

Uruguay | Prime location for IT companies



Tech and entrepreneurial ecosystem



Test-bed country



Modern tech-infrastructure



Smart Talent








"My first trip to Uruguay was eye-opening. I had no idea that this small country had so much to offer. From the impressive universities, the entrepreneurial spirit, and magnificent coastline, it is clear that Uruguay is poised to step onto the world stage."

Tina Seelig, Faculty Director of the Stanford Technology Ventures Program (STVP),
Stanford University

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Business Platforms & Opportunities in Uruguay

<u>LOGISTICS</u> •Regional distribution	<u>SERVICES</u> •Trading / Procurement •Shared Services •BPO / KPO / ITO	<u>INNOVATION</u> •R & D •Tech solutions	<u>INFRASTRUCTURE</u> •Data center •Fiber-optic •Submarine Networks
			
			
			
			
			


In the past few years, Uruguay has become a target location for Regional Centers, especially as a regional hub, where the main operations conducted (sometimes combined) are

Regional Distribution Center - Regional Headquarters & Shared Services Centers - IT development Centers – Telecom Infrastructure


Success Testimonials

 **Verifone**® *“Verifone operates in Uruguay since 2006 when Trintech operations were acquired. Since that time up to now the diversity of skills and talented staff found in the country has allowed to consolidate Uruguay as one of the Centers of Excellence from where we provide support and services for our customers around the world.”*


Rafael Cuenca, VP Engineering, Verifone

 **NETSUITE** *“Netsuite started business in Uruguay on May 2012 by acquiring two Uruguayan companies. Uruguay was a key component to start a whole new strategy of an eCommerce product called SuiteCommerce. We are creating the product and providing the implementation service from Uruguay to customers in the whole world.”*


Diego Terra, eCommerce Director, Netsuite

 **Globant** we are ready *“The main problem of our industry is the lack of talents, and in Uruguay there are very competitive human resources. We need a mixture of technically good people for software development and also with English language skills, because they have to work with English speaking clients continuously. Uruguay is one of the places where we found the best mixture of both conditions.”*

Bernardo Manzella, Uruguay Country Manager, Globant

 **Sabre**® *“We came to Uruguay due to its political and economic stability in conjunction with the amazing talent and the high degree of education in the Uruguayan workforce. We have stayed because of the same three factors. In Uruguay the company provides **customer service, technical support, sales, marketing and IT development**. All those functions are performed from Uruguay because of the quality of the local talent. We are incredibly proud that the Montevideo center has become a world leader in customer care and a competitive differentiator for Sabre. We expect it to continue being so into the future”.*

Lisa Schwab, Former VP, Sabre

 **SUMO**
DIGITAL *“I really enjoyed my time in Uruguay. Before I arrived, the only games studio I knew about was Ironhide. I was pleasantly surprised to discover a thriving gaming community and ecosystem. Small but growing, I was impressed by the passion and creativity of Uruguay’s indie studios, and see a bright future ahead for their games industry.”*

Ian Livingstone, Chairman, Sumo Digital

Uruguay | A Smart Decision

Uruguay is the **most reliable country to do business** in one of the most economically attractive regions in the world. **Many international tech firms**, as well as other global companies, have chosen Uruguay for their international or regional headquarter to support their teams in Latin America, the US, and around the world. Our country offers them:

- » **Multilingual, highly qualified professionals**

- » **Similar time zone and cultural affinity**

- » **World-class telecommunications infrastructure**

- » **Tech-savviness** (all children have laptops provided by the government, and all students have taken at least two years of computer science by age 15)

- » **Outstanding tax benefits and government incentives**

- » **Safe, open and enjoyable place to live**

- » **FDI track record:** BASF, Bull, Globant, IBM, Mercado Libre, Microsoft, Netsuite, Sabre, TATA Consultancy Services, Verifone, among others.

An overview to the Uruguayan IT industry

The early development of education in the IT area (1968), the implementation of development centers in large companies and the generation of business leaders resulted in the development of professional capabilities and competitive tech companies. These firms have managed to take advantage from "Uruguay's scale" for the implementation and testing of potential global solutions.

