ceibal reached 100% of the school population.

Public education in Uruguay is free and mandatory.

Educational degrees

In the last 12 years, nearly 80,000 students became professionals; 23% of those received degrees in medicine, 21% in administration, 11% in law, and 8% in engineering, IT or physical sciences.

Technology, communications and connectivity

Uruguay is the most developed country in Latin America according to the Development Index Information Technology and Communications (ICT) by the International Telecommunication Union of the United Nations (ITU).

According to URSEC for Uruguayan Information (UIT for other countries), Uruguay is first in Latin America in terms of tele-density in main telephone lines as of December 2016, with an index of 32.4 per 100 people. Tele-density is a metric used to provide international comparisons which indicates economic development or governance; is a predictor of economic growth and gives an illustration in debates about declinism.

On the other hand, the index of tele-density in mobile phones is 148.7 per 100 people as of December 2016, which brings our country to the second position in Latin America. As of June 2017, according to URSEC, Uruguay had nearly 3.7 million mobile broadband services and 930,000 fixed broadband services. These services make Uruguay one of the Latin American countries with the highest ratio of Internet users every 100 citizens.

As to low cost bandwidth and good access to computing platforms, Uruguay remains leader in the ICT conducted among 157 countries, reported in 2017 by the ITU.

43% of families are able to connect to the Internet via optic fiber, and it is envisaged that by 2020, 90% of the families will all have access to it according to Antel.

The ICT Development Index (IDI) evidences these trends and is a powerful tool for monitoring progress towards a global information society. The latest IDI ranks the performance of 176 economies with regard to ICT infrastructure, use and skills, allowing comparisons between countries and over time. Regarding this, Uruguay is one of the six countries that rose by more than five places in the rankings between 2016 and 2017, and is the only country that has risen into the highest quartile.

In addition to this, Uruguay joined the select group of the most advanced countries in the world in digital development, forming the group named D7, which is integrated by South Korea, Estonia, Israel, New Zealand, United Kingdom and Canada.

Energy industry

Due to the lack of oil and natural gas, dependence on overseas imports of these energy sources has been steadily rising. Uruguay depends heavily on imports of crude oil for its basic energy supply. Offshore oil and gas exploration in Uruguayan waters is being carried on. In order to enhance energy self-sufficiency, Uruguay has placed a significant emphasis on wind, solar and biomass power, and many projects have been developed. Also, the construction of a regasification plant is under analysis.

An open economy

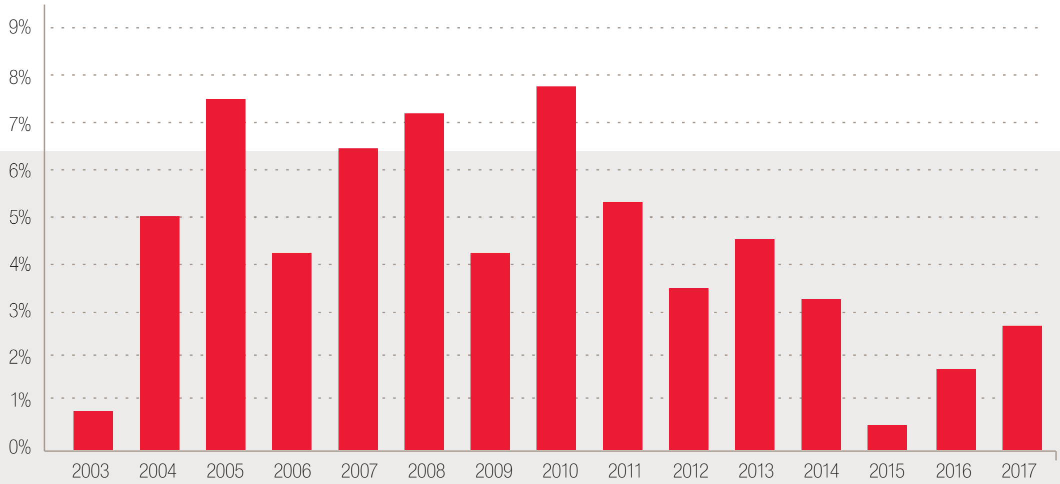
Economic performance and structure

In 2017 Uruguay completed 15 years of uninterrupted growth, the most extensive cycle and with the highest growth rates of its history. The average annual growth rate was 4.3% in the 2003-2017 period, exceeding the average of Latin America. The growth was driven by an increase in private consumption and a recovery in exports (both goods and services).

Measured in current dollars, GDP amounted to USD 59,235 million in 2017, with a GDP per capita of USD 16,957.

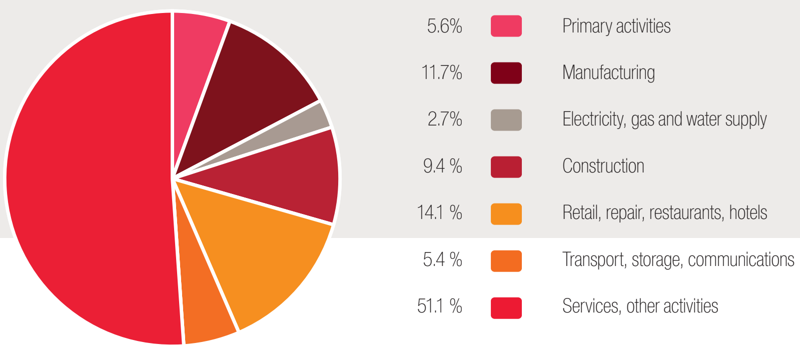
As other relatively more developed economies in the region, the sector with the highest share of GDP is services; among which trade, transport and communications, financial services, insurance and real estate stand out. The weight of the primary sector (agriculture, fishing and mining) does not reach 10% of the GDP. However, its importance in the economy is vastly superior to that percentage, as it provides most of the raw materials for manufacturing which is one of the major export sectors.

GDP (annual growth)



Source: Central Bank of Uruguay (hereafter referred to as BCU)

Composition of GDP by industry (2017)



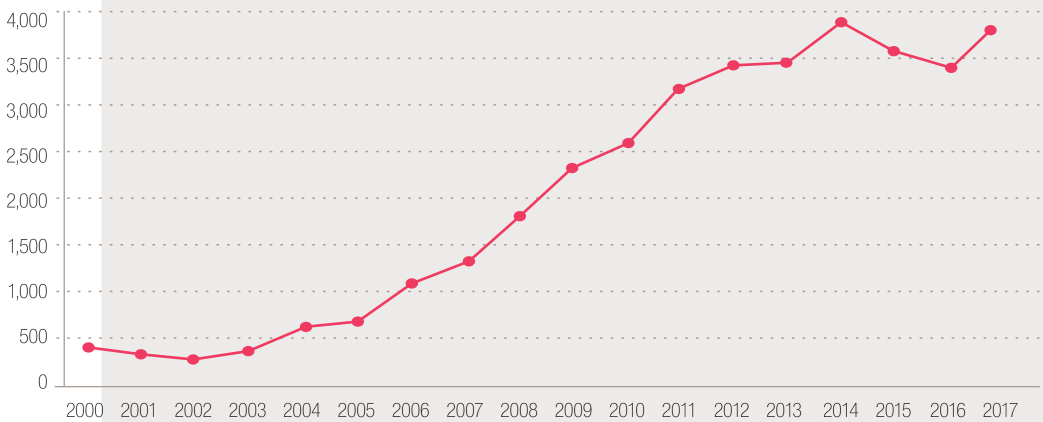
Source: BCU

Land: a capitalized resource

Despite having one of the smallest surface areas in South America, a large part of the land is used for productive purposes with high yields. About 96% of the territory is used for production of crops, livestock and forestry.

The rise in agriculture and forestry activities, along with other factors including the arrival of foreign investors, has led to upward price pressures for land purchases and leases. Average land prices have risen from USD 386 per hectare in 2002 to USD 3,712 in 2017, according to official estimates.

Average price of land: sale (USD per hectare)



Source: Ministry of Livestock, Agriculture and Fisheries (MGAP)

