

Global Tax Alert

News from EY Americas Tax

Uruguay's Ministry of Economy and Finance announces tax benefits for certain economic sectors

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access information about the tool and registration [here](#).

EY Americas Tax

EY Americas Tax brings together the experience and perspectives of over 10,000 tax professionals across the region to help clients address administrative, legislative and regulatory opportunities and challenges in the 33 countries that comprise the Americas region of the global EY organization. Access more information [here](#).

Uruguay's Ministry of Economy and Finance announced 14 measures aimed at encouraging the growth of certain economic sectors. In general, the measures include tax exemptions and reduced taxes.

Special tax refund for certain exporters

Specifically, the measures extend for one year the special tax refund currently available to exporters in economic sectors that have issues with commercial demand. The measures also eliminate the Uruguayan Republic Bank rate (BROU) applicable to exports (0.05% on Customs value).

Automotive sector

The measures include excise tax and tariff reductions for assembly factories and auto-parts factories. Decree No. 252/019 and Decree No. 255/019 include regulations implementing the differential measures. The decrees also reduce duties on auto parts.

Imports

The measures reduce the industrial sugar import duty by 2%, provided the importer has a Certificate of Necessity issued by the Ministry of Industry, Energy and Mining.

The measures also exempt imports of inputs or pieces to produce agricultural machinery from all taxes.

Duty-free shop regime

The measures reduce the fee paid by duty-free shops from 8.5% to 6% of sales, in accordance with Decree No. 254/019. Also, the Uruguayan Government plans to discuss an agreement with the Brazilian Government that would include a list of products marketed in duty-free shops that could be sold in shops that are not duty free.

Free trade zones

Products made in Free Trade Zones will not be subject to customs taxes at the time they re-enter the non-free trade zone territory, provided 80% of the inputs and raw materials in the products are of Uruguayan origin. This measure was implemented by Decree No. 249/019.

The measures also allow products originating from MERCOSUR to pass through free trade zones without losing tariff preferences. This measure is regulated by Decree No. 253/019.

Corporate income tax (CIT) and net wealth tax (NWT) exemption

The measures establish an exemption from CIT and NWT for companies that provide global services outside the radius of 80 kilometers from the Centre of Montevideo. Different exemption periods apply, depending on the number of jobs generated.

Value-added tax (VAT) credit

The measures allow companies to claim a VAT credit for purchases of goods and services that are necessary for producing audiovisual content. To claim the credit, companies must register with the Uruguayan National Film and Audiovisual Institute and comply with certain requirements.

Benefits for the construction sector

The measures establish benefits for the construction sector. The benefits include an exception to the proportional deduction rule in the CIT provisions. The measures also allow the cost of real estate acquired from 1 July 2007 to 28 February 2021 to be deducted entirely in the year of purchase. The benefits apply to new building projects and construction trusts. To qualify for the benefits, construction companies must register with the Social Security Agency before 1 February 2021.

Tourism

The measures contain provisions to promote tourism. Specifically, the measures extend from 31 October 2019 to 30 April 2020 the benefit established in Decree No. 376/012, which exempts from VAT gastronomic services, catering services for events, other services for events and the leasing of vehicles without a chauffeur, provided the services are purchased with a credit or debit card from abroad. Also, the measures establish a tax credit for real estate owners. The credit is 10.5% of the gross amount paid by nonresident tourists for the lease of accommodations, provided the lease does not exceed four months (implemented by Decree No. 257/019).

New productive units

The measures establish an investment project exemption that will be granted to existing companies that create new productive units when they have operating income for more than three years and submit an investment project to the Executive Power. Decree No. 258/019 implemented this measure.

Research and development

The measures encourage research and development (R&D) activities by granting certain companies that submit projects with the National Research and Innovation Agency (ANII) a tax credit for R&D expenses.

Industrial Park Law

The measures propose an Industrial Park Law. This Law would grant tax exemptions from CIT, NWT (for certain assets) and VAT to park installers for up to 100% of the investment amount. Also, those operating in the industrial park could obtain additional benefits under the Investment Law (16,906) (e.g., up to a 15% additional CIT exemption and promotional rates for public services).

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

EY Americas Tax

© 2019 EYGM Limited.
All Rights Reserved.

EYG no. 005751-19Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com