

Global Tax Alert

News from EY Americas Tax

Uruguayan Executive Power issues decree establishing tax incentives to encourage investments

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Uruguay's Executive Power issued a decree establishing tax incentives to stimulate investment in Uruguay. The decree establishes the following tax incentives for investment projects:

- ▶ Investments made from 1 April 2020 to 31 March 2021 may be considered at 150% of their value when calculating the corporate income tax (CIT) exemption that applies to income from promoted investment projects.
- ▶ The CIT exemption for income from investment projects submitted from 1 April 2020 to 31 March 2021 will increase by 20% (the Executive Power caps the total CIT exemption for each project at a percentage of the promoted investments, which will increase by 20% as a result of this benefit); this benefit will apply to investments made through 31 December 2021, provided the investments represent at least 75% of the total investment amount committed to the project.

For tax years closing from 1 April 2020 to 31 March 2021, companies with promoted investment projects may choose between:

- ▶ Suspending for one year the CIT exemption period established in the promotional declaration issued by the Executive Power when the project is approved
- ▶ Capping the CIT exemption at 90% of the CIT, instead of using the percentages that would have applied for each case, as indicated by the Executive Power when it approves the investment projects (by referencing to the corresponding regulations)

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