An export-based economy

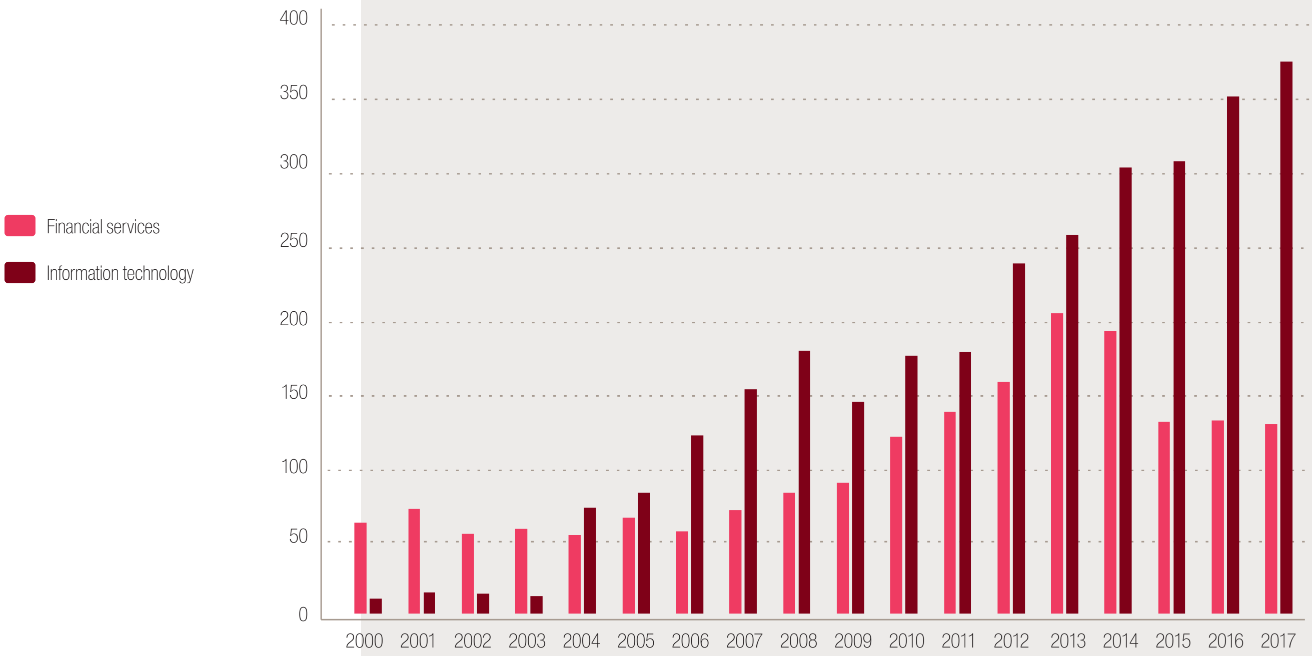
The Uruguayan economy is small and open and exports play an important role in developing local production.

The deepening economic liberalization process led to an increase in the relative importance of foreign trade in GDP, with exports of goods and services growing steadily, reaching record levels year after year.

In this context, the trade liberalization coefficient (exports plus imports of goods and services in terms of GDP) reached 40% in 2017.

Initially, its small size led the country to an export-based economy focused mainly on agro-industry. However, over the last few years, the exporter profile of the economy has expanded to the service business. While tourism makes up a significant part of service exports, other services have gained force, including transportation and logistics, IT (particularly software) and finance.

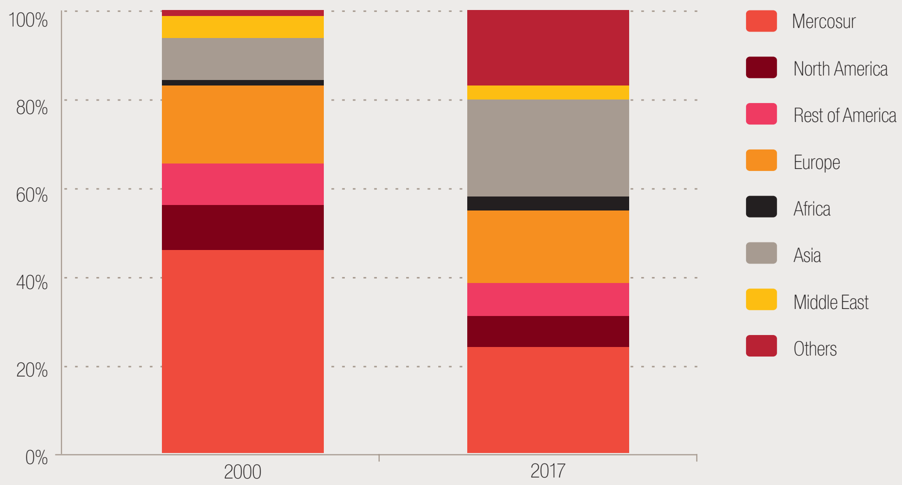
Exports of information technology and financial services (USD millions)



Source: BCU

Along with the product diversification, Uruguayan exports have achieved relevant diversification regarding destination markets.

Exports by market



Source: BCU

Foreign trade

Imports

There are no significant restrictions for importing goods. Except for a few special products that can only be imported if authorized by the Executive Power.

Custom duties are imposed on Customs Value of the imported goods, which is determined in accordance with valuation criteria provided by the General Agreement on Tariffs and Trade.

As a general principle, imports of goods from any of the countries that are part of the Mercosur are generally free from customs tariffs. Except for goods included in exception regimes, or those pertaining to the sugar industry (which are subject to the import tariff prevailing in Uruguay) and to the automotive industry (which are subject, in some cases, to a reduced import tariff). For some goods imported from Argentina, special duties known as Specific Rights may correspond – though its application is under review -. Meanwhile, goods from countries not belonging to Mercosur are subject to a Common External Tariff (CET) that varies between 0 and 20%, with exceptional levels that range from 23% to 35% corresponding mainly to certain types of shoes, sugar and automotive goods.

Capital and information technology goods are in general subject to custom tariffs of up to 2%. In addition to custom tariffs, imports are subject to Value Added Tax at a rate of 22%, plus import surcharges. Furthermore, when importing goods, an additional advanced payment of VAT must be done (10% or 3% depending on the type of good). This advanced payment is considered part of the VAT that will be generated when the good, after being imported, is sold locally. Consequently, it can be credited against VAT on sales.

Furthermore, from January 2018 and onwards, the Consular Duty rate will be 3% for products with Mercosur origin and 5% for products originated in the rest of the world. The rate applicable to automobiles is 5%, regardless of their origin. Products originated in Mexico, as well as products introduced to Uruguay in the framework of the Temporary Admission regime, and fixed assets are exempt from the Consular Duty. Free Zones systems offer significant advantages for companies operating in foreign trade.

Exports

Exports are not subject to any taxes and there are almost no prohibitions regarding the type of goods exported. On the contrary, there are several instruments offered to promote exports, for instance:

- Exports are not subject to VAT.
- Reimbursement of taxes: there is a system for reimbursement of indirect taxes, whereby the exporter may recover internal taxes added to the cost of the product exported. The amount to be reimbursed is a percentage of the FOB value set by the Executive Power for the product.

- Temporary admission: supply imports for exportable products are exempt from custom tariffs provided the final products are exported within an 18-month period.
- Draw-back: for certain products, the draw-back system allows for the reimbursement of tariffs paid on imports at the time of export.
- Special financing: exporters can access credit at preferential interest rates.

Payment system in local currency

Nowadays, a payment system in local currency with Brazil, Argentina and Paraguay is available. Such system allows natural and legal persons- that are in one of both countries- to make payments and/or collections in their respective currencies in transactions between both countries.

Transfer pricing

Transfer pricing provisions were included in the corporate income tax rules, and apply as from July 2007.

As a general principle, transfer-pricing rules are applicable to international transactions between related parties. However, the law expanded the scope of these rules to transactions carried out with parties situated in low or zero-tax jurisdictions or regimes (either international or domestic), regardless of the relationship between them. Domestic transactions with Uruguayan Free Zones fall under this category.

The definition adopted by the law for determining the related party status is quite broad. Such relationship is configured when both parties are subject, directly or indirectly, to the management or control of the same individuals or legal entities. Or when they have power of decision to direct or define the taxpayer's activities due either to their participation in capital interest, the level of their credit rights, their functional or any other type of influence (whether contractual or not). Uruguayan legislation adheres to the arm's length principle. Uruguayan law adopts the best-accepted international methodologies and requires use of the most appropriate method according to the type of transaction performed.

For import and export transactions of goods; where prices can be determined through transparent markets, stock exchanges or similar; prices should be utilized to determine the corresponding net income of Uruguayan source, unless proof can be provided of the contrary.

Special attention must be paid to transactions between related parties involving primary farming products and goods with known price quotations in transparent markets, made through a foreign intermediary other than the actual recipient of the goods.

Transfer pricing documentation (informative transfer pricing return, transfer pricing documentation and financial statements) must be filed to the Tax Office, within the 9th month after the fiscal year end. However, there is a limit amount, under which taxpayers are not obliged to file the transfer pricing documentation. Although in such cases taxpayers must still keep on file the vouchers and other supporting evidence justifying the transfer prices used and the comparison criteria applied during the period of limitations of taxation, in order to duly demonstrate and justify the correct determination of those prices and the amounts of the considerations fixed or the profits margin declared.

