

# Global Tax Alert

News from EY Americas Tax

## Uruguayan Executive Power issues decree establishing tax incentives to encourage investments

### 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 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)

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

**Ernst & Young Uruguay, Montevideo**

- ▶ Martha Roca [martha.roca@uy.ey.com](mailto:martha.roca@uy.ey.com)
- ▶ María Inés Eibe [ines.eibe@uy.ey.com](mailto:ines.eibe@uy.ey.com)

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

- ▶ Ana Mingramm [ana.mingramm@ey.com](mailto:ana.mingramm@ey.com)
- ▶ Pablo Wejcman [pablo.wejcman@ey.com](mailto:pablo.wejcman@ey.com)
- ▶ Enrique Perez Grovas [enrique.perezgrovas@ey.com](mailto:enrique.perezgrovas@ey.com)

**Ernst & Young Abogados, Latin American Business Center, Madrid**

- ▶ Jaime Vargas [jaime.vargas.c@es.ey.com](mailto:jaime.vargas.c@es.ey.com)

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

- ▶ Lourdes Libreros [lourdes.libreros@uk.ey.com](mailto:lourdes.libreros@uk.ey.com)

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

- ▶ Raul Moreno, *Tokyo* [raul.moreno@jp.ey.com](mailto:raul.moreno@jp.ey.com)
- ▶ Luis Coronado, *Singapore* [luis.coronado@sg.ey.com](mailto: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](https://ey.com).

EY Americas Tax

© 2020 EYGM Limited.  
All Rights Reserved.

EYG no. 004365-20Gbl

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](https://ey.com)**