



Uruguay - Civil Law

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## Incorporating a company in Uruguay

# Uruguay taxes

If you want to incorporate in Uruguay, reading this will help you becoming knowledgeable on the specific tax laws and rates for a LLC (SRL) which is the most common company type in Uruguay.

Uruguay taxes corporate income on a territorial basis. This means that income accrued outside the country, from our research, and these things do change, is tax exempt. Certain technical and advertising services provided by a Uruguayan taxpayer abroad may be taxable. Income accrued within Uruguay is taxed at a headline corp. tax of 25%. This ranks Uruguay as 103rd overall in terms of CIT globally.

The value added tax rate in Uruguay is 22.00%, which ranks Uruguay as 98th overall with regards to value added tax rate worldwide. In terms of other taxation, an employer will contribute 12.65% to the equivalent of a social security fund and an employee will contribute 23.13%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 114hours. Contributing to this is the number of yearly labor tax payments, which is 1 in UY.

Thin cap mandates are not in effect. This refers to any sort of restrictions on companies' debt-to-asset ratios. Dividends paid by a resident entity are subject to a withholding tax of 7%. Dividends received are tax exempt. Profits not distributed after three fiscal years may be treated as deemed distribution and subject to a withholding tax of 7%. Dividends received from a non-resident may be considered foreign source and therefore not taxable. Dividends are payments of earnings of the legal entity, passed by the board, to a particular class of shareholders. Dividends can be either cash payments, shares of stock, or other property. Capital Gains are treated as business ordinary income and subject to income tax standard rates. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 12%. This means that the taxman expects relevant legal entities to automatically withhold 12% of interests remitted abroad. Certain interests may be taxed at a 7% rate. The dividends withholding tax rate is 7%. This means that the relevant tax authorities expects companies to automatically withhold 7% of dividends remitted abroad. The royalties withholding tax rate is 12%. This should be interpreted usually that the tax authorities expects companies to pay tax at 12% of royalty paid abroad. Payments other than dividends to residents of jurisdictions considered tax haven may be subject to a 25% withholding tax. Withholding tax rates may vary under a tax treaty.

There is a capital duty of 1.5% on the net worth of the entity. There is a tax on individual net wealth in Uruguay. There are real property and transfer taxes. There are no known inheritance taxes in Uruguay. We are aware of commonly used R&D initiatives that provide tax relief in this country.

The above is not tax or legal advice for your individual circumstances. Incorporations.io can help you to find to a lawyer in Uruguay who can answer all your questions. Contact us today. Click the free consultation button above.

The vat rate in Uruguay is 22% which ranks 162 in the world.

- ✓ Patent box
- ✓ RND credit
- ✗ Wealth tax
- ✓ Estate tax
- ✓ Transfer taxes
- ✗ Asset taxes

- 34 Tax treaties
- 0% Offshore Tax
- 25% Corp rate
- Loss carryback years
- 88 Corporate time
- 22% VAT rate

# Uruguay Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Uruguay is civil law. You will want to get some local advice as to how to best structure a company in Uruguay. One is permitted to electronically sign documents.

The abbreviation UY is for Uruguay and the most common company type in Uruguay is a LLC (SRL).

The time to setup is usually 10 Days to put together the paperwork and file a LLC (SRL) in UY. The minimal capitalization, or amount you're expected to put into a bank, is 0, This means you don't have any minimum share capital. The types of currencies you can use to setup your legal entity is often any legal currency.

Yes, one is allowed to re-domicile a LLC (SRL) from UY. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC (SRL) in UY by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is encouraged, up to 100% of the ownership of the LLC (SRL).

A LLC (SRL) is only required to have 1 director on the board. Furthermore, corporate directors are permitted. Directors are disclosed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for an office which can receive litigation or other legal process on behalf of the registered legal entity. Moreover, a corporate secretary is a requirement.

There is a requirement to file accounts to relevant authorities. However, there is no requirement that these accounts be audited, at least for privately held companies.

Overall we think Uruguay is a good option and have given it a score of 80 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 10 Days to form**



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## Country Info



🏳️ National Flag of

**República Oriental del Uruguay (spa)**

💰 Currency

**UYI**

☎ Area Code

**+598**

🏙 Capital

**Montevideo**

📍 Region

**South America**

🗣 Native Languages

**Spanish**