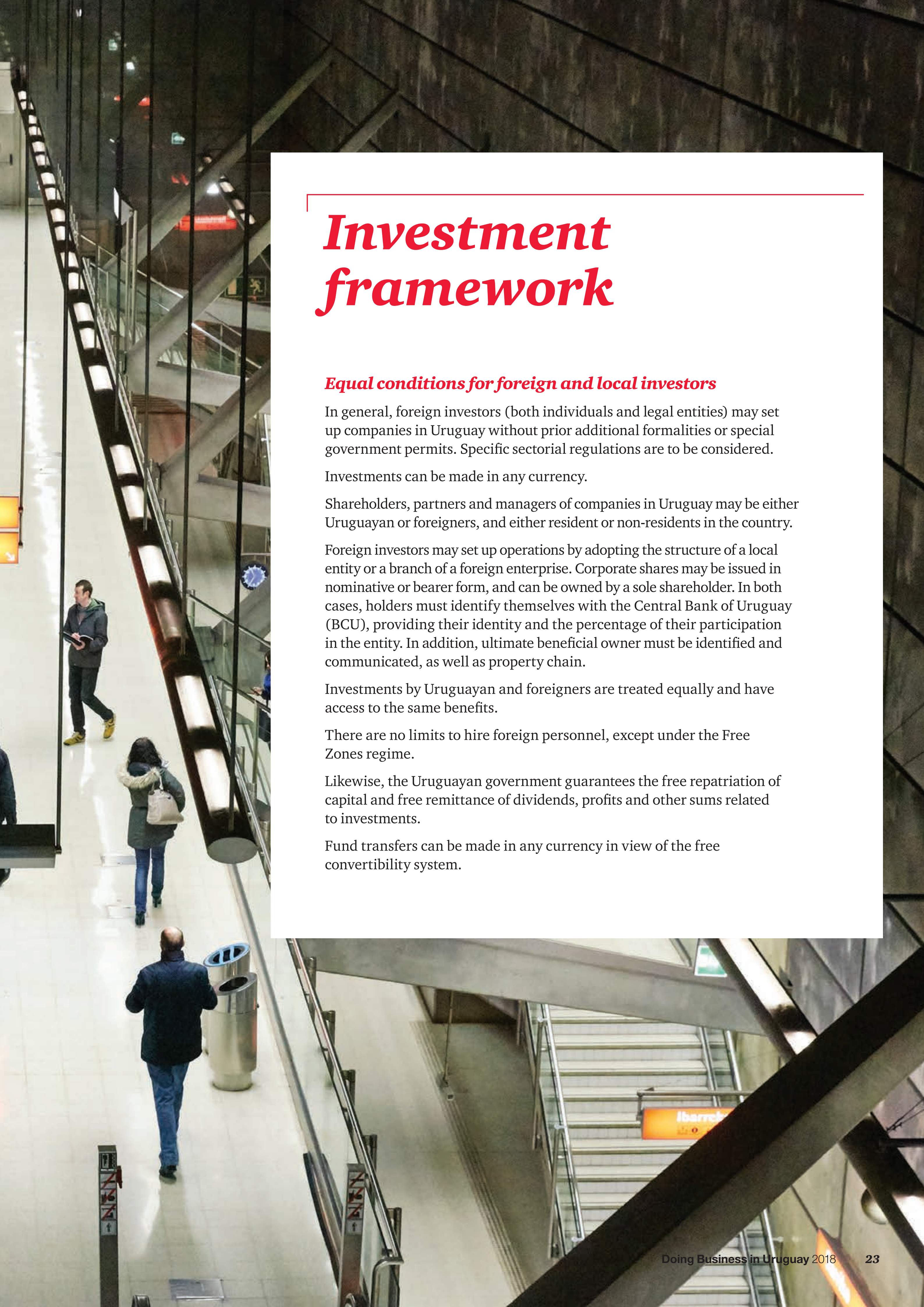
Since 2012, Law 18,996 has stated specific penalty provisions for transfer pricing. Penalties for failure to comply with the transfer pricing provisions (including the formal ones) are gradual according to the gravity of the fault and of its recurrence.

The regulations provide taxpayers with the opportunity to enter into advanced pricing agreements with the Tax Office. These agreements must be signed prior to performing the intercompany transactions subject to analysis and may not exceed the term of three fiscal years.

Regional and global integration processes

With the aim of deepening the integration process started by Mercosur, the regional block has entered into agreements with Chile, Bolivia, Mexico and the countries from the Andean Community of Nations. This integration process conveys important advantages for entrepreneurs located in Uruguay, since they benefit from reduced customs tariffs when trading with these countries.

In addition, an Interregional Framework Cooperation Agreement with the European Union was signed to regulate spheres of cooperation in the areas of trade, economy and integration. In addition, Mercosur and European Union are working together in a possible Free Trade Agreement (FTA) that would have important benefits to both signers. It is expected the negotiation to finalize during 2018. Currently, there are two more FTA signed by Mercosur: Mercosur-Israel and Mercosur-Egypt. Furthermore, current negotiations are taking place toward the sign of a FTA between Uruguay and Chile.



Investment framework

Equal conditions for foreign and local investors

In general, foreign investors (both individuals and legal entities) may set up companies in Uruguay without prior additional formalities or special government permits. Specific sectorial regulations are to be considered.

Investments can be made in any currency.

Shareholders, partners and managers of companies in Uruguay may be either Uruguayan or foreigners, and either resident or non-residents in the country.

Foreign investors may set up operations by adopting the structure of a local entity or a branch of a foreign enterprise. Corporate shares may be issued in nominative or bearer form, and can be owned by a sole shareholder. In both cases, holders must identify themselves with the Central Bank of Uruguay (BCU), providing their identity and the percentage of their participation in the entity. In addition, ultimate beneficial owner must be identified and communicated, as well as property chain.

Investments by Uruguayan and foreigners are treated equally and have access to the same benefits.

There are no limits to hire foreign personnel, except under the Free Zones regime.

Likewise, the Uruguayan government guarantees the free repatriation of capital and free remittance of dividends, profits and other sums related to investments.

Fund transfers can be made in any currency in view of the free convertibility system.

Banking secrecy

Uruguay has a long-established tradition of bank secrecy. Client information at financial institutions is protected. The supervising entity requires compliance with strict standards and queries regarding the level of indebtedness in the Uruguayan financial system are provided through the BCU.

Information subject to bank privacy rules can be revealed only in the following cases:

- By express authorization of the interested party, issued in writing.
- By duly sustained resolution of the Penal Court, or the competent Family Court in alimony cases.
- By BCU employees, auditors or other representatives who require access to such information because of their tasks related to the organization, operations and monitoring of financial institutions, and in cases of prevention of money laundering and terrorism financing, according to the current legislation.
- After 30 days of being formally accused by the tax authority for tax fraud, when the competent Court has not opposed to allow access to the bank information of the company or person involved.
- By Court order when the Director of the Tax Office (DGI) -using the powers granted to this Office-, requests the Civil court the information related to banking operations of specified individuals or legal entities. The request shall be referred to current tax obligations and have grounds and fundaments. It must be proved the existence of objective facts that presume the existence of evasion by the taxpayer, and that the requested information is necessary for the correct determination of the taxes due or for the classification of offenses.
- By authorization of the Courts when DGI requests so, complying with an express and founded requirement of the competent authority of a foreign state in the framework of international conventions ratified by Uruguay for the exchange of information or for the avoidance of double taxation. This is applicable to information related to operations as from January 1st 2011. Prison penalty is established for breaching bank privacy rules.
- For the purpose of the Common Reporting Standard -or CRS- financial institutions (including but not limited to banks, securities intermediaries and even insurance companies in certain circumstances) must report identity and residence of accounts holders, and may require certain information from individuals for this report. CRS could be defined as a set of guidelines on the basis of which information should be obtained, systematized and reported on financial accounts to be shared among the States parties in the framework of the Agreement for the Automatic Exchange of Financial Information to which our country has adhered.

Tax privacy rules

Tax privacy precludes the DGI from revealing information of its procedures. Breach of tax privacy may result in the dismissal of the employee responsible for that breach.

A relevant matter for the economy in Uruguay is to achieve sustained investment growth.

A state policy of promotion and protection of investments was established to provide a secure environment for investors in Uruguay.

Prevention of money laundering

Uruguay has adopted measures to prevent money laundering, which include the creation of two public offices to fight terrorism: the National Intelligence Bureau (within the Ministry of Defence) and the Information and Intelligence Bureau (within the Ministry in charge of Internal Security), as well as specialized units and commissions that develop coordination, research and control activities.

Courts have ample faculties to seize and confiscate goods or financial instruments involved in money laundering and in offenses involving this felony.

Uruguay offers legal protection to all individuals reporting suspicious operations, without requiring a specific offense as a condition for reporting the operation. A special Information and Financial Analysis Unit (UIAF) was created inside the BCU to request information from public sector officers, to receive and analyse reports on suspicious operations and to communicate them to judicial authorities.

Money laundering prevention supervision is highly developed in the banking sector and regarding those who act in the non-financial system.

Casinos, real estate sectors, intermediaries in the purchase of certain goods, and other activities, sectors or individuals, such as notaries, accountants and lawyers, are subject to specific obligations under these regulations.

Uruguay has signed the Conventions of Vienna and Palermo and the International Convention for the Suppression of the Financing of Terrorism, as well as nine of the eleven United Nations protocols related to crimes of terrorism.

Besides, the country has a juridical and regulatory framework in place against money laundering that satisfies the basic requirements of the 40 recommendations of the *Groupe d'Action Financière* (GAFI).

Uruguayan law establishes that all criminal actions, except for political crimes, common crimes related to political offenses or common crimes whose repression obey to political purposes, are subject to extradition, including felonies related to money laundering and financing of terrorism.

Intellectual property

The protection of copyrights, trademarks and patents is specifically legislated.

Copyrights

Under the intellectual property law, copyright protection in Uruguay applies to original works of art in the literary, scientific and artistic fields for a prescribed period. Within this period, the author or the copyright holder has certain exclusive rights to the copyrighted material, which is protected against unauthorized use or infringement. The exercise of the protected rights does not depend on any formality or registration. 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. These rules are applicable to software and to creative works in the areas of electronics and information systems sourced from foreign countries.

Trademarks

Trademarks are defined as any sign with the capacity to distinguish the products or services of a natural or legal person from those of another. Registration with the National Industrial Property Bureau (DNPI) is necessary to acquire the exclusive right to a trademark and afford the registrant protection for a ten-year period, with subsequent ten-year extensions that are renewable indefinitely. The use of a trademark is compulsory. The use of trademarks can be assigned to third parties by private contract or notarized deed, but it is always advisable to register the transfer with the DNPI in order to obtain protection against infringement. The use of trademarks may also be assigned through a license contract, which cannot be registered with the DNPI. Unless otherwise agreed, it is understood that the transfer or sale of a business includes its trademarks.

