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Global Tax Alert

News from EY Americas Tax

Uruguay will allow taxpayers to choose not to compute goodwill in certain restructurings

Under certain circumstances, corporate income taxpayers may choose not to compute goodwill in restructurings.

On 28 February 2020, Uruguay's Executive Power issued a decree modifying Decree No. 150/2007, by adding a new article on corporate restructurings conducted through mergers or spin-offs. The new article allows taxpayers to not compute the goodwill in those transactions if the following conditions are met:

1) The "final owners" of the surviving company must be the same as the "final owners" of the companies involved in the mergers or spin-offs, and they must keep their capital interests in the same proportion (except in cases of inheritance, marital dissolution or spousal partition (i.e., spouses split the assets they have)).

2) The entire chain of ownership identifying the ultimate owners has been included in the affidavit submitted to the Uruguayan Central Bank.

3) The business purpose of the former companies is maintained for at least two years.

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