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Global Tax Alert

News from EY Americas Tax

Uruguay's tax authorities update list of low- or no-taxation countries and jurisdictions and aligns it with the transfer pricing list

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In Resolution No. 001/2020 (effective 1 January 2020), Uruguay's tax authorities align the list of low- or no-taxation (LONT) countries and jurisdictions with the transfer pricing (TP) list so that one list applies for TP and other tax purposes.

Background

Under Decree No. 393/019, countries and jurisdictions will be considered LONT for TP purposes when the following conditions are met:

- ▶ An effective tax rate of less than 12% applies to income from activities performed, goods situated (e.g., real estate), or rights economically carried out (e.g., rights to use a brand) in Uruguay
- ▶ The country or jurisdiction has one of the following with Uruguay:
 - An information exchange agreement that is not in force
 - An income tax treaty with an information exchange clause that is not in force
 - An information exchange that is in force but does not apply to all taxes
 - or
 - An income tax treaty with an information exchange clause that is in force but does not apply to all taxes

These conditions align the TP rules with the LONT criteria that applies for other tax purposes.

The decree also required the tax authorities to prepare a list of countries and jurisdictions that would qualify as LONT. The list appears in Resolution 001/2020.

Resolution No. 001/2020

The following 40 countries and jurisdictions are on the list:

Angola	French Polynesia	Maldives Island	Saint Martin (Former member of the Netherlands Antilles)
Antigua and Barbuda	Grenada	Niue	Saint Pierre and Miquelon
Ascension	Guam	Norfolk Island	Solomon Islands
Brunei	Guyana	Oman	Svalbard
Christmas Islands	Honduras	Pacific Islands	Swaziland
Cocos Island (Keeling Island)	Jamaica	Palau Island	Tokelau
Commonwealth of Dominica	Jordan	Pitcairn Island	Tristan da Cunha
Djibouti	Kiribati	Puerto Rico	Tuvalu
Falkland Island	Labuan	Kingdom of Tonga	US Virgin Islands
Fiji Island	Liberia	Saint Helena Island	Yemen

The Resolution allows countries or jurisdictions on the list to be removed, provided certain conditions are met:

- ▶ The exchange of information on request fully applies.
- ▶ The automatic exchange of information on financial accounts for tax purposes is activated bilaterally by Uruguay's Ministry of Economy and Finance.

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