Patents

Law protects industrial patents. This protection reaches the rights and obligations relative to the rights stemming 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 for a period of 20 years. After that period, the patent becomes public domain. Once patented, models of use (also called minor innovations) and industrial models or designs (visible form that incorporated to a product of use gives a different aspect or appearance), afford their owners the exclusive right of use for a period of ten years, renewable for a five-year term only once. In order for rights of exclusive use to be enforceable to third parties, the inventions, models of use and industrial models or designs must be registered with the DNPI. The Paris Convention for the protection of industrial property ratified by Uruguay grants the people 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 people for the use of the same invention, model of use or industrial model.

Fair competition

The Defence of Fair Competition Law seeks to promote the wellbeing of consumers and users and to stimulate economic effectiveness, freedom and equality of the conditions to access markets. The Ministry of Finance, through the Commission for the Promotion and Defence of Competition, ensures compliance.

Legal framework for employment outsourcing

Uruguayan employment law seeks to protect workers, while meeting the needs of the market. Due to the high specialization of companies in order to obtain higher profits, Uruguay uses the following employment methods that offer the employer the possibility to use the legal framework that best fits the enterprise.

Employment outsourcing contracts are the following:

- Subcontracts: when an employer, due to a contractual agreement is responsible for carrying out work or services by his own interest and risk and with workers under his authority for a third person, called main employer. This work or services are related to the normal activity of the enterprise, either if these are principal or secondary.
- Intermediation: when a businessperson is the one that contracts or takes part in hiring the workers in order to provide services to a third party. The entrepreneur does not serve directly the services or work to the public, but to another employer or enterprise also called "main employer".
- Employment supplier firm contract: when a private employment supplier firm provides services that consist on hiring workers in order to make them available for a third person, called user enterprise or main employer, who determines their tasks and work and the supervision of its execution.

The main employer should exercise his right to be informed by the subcontractor, intermediation businessperson or the employment supplier firm about the compliance of labour obligations, pension and insurance, referred to the workers. When this right is exercised, the liability for any debit of the abovementioned obligations will be vicarious.

Likewise, the law establishes that when the subcontractor, intermediation businessperson or the employment supplier firm fails to pay any of the obligations the main employer will be able to withhold the payment to them, paying directly to the workers and public offices (pensions and insurance obligations).

Equal investment incentives for local and foreign capital.

Protection of the environment

The Uruguayan Constitution sets forth that the protection of the environment is a matter of general interest. The Ministry of Housing, Territory and Environment (MVOTMA) supervises all related matters, acting through the National Environment Bureau (DINAMA).

The legal framework in Uruguay establishes the civil responsibility of the individual or legal entity that causes damages or pollution to the environment or breaches environmental laws or rules. Notwithstanding the existence of administrative or criminal responsibility established by the law.

The Investment Promotion Law grants tax benefits to national or foreign investment projects in the country that use non-polluting technologies ("clean technologies"). In this manner, the state promotes the protection of the environment.

Data protection

Law establishes the protection of personal data.

One of the main law principles is that the entity that is developing personal information must obtain the prior, express and informed consent of the owner of this information before providing it to any third person. Failures to comply with this legal provision will make the company subject to administrative sanctions, civil and criminal punishment.

In addition, law and regulations establish the obligation for those who have adequate personal databases to register them at the Regulatory and Control Unit of Personal Data, which is under the scope of Electronic Government Development and Information and Knowledge Society (AGESIC).

Monopolies and antitrust

Although it is not illegal for a monopoly situation to exist, there is a law that establishes the Promotion and Protection of Competition that prohibits both the anti-competitive practices through monopolies, and that monopolies use their power to prevent potential competition from new market players -action that may cause damage to the market and to the society itself-.

The law is aimed to promote the welfare of current and future consumers and users through the free competition and equal access to companies and products in the market. The authority in charge of the application of these provisions is the Commission for the Promotion and Protection of Competition.

Consequently, any abuse of predominant position and all the practices, behaviours or recommendations intended to restrict, limit, obstruct, distort or prevent actual or future competition in the relevant market are also prohibited. It is considered abuse of predominant position when operators use their position improperly in order to obtain benefits or cause harm to others.

One shareholder may own 100% of the capital once the corporation is set up.

Shares can be nominative or bearer.

Foreign investment

Choice of entity

In general, individuals and legal entities can set up an enterprise in Uruguay without any prior formalities or special authorizations from the government, except for the case of (i) projects that may have an impact on the environment, (ii) public concessions, (iii) insurance and banking activities, and (iv) sectors in which there is a state monopoly.

The corporation is the most commonly used type of legal entity by foreign investors.

Capital and holding requirements

There are no specific rules establishing percentages for foreign investment participation. For the majority of companies, there are no minimum or maximum capital requirements.

However, special regulations apply to mining, telecommunications, banking, insurance and pension fund administrators. Companies should be created by two or more natural or legal persons. Notwithstanding that, in case of corporations, after its set up the company can exist with a single shareholder.

There is no general requirement stating that directors or managers must be Uruguayan residents or nationals. However, in some cases, the Uruguayan residence of the legal representative is recommended for practical reasons.

Repatriation of funds

Repatriation of funds is unrestricted. The requirements of the Uruguayan Companies Act (Law 16,060) must be fulfilled in order to repatriate earnings or capital.

Uruguayan Companies Act and incorporation procedures

This law regulates the incorporation and administration of business entities in general.

The main types of legal entities are corporations (*Sociedad Anónima*) and limited liability partnerships (*Sociedad de Responsabilidad Limitada*). In the case of foreign investors, the branch is also widely used and regulated by the law applicable to local companies. The provisions of the Uruguayan Companies Act also address limited and general partnerships as well as cooperatives. Consortiums and groups of economic interest can also be formed.

Even when this act regulates the procedure to incorporate new entities, it is also possible and it is a common practice to acquire “off-the-shelf-corporations” with no previous activity. In fact, the term to set up a corporation can be between 65 and 90 days, while an investor may acquire a corporation already incorporated and start operations almost immediately.

In case of limited liability partnerships, the incorporation term would be between 45 and 60 days. Although it is possible to start the activities after signing the company memorandum of association, considering that during the period in which the incorporation is not completed the partners will have unlimited responsibility.

During 2010, a new program was launched through which entrepreneurs are able to register and open a company in 24 hours (*Empresa en el Día*). The program cuts the number of public offices involved in the creation of an entity as well as the number of steps and days.

Trust law

This law has been in effect in Uruguay since November 2003 and regulates this type of alternative structure (*Fideicomiso*) for doing business in the country.

Corporation

Corporations have no operating limitations whatsoever and the legal system is similar to that of capital stock companies found in foreign legislation.

Shares can be issued as nominative or bearer, as well as common or preferred.

Voting rights for different classes of shares are normally established in the bylaws, with each share being entitled to one vote. For banking, insurance, pension fund administrators, pharmacies, radio, television, security companies, corporations which provides port services, or in case of rural real estate property rights, shares must be nominative. These shares can be freely transferred and the procedures depend on the type.

Bearer shares can be transferred simply by delivery of the certificates and their ownership and transfer must be communicated to the BCU. Nominative shares must be endorsed and their transfer must be communicated to the corporation as well as comply with the obligation of communicating every modification on the ownership to the BCU. 25% of the share capital expressed in the bylaws must be paid at the moment of signing them. This capital shall be expressed in Uruguayan pesos and accounting must be done in such currency. After formation, one shareholder may own the entire capital of the corporation.

The Uruguayan Companies Act establishes two different types of common corporations: open (those using public savings or with shares listed on the stock exchange) and closed (defined as those that are not open). Shareholders exercise the control of a corporation through the general shareholders' meeting, which is the corporation's highest authority. The management of the business is normally delegated to a board of one or more directors and to the managers. Powers of each body are defined in the

Uruguayan Companies Act and included in the bylaws of the corporation. The directors can be individuals or legal entities, either local or foreign, and may be domiciled outside of Uruguay.

Meetings can be ordinary or extraordinary. The ordinary meeting must be held within six months of the end of each year, to consider the state of the business and the performance of the board of directors. As well as to approve the annual financial statements of the year, the syndic's report (if the company has one), the profit distribution (if any) and to designate the members of the board of directors. Extraordinary meetings are held when required by the corporation, as per the reason stated for calling the meeting. They are convened to consider matters other than those addressed exclusively by the ordinary meeting. The meetings must take place in Uruguayan territory and must be convened by the board of directors or by the administrator.

Shareholders can be represented at the meetings by third parties through simple letters of authorization that do not require certification by a public notary, nor consular legalization when issued abroad. In general, corporations are subject to the control of the National Internal Audit Office (AIN) with respect to the formation, incorporation and modification of the company contract or bylaws as well as for early dissolution, transformation, merger, spin-off or any variation in the capital.

All companies must keep books and records. They include the general ledger, inventory ledger and the copy letter book. Likewise, corporations must keep minutes of shareholder and director meetings, as well as records of shareholder's attendance to those meetings.

Limited liability partnership

The limited liability partnership (*Sociedad de Responsabilidad Limitada*) is the type of legal structure most often used by small and medium-sized business entities in Uruguay. The only operating restriction is that they cannot perform financial or insurance activities.

Partners are liable up to the amount of their capital contributions. The partnership can have from two to 50 partners, who can be legal entities, with no restriction on nationality. They can operate temporarily with only one partner.

