

5 June 2020

Global Tax Alert

News from EY Americas Tax

Uruguay's Executive Power modifies tax incentives to promote social interest housing

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 Executive Power issued Decree No. 129/020, which modifies Decree Nos. 355/011 and 34/017 by changing the requirements for real estate property to be considered social interest housing (i.e., low-income housing) and, therefore, subject to tax benefits.

Projects related to the construction, recycling, expansion or renovation of housing may qualify as social interest housing, if they meet specific requirements detailed in the regulations. Under the new decree, habitable areas equal to or greater than 25 square meters and equal to or less than 40 square meters are incorporated into the definition of housing projects and may be declared as studio apartments that comply with the municipal regulations.

The decree removes the 100-house cap on the number of houses that may be involved in one project.

Additionally, the decree modifies the tax benefits as follows:

- a) The net wealth tax exemption for finished homes is extended from the year in which construction was completed to three years following the year in which the construction is completed.

- b) Taxpayers may claim a refund for the value-added tax on the acquisition of goods and services incorporated into the housing for up to two years after the construction is completed (previously, only applicable the year in which construction was completed).
- c) For rental homes, the corporate income tax (CIT) exemption for rental income will increase from 40% to 60% depending on the location of the home.
- d) For homes acquired that will be rented in the future, the CIT, personal income tax and nonresident income tax (NRIT) exemptions for the income received from the leases will increase from 40% to 60% depending on the location of the home promoted.

For additional information with respect to this Alert, please contact the following:

Ernst & Young Uruguay, Montevideo

- ▶ Martha Roca martha.roca@uy.ey.com
- ▶ María Inés Eibe ines.eibe@uy.ey.com

Ernst & Young LLP (United States), Latin American Business Center, New York

- ▶ Ana Mingramm ana.mingramm@ey.com
- ▶ Pablo Wejcman pablo.wejcman@ey.com
- ▶ Enrique Perez Grovas enrique.perezgrovas@ey.com

Ernst & Young Abogados, Latin American Business Center, Madrid

- ▶ Jaime Vargas jaime.vargas.c@es.ey.com

Ernst & Young LLP (United Kingdom), Latin American Business Center, London

- ▶ Lourdes Libreros lourdes.libreros@uk.ey.com

Ernst & Young Tax Co., Latin America Tax Desk, Japan & Asia Pacific

- ▶ Raul Moreno, *Tokyo* raul.moreno@jp.ey.com
- ▶ Luis Coronado, *Singapore* luis.coronado@sg.ey.com

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

© 2020 EYGM Limited.
All Rights Reserved.

EYG no. 003843-20Gbl

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