

Global Tax Alert

News from EY Americas Tax

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

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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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