This type of legal entity does not have minimum or maximum capital, which is represented by nominative ownership interest. There is no limitation to the transfer of ownership interest between partners. In case of the transfer of ownership interest to third parties, it is necessary to have the approval of 75% of the partners if five or more partners compose the company. If less than five partners compose it, unanimity is required.

Partnerships are administered and represented by one or several people, partners or non-partners, designated in the deed. If there are less than 20 partners, resolutions in partner meetings are adopted generally by partners holding the majority of the ownership interest. For the adoption of special resolutions, the unanimity of the partners will be required. If there are 20 or more partners, resolutions generally are adopted by simple majority of votes of the partners in attendance, computed at one vote per ownership interest share.

Limited liability partnerships are not subject to the control of the AIN (except for the obligation of registering the financial statements under certain conditions). Profits are distributed as provided in the partnership deed, which can be different from the proportional criteria based on the amount of capital holdings.

Branch of a foreign corporation

Companies constituted abroad can perform isolated business operations in Uruguay and can appear in court as plaintiffs or defendants, but to perform the activities outlined in their bylaws or company deeds on a regular basis they must establish a branch in Uruguay. The branch has no operating restrictions, but must be engaged in the same activities as its head office.

The foreign head office, whose net worth cannot be separated from that of the branch, is responsible (with no limit) for the obligations of the branch. Being the branch a foreign company, aspects such as personal involvement, anonymity and profits will depend on the head office´s regulations.

Shares or ownership interest that can be transferred or negotiated does not represent the capital assigned to the branch. The business entity operating as a branch must be transferred following the legal regulations, which govern the sale of business concerns.

The branch must keep separate accounting records in Uruguayan currency and in the Spanish language.

Trust

Trusts have been useful and effectively applied in diverse sectors of the local economy including dairy, manufacturing, services and infrastructure, as an alternative mechanism to traditional bank credit. Foreign investors normally use this instrument in a private manner to provide guarantees to their own investors in the country. Trusts are more flexible than traditional corporate forms of doing business.

A financial trust issues equity security in the trust's domain, debt representative titles guaranteed with trust goods or titles with mixed characteristics (credit rights and participation of the remainder). Consequently, and in contrast with ordinary trusts, financial trust beneficiaries have their rights represented in securities.

Ultimate beneficial ownership

According to Law 18,930 and 19,484, entities whose share capital is represented through bearer or nominative certificates, as well as partnerships and other entities must identify and communicate to the Uruguayan Central Bank (BCU), the ownership of those participations as well as the ownership chain until reaching its ultimate beneficial owners.

In this regard, the law considers as "beneficial owners" those natural persons who directly or indirectly hold at least 15% of the paid in capital (or its equivalent), or the right to vote, or those who otherwise exercise the final control of the company.

The law foresees exceptions to the obligation of communicating the mentioned information. These exceptions refer to (i) cases in which beneficial owners do not hold at least 15% of the paid in capital; (ii) companies whose titles are listed on stock exchanges of recognized prestige (national or international); and (iii) when in the ownership chain an investment fund or trust (also with their participations contributed publicly in the stock exchange) exists. It is worth mentioning that qualifying for this exception does not necessarily consist in not requesting information to those companies. Instead, the form must be filled but requesting less information.

Tax system

Overview of the tax system

Uruguay is one of the few countries in the region that applies corporate taxes following the source principle: investments located and activities performed outside Uruguayan territory are not subject to taxation, regardless of nationality, domicile or residence of the parties participating in the transactions, and regardless of the place where the agreements are subscribed. A major tax reform effective as from July 2007 ratified this principle. The main purpose of the reform was to restructure the taxation of resident individuals, which was again reviewed in 2011, taxing income derived from holding movable capital -regardless of its source-.

The tax system is structured on the concept of residence. Legal entities are deemed resident in Uruguay when they are incorporated according to local legislation.

Individuals are deemed to be residents:

- If they remain within Uruguayan territory for a period longer than 183 days during the calendar year (except when residence in other country can be justified).
- When their basis of activity (centre of economic interest) or their centre of vital interest is in Uruguay (when the habitual residence of their family is in Uruguay).

Additionally, regulations published on October 2016 established that if the individual has an investment in Uruguay that complies with one of the following conditions, the individual will be considered resident for tax purposes (presence of economic interests in the country), unless he/she proves his/her fiscal residence in other country:

- More than 15,000,000 UI (USD 2,000,000 approximately) in properties located in Uruguayan territory.
- More than 45,000,000 UI (USD 6,000,000 approximately) in a company with projects or activities promoted by the Inversions Law, directly or indirectly.

Main direct taxes are Corporate Income Tax on Economic Activities (IRAE) and Net Wealth Tax (IP).

The main indirect taxes are Value Added Tax (VAT) and Excise Tax (IMESI). There is no taxation on capital contributions or stamp duties. Indirect taxation is the main source of revenue. Uruguay has signed treaties to prevent double taxation (DTTs) following the model of the Organisation for Economic Cooperation and Development (OECD) and of the United Nations (UN).

Treaty countries up to now are:

- Germany (renegotiated and in force as of December 2011)
- Hungary (in force since 1994)
- Mexico (in force as of December 2010)
- Spain (in force as of April 2011)
- Switzerland (in force as of December 2011)
- Liechtenstein (in force as of September 2012)
- Portugal (in force as of September 2012)
- Ecuador (in force as of November 2012)
- Malta (in force as of December 2012)
- Korea (in force as of January 2013)
- Finland (in force as of February 2013)
- India (in force as of June 2013)
- Rumania (in force as of October 2014)
- United Arab Emirates (in force as of June 2016)
- Vietnam (in force as of July 2016)
- United Kingdom (in force as of November 2016)
- Luxembourg (in force as of January 2017)
- Singapore (in force as of March 2017)
- Belgium (in force as of August 2017)

In addition, Tax Information Exchange Agreements (TIEAs) have been celebrated with:

- France (in force as of January 2011)
- Iceland (in force as of November 2012)
- Denmark (in force as of January 2013)
- Greenland (in force as of January 2013)
- Argentina (in force as of February 2013)
- Norway (in force as of January 2014)
- Canada (in force as of June 2014)
- Australia (in force as of July 2014)
- Faroe Islands (in force as of February 2015)
- Sweden (in force as of April 2015)
- The Netherlands (in force as of June 2016)
- Chile (in force as of August 2016)
- United Kingdom (in force as of October 2016)

A TIEA with Brazil and a DTT with Chile was approved by the Uruguayan Parliament, while the international ratification processes (for the entry into force) are in their normal course. DTTs with Chile and Paraguay are in the process of being approved by the Parliament. Other DTTs are currently being negotiated.

Income Tax

There are three categories of taxpayers:

Corporate	Individuals	Non-residents
25%	10-36 % labour income	12% / *(25%)
Legal entities	12 % capital income	
Permanent establishments		

**(25%) applicable to entities resident, domiciled, or located in low or no-tax jurisdictions.*

Corporate Income Tax

Corporate Income Tax (IRAE) is levied at a 25% rate on business income from local sources obtained by Uruguayan resident entities and permanent establishments of non-residents.

The definition of permanent establishment follows that of the OECD. A non-resident is deemed to have a taxable presence in Uruguay when carrying out all or part of activities from a fixed place of business or through a dependent agent. Provision of services (under certain conditions), including consultancy services, will also trigger a permanent establishment (hypothesis based on the United Nations model).

Income obtained in the agriculture business (including forestry) is also in the scope of this tax but depending on the nature and size, those engaged in this type of activity may elect to be subject to the Agricultural Products Sales Tax (IMEBA). However, this option is not available for corporations, *sociedades en comandita por acciones*, permanent establishments, trusts, closed investment funds and for state enterprises.

There is also an option to be taxed under IRAE rules that is available for those who obtain income subject to Individuals' Income Tax (IRPF), with the exception of salaries, dividends or profits, and income from holding movable capital derived from non-resident entities. For those who obtain income from personal services (such as independent contractors), the option depends on the level of income effectively obtained.

To determine net taxable income, duly documented accrued expenses required for the generation of Uruguayan source income are allowed as deductions. To determine the taxable basis in transactions with foreign related parties, transfer-pricing rules in line with the OECD guidelines must be applied. Transactions between companies located in Uruguay and counterparts located in low tax jurisdictions, whether related or not, must be analysed within the scope of transfer pricing regulations.

Profits of small companies (annual income below approximately USD 40,600) are not subject to IRAE. Nevertheless, a monthly fixed tax of approximately USD 120 must be paid. In general, IRAE taxpayers must make advanced payments on account of the final tax at the end of each fiscal year.

Individuals' Income Tax

Resident individuals are subject to IRPF. Income subject to tax is divided into two categories: capital and labour income. IRPF taxes income derived from activities developed in, property located in or rights economically used within the Uruguayan territory, as well as income derived from holding movable assets (regardless of its source).

Regarding labour income, this tax also applies to income derived by resident individuals because of activities developed outside the country, as long as the payer of the salary/fee is an IRAE taxpayer.

Capital income includes earnings from holding movable and immovable property and capital gains derived from their transfer. It is levied at a flat rate of 12% with some exceptions (i.e. interest on deposits in local currency, interest on debt issued by public offering, dividends or profits paid by IRAE taxpayers among others), which are taxed at lower rates.

