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- CORPORATE FINANCE
- INVESTMENT PROJECTS
- BUSINESS STRUCTURING
- MERGERS & ACQUISITIONS
- VALUATION
- CONTROLLING & REPORTING

The Investment Law No. 16,906/1998 provides significant exemptions of income tax and wealth tax, among other tax benefits.

We advise investors in Business Plan Formulation, Tax Planning, Financing Structuring and Newco Launching .

Investment Promotion in Uruguay

Incentives and tax benefits for investment projects

Invest in Uruguay

The Investments Law 16,906/1998 constitutes the overall framework of incentives and tax benefits in Uruguay.

Investment Projects

The Decree 02/2012 regulates not automatic tax incentives granted to Investment Projects which are Declared Promoted by the Government. This regulation incorporates several criteria to be taken into account by entrepreneurs in the *project formulation stage*.

What kind of Companies and Projects can apply for the benefits?

Companies that invest in *movable property, fixed improvements, intangible property or fruit trees and shrubs* specifically bound for its activity.

Is the magnitude of the investment an important element to consider?

Any investment project regardless of the amount invested may submit the Request for Promotional Declaratory.

What Exemptions can be obtained?

Income Tax: the amount exempted will depend on the score achieved by the project and the period of use of this benefit will be determined by the magnitude of investment and the percentage of Income Tax exemption.

Equity Tax: exemption for property, plant and equipment throughout the lifespan; the civil work is exempted for 8 years in Montevideo or for 10 years in the rest of the country.

Import Tax: exemption for imported property, plant and equipment which are non-competitive with national industry.

Value Added Tax: credit refund regime for local materials and services acquired for civil works.

How is determined the Score of a Project?

It quantifies the performance of the objectives set out in the Law through a Matrix of indicators. The amount of the tax exemption and the term of use of them will depend on the score.

What Objectives are evaluated by the Indicators of the Matrix and how much do they weight?

OBJECTIVE	INDICATOR	%
Employment	EAU / $\sqrt{EI_{IU}}$	30%
Decentralization	Montevideo: HDI Other department: DPI	15%
Exports Increase	$\frac{\text{Exports}_{(USD)}}{[0.2 \times (EI_{USD})^{2/3}]}$	15%
CP or R+D+i	1 point per 5%	20%
Sectorial	According to the Sector of Activity	20%

EAU: Employment Account Unit
EI_{IU}: Eligible Investment in millions of Indexed Units
EI_{USD}: Eligible Investment in millions of USD
DPI: Departmental Poverty Index
HDI: Human Development Index
CP: Cleaner Production
R+D + i: Research and development and innovation