Labour income includes earnings from rendering personal services as an employee or as an independent worker and is levied at progressive rates of up to 36%, depending on total annual gross income. Deductions are minimal and include retirement plan contributions and deductions for underage or handicapped dependent children. The annual non- taxable threshold of this tax is of approximately USD 11,300.

Although originally included in the scope of IRPF, as of 1st July 2008, Uruguayan source income derived from pensions is subject to a specific tax aimed at financing the pension fund at progressive rates of up to 30%. The annual non-taxable threshold of this tax is of approximately USD 13,000.

In order to calculate the progressive tax on labour income, the following rates are applicable to annual gross income.

Annual taxable gross income (USD)		
Over	**Up to**	**Tax rate (%)**
0	11,340	0
11,340	16,200	10
16,200	24,300	15
24,300	48,600	24
48,600	81,000	25
81,000	121,500	27
121,500	186,300	31
186,300		36

Social security contributions and a notional amount corresponding to education, feeding, health, and housing of dependent under-age children are deductible, under certain conditions, from employee gross income when applying a flat rate of either 10% or 8%, depending on the taxpayer's level of income. Those taxpayers with a monthly income lower than 15 BPC (approximately USD 2,000) will be able to deduct a 10% of the deductions, while the individuals whose income is higher than 15 BPC will only be able to deduct an 8% rate of the total deductions.

Taxpayers must make advanced payments during the fiscal year (either themselves or through withholdings made by the employers), which are deducted to calculate the final tax payable to the DGI.

Taxpayers have the choice to pay this tax as a family unit. Rates to be applied differ from the aforementioned rates and depend on the income of each member of the family unit.

Non-Residents Income Tax

All Uruguayan sourced income obtained by non-residents (other than those obtained through a permanent establishment in Uruguay) are taxed by Non-Residents Income Tax (IRNR) at a general flat rate of 12% on gross income. Income obtained by entities resident, domiciled, or located in low or no-tax jurisdictions (LNTJs) is taxed at 25%. Labour income, including the one from rendering personal services as an employee or as an independent worker, are taxed at this flat rate. Technical service fees related to obtaining income of local source are deemed Uruguayan sourced, even when the service is rendered outside Uruguay.

As of January 1st 2016, income from advertising services and income derived from the mediation, lease, use, assignment of the use, or disposal of image rights from athletes registered with Uruguayan resident federations are also deemed to be Uruguayan sourced regardless of where services are rendered or rights exercised.

As of January 1st 2017, rules aimed to discourage the use of LNTJs entities are effective:

- Income derived from the transfer of shares or participations in entities from LNTJs whose assets located in Uruguay exceed 50% of their total investments is deemed to be Uruguayan sourced (thus taxable) for IRAE purposes. Similar provisions apply to resident individuals and to non-resident taxpayers.
- Discouraging the use of intermediary entities that reside in LNTJs, when a resident individual participates in their capital, passive income and/or capital gains received by these entities will be assigned as deemed dividend, thus taxed in the hands of the individual beneficiaries.

Additionally, effective as of January 1st 2018 new rules on the taxation of the following cross-border activities (partially in Uruguay) apply:

- Income derived from production, distribution, or intermediation of cinematographic films and tapes, as well as income derived from direct TV broadcasting, will be considered entirely Uruguayan-sourced and fully subject to IRAE or to IRNR.
- Income derived from mediation and intermediation in the supply or demand of services provided through the Internet, technology platforms, apps, or similar means will be considered entirely sourced in Uruguay when both the supplier and user of the service are located in Uruguay, and considered 50% sourced in Uruguay if either the supplier or the user are located outside Uruguay.

The following items of income are subject to reduced tax rates or are exempt:

- Interest on loans: exempt, provided local debtors have more than 90% of their assets affected to generate income not subject to IRAE.
- Dividends or profits paid out of exempt income for IRAE purposes: exempt (otherwise 7%).
- Technical service and advertising fees paid by beneficiaries that mainly obtain exempt income for IRAE purposes: 0.6% or 0.0% (if they do not obtain income subject to IRAE).

IRNR is basically collected by way of withholding and IRAE taxpayers are appointed as withholding agents.

Other taxes

Net Wealth Tax

Net Wealth Tax (IP) is levied on the amount of net assets held by IRAE taxpayers. It is applicable on assets located or economically used in Uruguay at each fiscal year-end, at a rate of 1.5%.

Deductible liabilities are limited and include debts with suppliers of goods and services, taxes not yet due; debts with governments, international credit offices of which Uruguay is a member and debts with foreign state financial institutions, with the objective of financing long-term productive projects, among others. Taxpayers may offset from the IP the IRAE of the same fiscal year (deduction currently capped at 1% of the IP). In order to determine the taxable basis, exempt assets as well as assets located abroad are deducted from these liabilities.

In 2013, the IP exemption for investment associated to the development of agricultural and/or farming activities was modified. In this regard, agricultural and/or farming investments will continue to be exempt from IP to the extent the corresponding assets do not exceed approximately USD 1,600,000. If they exceed that amount, IP will apply at different rates that would vary depending on the value of referred assets. IP is not only levied on corporate taxpayers but also on the net wealth of individuals at each year-end, at a progressive scale of rates from 0.6% to 0.9%.

IP is also levied by way of withholding on credits held by foreign entities or individuals against debtors located in Uruguay at each year-end, unless they were originated in imports, loans or deposits, all of which are exempt from this tax. The applicable rate is 1.5% (applicable rate to LNTJs is 3%) in case of creditors that are legal entities, and range from 0.7% to 1.5% in case of creditors that are individuals.

Value Added Tax

Uruguayan VAT is a non-cumulative tax levied at a general rate of 22% on the provision of services and on the circulation of goods within the limits of the Uruguayan territory. Imports of goods and value added in the construction of immovable assets are also within the scope of this tax.

A reduced 10% rate applies to specific goods and services, such as basic food items, medicines, hotel services, health services, initial sales of immovable assets, sale of natural fruits, flowers, vegetables, etc.

There are some goods and services which are exempt from VAT, such as foreign currency; real estate (other than the initial sale); agricultural machinery and accessories; milk; books and magazines; newspapers and educational material; interest on public and private securities and deposits, real estate rentals and certain banking operations. Exports and agricultural products are exempt under certain conditions, whereby the related tax credit is reimbursed.

Uruguayan VAT follows a debit /credit system, by which input VAT may be offset from output VAT.

Excise Tax

In general, Excise Tax (IMESI) applies on the first transaction made in the domestic market by manufacturers or importers of the goods. Exports are not taxable.

Rates vary for each item (from 10% to 133%) and are generally set by the government, within maximum parameters established by law. Goods subject to the highest rates are alcoholic beverages, tobacco, gasoline, fuel, lubricants, and other petroleum products.

Tax on Real Estate Transfer

Tax on Real Estate Transfer (ITP) applies to the transfer of immovable assets. Transfer is defined in a broad sense, including the sale, cession of the right to use, transfer of inheritance rights, etc. Both parties to the transfer contract are subject to this tax, at a rate of 2% each on the property value (generally lower than market value). When the property is transferred without payment, the beneficiary pays the tax at a rate of 4% on its tax valuation, except for direct heirs or legatees, who pay a 3% rate.

Investment promotion

Incentives for foreign investors

Because of the source principle applied to taxation, Uruguay is used by multinational companies to structure investments in the region and internationally.

The main tax incentives for investments in the country stem from two different instruments:

- Investment law.
- Free Zones law.

Investment law

Uruguay has a specific legal framework for the promotion and protection of local and foreign investment. Relevant regulations establish that companies can obtain a government declaration granting promotional status that gives access to significant tax benefits.

To qualify for these benefits, the investor must file an application at the Bureau of Investor Assistance, which monitors the evaluation process for projects. After filing, the Application Commission (COMAP) evaluates whether the applicant qualifies for the promotional status declaration, in accordance with objective evaluation criteria, and submits its conclusions to the Executive Power.

If approved, the Executive Power issues a resolution declaring the status of promoted project, specifying the project's objectives, the criteria followed, the maximum amounts and validity period for the tax benefits granted.

The decree also regulates the follow-up monitoring of the project and the benefits granted.

The following automatic benefits (only for manufacturing, extractive and farming/ranching activities) are available under this law:

- Exemption of IP for chattel property directly engaged in the production cycle and data-processing equipment.
- Exemption of VAT and IRAE on the import of those goods, and reimbursement of VAT in the case of items purchased locally.

The following discretionary benefits are also available:

- Tax exemptions on the import of fixed assets.
- IP exemptions: permanent for chattel property items (8 years for construction work in Montevideo and 10 years in the rest of the country).

- VAT reimbursement on the local purchase of goods or services for civil construction work.
- Increased IRAE deductions regarding fees and remunerations related to the technological developments.
- Exemption of IRAE depending on the nature and size of the project (applied upon the payable tax and not on the income subject to such tax, thus granting a major benefit).

It must be noted that the aforementioned tax exemptions do not depend on the following:

- The legal vehicle set up by the company through which the investment is carried out.
- The investment's funding (it can be self-financed or financed through external sources).
- It is not necessary to capitalize accumulated earnings or reserves.

Finally, it is important to take into consideration that the Executive Power has promoted a large number of Investment Projects in recent years. In this regard, it should be mentioned that projects promoted include different areas: industry, forestry, agricultural, pharma, energy, finance, services, etc.

Free Zones system

Following the approval of the Free Zones Law in 1987, this system has become an important tool for attracting investments to Uruguay.

It has been utilized both for carrying out traditional activities in the Free Zones (warehousing, logistics and distribution) and for providing services related to software, finance, call centres, etc., and manufacturing activities such as cellulose pulp and leather production.

The law defines Free Zones as privately or publicly owned isolated and fenced off areas of Uruguayan territory determined by the Executive Branch with the purpose of carrying out all types of manufacturing, commercial and service activities within the zone, while enjoying tax exemptions and other benefits envisaged in the law.

Companies in these areas cannot carry out industrial, trading or service activities in the non-Free Zone Uruguayan territory, except for services expressly authorized by the government, but are allowed to render all types of services within the Free Zones or to third countries.

Free Zone users are allowed to render the following services to the non-Free Zone Uruguayan territory:

- International call centres, except for those whose main destination is the non-Free Zone Uruguayan territory.
- E-mail, distance learning, electronic signature certificate issuance.

The services mentioned below can be rendered to non-Free Zone Uruguayan territory provided the corresponding taxes are paid:

The Uruguayan government guarantees exemption from all current and future national taxes.

- Software production, technology consulting and related training services.
- Accounting, administration and management services rendered to related companies who carry out port and shipping logistics activities, if those services are lower than 20% of the total income obtained during the fiscal year.
- Development of filmic materials, its digitalization and colour correction.

Free Zone users are exempt from all current and future national taxes, including those taxes for which a specific legal exemption is required, in connection with the activities performed within the Free Zones territory.

The Uruguayan government guarantees all the exemptions and benefits afforded by law during the term of their contracts. In order to maintain status and benefits (including tax exemptions), users must have at least 75% of Uruguayan nationals or citizens on their payrolls, in connection with the activities carried out in the Free Zones. In exceptional cases, the Executive Power may reduce this percentage.

The exemption excludes social security contributions on employee wages. These contributions are not applicable to foreign personnel working in the Free Zones, provided they declare in writing that they do not wish to use the Uruguayan social security system. If that choice is made, they will also receive more favourable treatment regarding income taxation.

The entrance and departure of goods to and from the Free Zones is exempt from taxes. If goods are introduced to these areas from non-Free Zone Uruguayan territory, they are considered exports for tax purposes. Meanwhile, goods introduced to non-Free Zones.

Uruguayan territory from the Free Zones are considered imports, and must pay the corresponding customs duties and comply with the legal formalities required for imports.

It should be noted that in December 2017, the Law 19,566 included certain modifications to the Free Zone Law. The new law will enter into force in March 2018 and the regulations are pending.

The main amendments to the Free Zone Law are:

- Objectives: maintaining the objective of promoting investment, generating employment and contributing to regional development. The following objectives are made explicit: diversify the productive matrix, decentralize economic activity in the country, improve skills and quality of employment, and promote activities of high technological content.
- Services: it is allowed to provide all types of services, from Free Zone (not restricted by local regulations) to IRAE taxpayers companies located in non-Free Zone national territory. These services will be covered by the broad exemption established by the law in favor of Free Zone users. This is a relevant change with respect to the present situation, in which only specific services are allowed between Free Zone and Uruguayan non-Free Zone territory.

- Personnel -Uruguayan citizens: the rule where a minimum of 75% of staff must be Uruguayan citizens is maintained. However, for services' activities this minimum decreases to 50%.

Promotion and protection of investments

The following are some of the countries with which Uruguay has signed treaties of promotion and protection of investments.

Treaties in force:

Europe	Asia and Australia	Central America
Armenia	Australia	El Salvador
Belgium	China	Mexico
Czech Republic	Israel	Panama
Finland	Malaysia	
France	South Korea	**South America**
Germany	Vietnam	Chile
Hungary		Venezuela
Italy	**North America**	
Luxembourg	Canada	
Poland	United States	
Portugal		
Romania		
Spain		
Sweden		
Switzerland		
The Netherlands		
United Kingdom		

Social security and labour regulations

Labour regulations

The Ministry of Labour (MTSS) ensures that employers meet labour laws and regulations, and provides technical assistance to employers and employees to ensure their corresponding rights. Once the labour relationship is initiated, it is possible to establish temporary contracts for three months. In justified cases, it is also possible to establish labour contracts for pre-determined periods. The contracts are not formally regulated.

Unions are organised by company and industry sector. There is one national labour federation, the Plenary Inter Union Workers and Workers National Convention (PIT-CNT). Employee affiliation to unions is voluntary. From May 2005, the government introduced the collective bargaining between employees, employers and government by industry (not by company), which is regarded as one of the most critical factors affecting the direction of labour relations. Key matters for collective bargaining are wage issues such as mandatory wage increase rate, minimum wages for each category, wage scheme, etc. as well as non-wage controversial hot topics such as work place security and the discrimination of regular and non-regular workers. After a collective bargaining during 2013, many industries have defined the wage adjustments for the following years, which mainly depend on inflation. It is expected that the same will happen during 2018.

Salaries can be paid in Uruguayan pesos or in foreign currency. Labour related accidents and professional sickness, which may affect the worker, are covered under a mandatory system that is administered by the state insurance company (*Banco de Seguros del Estado*). This system provides medical assistance and covers temporary and permanent disabilities stemming from work.

Social security system

Certain foreign workers may opt out from the Uruguayan social security system by way of international treaties signed by the country. The social security administration (BPS) is the public agency responsible for the social security system, collects all contributions from companies and their employees and maintains an up to date record of the employment history of each worker. The social security system includes the following benefits: pensions, unemployment, sickness and maternity/paternity.

Affiliation to the social security system is mandatory except for foreign workers rendering services in Free Zones.

Pensions

The pension system was reformed in 1996 and covers disability, old age and retirement.

It divides workers into three levels according to their pay. Workers in the first level are included in the so-called "intergenerational solidarity system" which is a distribution system with pensions paid by the BPS social security administration. Workers in other levels are included in the "mandatory individual savings regime", which is an individual capitalization system administered by Pension Savings Fund Administrators (AFAPs) through which personal accounts and the amounts to be received by the worker are related directly to the contributions paid into his or her personal account.

Workers who are included in the first level may opt to contribute up to 50% of their pay to the individual savings system (AFAP) but for the remaining 50% they must contribute to the intergenerational solidarity system (BPS).

Workers with salaries in excess of approximately USD 5,150 may opt to pay or not on remunerations exceeding this amount. Total contributions are paid to BPS, which then transfers the corresponding payment to the AFAPs. The worker will receive a pension paid by the BPS, plus an annuity for life (paid by an AFAP).

Unemployment

There is an unemployment insurance system whereby an unemployed worker, either on a temporary or permanent basis, receives a subsidy paid by BPS. This coverage is granted for 6 months and in case of temporary unemployment by the end of the 6 months, the worker may be reincorporated to his original labour position or terminated by the employer. When the unemployed worker is more than 50 years old, the coverage can be extended another 6 months.

Health coverage includes workers and their spouse and children, who have the right of being affiliated to a medical care institution without cost. In the case of a common illness, the labour contract is interrupted and the BPS pays an illness compensation. This subsidy covers 1 year of illness with the possibility to extend it for 2 years.

Maternity/Paternity

Pregnant female workers have the right and obligation to stop working 6 weeks before and eight weeks after childbirth and to receive medical assistance and a stipend representing wages, year-end bonuses and vacation pay plus vacation bonus. These remunerations are paid by BPS and do not represent an additional cost to the employer.

As from January 2016, paternity leave includes 10 days. In addition to this paternity leave (granted by Law 19,161), workers of the private sector have three additional days of leave according to Law 18,345.

Newborn care

The pension system also includes a new kind of benefit called newborn care, that allows the mother or the father (it is optional just for one of them at a time) to work part time for the first six months after the birth, to take care of the newborn child.

Contributions and benefits

Monthly employers must pay contributions and have to withhold and pay employee contributions, which are applied on all remunerations paid to the worker, regular and permanent, either in cash or kind. Contribution rates related to industry and commerce are as follows:

Concept	Employer contributions	Employee contributions
Retirement contribution	7.5%	15%
Health insurance	5%	3%,4.5%,6%,6.5%,8% (*)
Labour restructuring fund	0.125%	0.125%
Total SSC	12.625%	18.125% to 23.125%

(*) Depending on the amount of wages and on the existence of children and spouse.

Wages are defined as all economic compensation received by the worker pursuant to the labour contract. There are no legal regulations, restrictions or general agreements to establish employee profit sharing systems. Except for management positions, profit sharing is not frequently used in Uruguay.

Working hours exceeding legal or conventional hours results in double time pay on normal working days and two and a half times pay on non-working days. Employees who work at night more than five consecutive hours (between 10:00 p.m. and 6:00 a.m.) have the benefit of an additional payment that consists on an increase of the 20% of the value of the normal hour or the equivalent reduced working hours. These benefits are given according to current labour law; however, particular collective bargains from each industry sector may determine conditions that are more favourable.

Workers have the right to an annual remunerated vacation consisting of 20 consecutive days, which is increased one day for every four years of length of service starting in the 5th year. Holidays must be remunerated at the normal wage in force by the time the vacation is taken.

Workers have the right to receive, apart from their normal payment during the vacation period, a supplement known as “vacation bonus”. Year-end bonuses (also known as supplementary annual salary or 13th salary) are payable to all workers in the private sector in two halves. The first half is paid in June and the other half in December.

Additionally, there are some special leaves: study leave (6 to 12 days per year) and bereavement leave (3 days).

The employer has the faculty of terminating workers and is obliged to pay an indemnity.

When an employee is dismissed, it is entitled to be compensated. This compensation is taxed and its calculation differs if the employee is monthly or labourer. In general, the compensation is entitled to a monthly wage for each year or partial year worked with a maximum of six wages. To calculate the monthly wages it has to be taken into account the monthly salary plus the average monthly benefits, items, commissions, overtime, etc., which have been collected. In some special conditions, such as pregnancy and illness, the indemnity increases.

Foreign personnel

In order to work in the country, foreigners must apply for legal residency, first temporary and then permanent. Residency is granted without major requirements: proof of good behaviour in the country of previous residence, a certificate of good health and a certificate of means of subsistence.

Furthermore, Law 19,254 simplified the administrative procedures for getting permanent legal residence for all nationals of Mercosur member country and its associates, and for cohabitants, parents, brothers/sisters and grandchildren of Uruguayans.

The activities with restrictions for foreign workers are the following.

- Fishing: the captain and at least 50% of the crew must be Uruguayan.
- Uruguayan airlines: the crew must be Uruguayan and at least 75% of employees must be Uruguayan citizens.
- Free Zones: 75% of employees must be Uruguayan citizens in order to receive tax benefits. From March 2018 onwards, this percentage will be reduced to 50% only for those companies that provide services.

International social security agreements

Uruguay has signed a series of international agreements in terms of social security that, depending on the corresponding specific agreement, enable personnel to accredit in their host country the periods of service rendered in Uruguay, make temporary transfers of personnel, pay pensions and similar concepts abroad without rebates or restrictions and undertake proceedings from different locations.

Uruguay has signed and approved an international agreement with the United States but it will not be in force until mid-2018. Further negotiations are under way with Romania, South Korea and Panama.

South America	Europe	Asia
Argentina	Austria	Israel
Bolivia	Belgium	
Brazil	France	**Central America**
Chile	Germany	Costa Rica
Colombia	Greece	El Salvador
Ecuador	Italy	
Paraguay	Luxembourg	**North America**
Peru	Netherlands	Canada
Venezuela	Portugal	
	Spain	
	Switzerland	

Labour news

For 2018, it is foreseen that the Wage Councils will decide on minimum wage for each category, wage increases and other matters. This Wage Councils are organized in different groups depending on the type of activity.

Uruguayan accounting rules follow IFRS.

Accounting and audit requirements

Set of accounting standards in force

National accounting standards for non-public companies follow a convergence tendency to accept accounting principles applied internationally. In October 2014, December 2015 and December 2016, Decrees 291/14,372/15 and 408/16 were approved. They established that the 2009 version of IFRS for Small and Medium Entities (IFRS for SME) are mandatory.

These decrees have also established some exceptions and local solutions in the application of the aforementioned international standard.

Separate financial statements of controlling entities should always be filed jointly with the consolidated financial statements. In such financial statements, subsidiaries should be recognized applying the equity method, and associates can be recognized at cost, fair value or equity method, following the same policy choice adopted for the preparation of the consolidated financial statements. For certain small size non-public companies a less complex set of accounting standards also based on IFRS for SME are in force.

Public companies are required to file its financial statements in accordance with IFRS. Banks and other financial institutions required to apply a local set of accounting standards based on IFRS, for the periods beginning in January 1st 2018.

Registration, filing or other presentation requirements

Corporations, agriculture companies, trust and investments funds not regulated by the Central Bank of Uruguay must register their financial statements with the National Internal Audit Office. For tax purposes, financial statements for large and medium-sized companies (as per classification by the Tax Office) must be accompanied by an audit or review report, issued by a Uruguayan certified public accountant.

Public companies must file their interim and year-end financial statements accompanied by a review and audit report, respectively. Free Zone companies must consider that in case the accounting value of assets exceeds approximately USD 1.1 million, or if net revenues exceed approximately USD 3.7 million, financial statements must be audited. In other cases, Free Zone companies' financial statements must be accompanied by a review report and must be registered with the Tax Office.

A full audit, review or compilation report issued by a certified public accountant is required for companies that submit their financial statements to government entities, in accordance with the specific requirements of each government entity.

Corporations showing debt with local financial institutions are required to file their financial statements accompanied by a review report if such debts exceed approximately USD 0.8 million or by an audit report, if financial debts exceed approximately USD 2.7 million.

Main indicators of the economy

Gross Domestic Product	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real annual growth	4.2%	7.8%	5.2%	3.5%	4.6%	3.2%	0.4%	1.7%	2.7%
USD millions	31,681	40,303	47,985	51,283	57,575	57,333	53,365	52,778	59,235
GDP per capita *(USD)*	9,379	11,865	14,061	14,967	16,736	16,601	15,392	15,165	16,957
Domestic Demand									
Private consumption *(annual change)*	2.27%	9.45%	7.14%	4.93%	5.53%	3%	-0.50%	0.10%	4.40%
Total investment *(annual change)*	-11.21%	15.19%	9.87%	14.49%	4.77%	0.01%	-7.66%	-3.90%	-13.80%
Inv. in fixed assets *(annual change)*	-5.84%	16.02%	6.98%	18.15%	3.80%	2.41%	-8.71%	-1.60%	-15.50%
Foreign Trade									
Exports of goods FOB *(USD millions)*	5,405	6,724	7,912	8,709	9,067	9,132	7,675	6,997	7,885
Imports of goods CIF *(USD millions)*	6,907	8,622	10,726	11,652	11,642	11,485	9,489	8,137	8,458
Commercial trade balance *(% GDP)*	-4.74%	-4.71%	-5.87%	-5.74%	-4.47%	-4.10%	-3.39%	-2.16%	-0.97%
Current account balance *(% GDP)*	-1.20%	-1.81%	-2.74%	-4.11%	-3.43%	-3.09%	-0.84%	0.79%	1.56%
Labour Market									
Average unemployment rate	7.7%	7.2%	6.3%	6.5%	6.5%	6.6%	7.5%	7.8%	7.9%
Real private wages *(average annual rate)*	5.4%	4.2%	5.1%	5.4%	4.3%	3.8%	0.7%	3.1%	1.4%
Prices									
Consumer *(annual change)*	5.9%	6.9%	8.6%	7.5%	8.5%	8.3%	9.4%	8.1%	6.6%
Wholesaler *(annual change)*	10.6%	8.4%	11.1%	5.9%	6.3%	10.6%	6.6%	-1.9%	5.4%
Inter-bank exchange rate *(December average)*	19.70	19.97	19.97	19.30	21.33	24.07	29.71	28.76	28.85
Inter-bank exchange rate *(12 months)*	-19.0%	1.4%	0.0%	-3.3%	10.5%	12.8%	23.4%	-3.2%	0.3%
Monetary Indicators									
Loan interest rate *(local currency December)*	16.78	12.19	11.62	12.47	16.96	17.43	17.88	17.22	14.4
Loan interest rate *(foreign currency December)*	5.59	5.22	5.01	4.84	4.3	4.35	4.39	4.36	4.31
International Reserves *(USD millions)*	8,037	7,656	10,302	13,566	16,290	17,555	15,631	13,436	15,959
Public Finance									
Surplus or deficit *(% GDP)*	-1.71%	-1.03%	-0.91%	-2.65%	-2.16%	-3.41%	-3.50%	-3.94%	-3.46%
Total public debt *(% GDP)*	72.46%	59.26%	56.35%	60.72%	57.49%	58.47%	58.64%	63.51%	65.37%

Hints for the business visitor

Visitor visas

Visiting businesspersons do not require any documentation other than a valid passport. Nationals of Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Paraguay and Peru require only their identity card.

Currency

The unit of local currency is the Uruguayan peso. “UYU” or “$U” are the symbols that represent it. Exchange rates as of 31st December 2017 were as follows:

	UYU
USD 1	28.76
EUR 1	34.53
GBP 1	38.89
AR$ 1	1.53
BRL 1	8.70

Business hours

Stores are normally open from 9:00 a.m. to 7:00 p.m., Monday through Friday, and from 9:00 a.m. to 1:00 p.m. on Saturday. There are several shopping centres, which open from 10:00 a.m. to 10:00 p.m. every day. Government offices are open to the public usually between 1:00 p.m. to 5:00 p.m. in autumn, winter and spring and from 9:15 a.m. to 2:30 p.m. in summer.

Bank hours are from 1:00 p.m. to 5:00 p.m. (certain banks open at 11:00 a.m.) but a vast ATM network is available.

Factories are usually open from 8:00 a.m. to 5:00 p.m. and business offices from 9:00 a.m. to 6:00 p.m.

Legal holidays

Public holidays for which the employees are entitled to full pay are 1st January, 1st May, 18th July, 25th August and 25th December. There are also official holidays that are paid only if they are worked: 6th January, 2 days in Carnival week (during February or March), 2 days in Easter week (during March or April), 19th April, 18th May, 19th June, 12th October and 2nd November. The national holidays 19th April, 18th May and 12th October are changed to the previous or next Monday, depending which is nearest to the corresponding day.

Weights and measures

Weights and measures are based on the metric system. There are no unusual measures or terminology, except for certain archaic terms still occasionally found in rural areas.

Business information services

Business information for foreign businesspersons visiting Uruguay can be obtained at the nearest Consulate or Diplomatic office.

Tips

Tips are usually not included in the price of services. Customary tips are 10% for restaurant meals and taxi fares.

Buses and taxis

The fare from the international airport to downtown Montevideo is about USD 30.

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