The early internationalization achieved by Uruguay allowed the country to become the first software exporter per capita in South America, and the third in absolute values. **The main export destination is the United States (58,1%).**

Our Tech value proposition

Tech companies interested in Uruguay as a platform to expand their solutions globally may take advantage of some outstanding factors, such as:

1. The experience of the Uruguayan IT industry in the development of **world class solutions**: Uruguay has become an international supplier of high quality IT solutions with more than 700 Tech companies (2016). This growth process makes Uruguay the leading software exporter per capita in South America, and 3rd in absolute terms. Your company would be immersed in a mature IT market surrounded by experienced solution providers.
2. The existence in Uruguay of a coordinated and accessible **tech and entrepreneurial ecosystem** with investment opportunities, not only in existing companies (M&A opportunities) but also in the development of new undertakings.
3. Uruguay is an ideal **test-bed country** to develop innovations and try new technologies, given its nature as a small, orderly and transparent country with easy access to decision makers. Three paradigmatic examples are:
 - a. The full implementation of the **One laptop per child** program (Plan Ceibal). Uruguay is the 1st country in the world to provide free laptop computers to all public school students and teachers from pre-K through high school. Among other results, this program has a fundamental role in the STEM talent training.
 - b. 1st country in Latin America in implementing an **LTE (4G) connectivity network**.
 - c. **Total traceability of the meat production chain**, which makes Uruguay the only country in the world that has been able to ensure the entire production chain through the implementation of a national traceability system. This system combines the maturity of a national productive sector such as agriculture with the sophistication of the IT industry.
4. The renowned **quality of the Uruguayan STEM human resources** recognized by its easy adaptation to new technologies; skills in a wide range of programming languages and development tools; and a high specialization in various vertical sectors.
5. A **favorable regulatory framework** which promotes the internationalization of Tech companies operating from Uruguay, through significant tax exemptions (100% Income Tax exemption).
6. A **Modern tech-infrastructure** positions Uruguay as the most LATAM's advanced country in:
 - a. the Information Technology and Communication's Development Index of the International Telecommunication Union, which ranks Uruguay 1st
 - b. the degree of penetration of Internet and mobile phone users, with 79.6% of penetration of LTE lines in population
 - c. the Internet download and upload speed, since the installation of the optical fiber
 - d. 77% of households with broadband connections
 - e. 100% of schools, high schools and universities have optic fiber
 - f. Uruguay hosts one of the biggest and most modern data centers of Latin America and the world

Highly qualified STEM professionals at competitive costs

Uruguay has interesting success cases in the generation of innovative companies with international recognition and potential to be acquired or accelerated. Some examples are GeneXus, PedidosYa, The Electric Factory and Ironhide Game Studio (Kingdom Rush & Iron Marines)¹.

English is taught at nearly all public elementary schools and is supported within Plan Ceibal (One Laptop Per Child Project). Most private elementary schools have also incorporated English into their syllabus. Many elementary schools have incorporated Portuguese into their syllabus as well. In both public and private middle and high schools, English teaching is mandatory.

Language command of university Engineering students²

Spanish	100%
English	84%
Portuguese	32%
French	6%
Italian	7%
German	2%

¹ More information about these Uruguayan companies, as well as Merge & Acquisition and Investment process is available in Annex 1 "Uruguay IT Success Stories."

² Compilation based of data furnished by the UdelaR Statistics Unit, University Census 2012.

Uruguay's Value Proposition

Uruguay's value proposition relies on four key pillars: reliability, market and nearshore location, qualified talent, and a unique lifestyle.











reliability

Political, social and economic stability
Free currency and free capital repatriation
Tax compliance and outstanding benefits

In service operations maximizing investment security is paramount. Uruguay offers investment security within an economically attractive region. The country has maintained strong political and social stability for years, supported by a consolidated democracy and the rule of law.

Uruguay consistently leads Latin America and the Caribbean rankings relevant to potential investors:

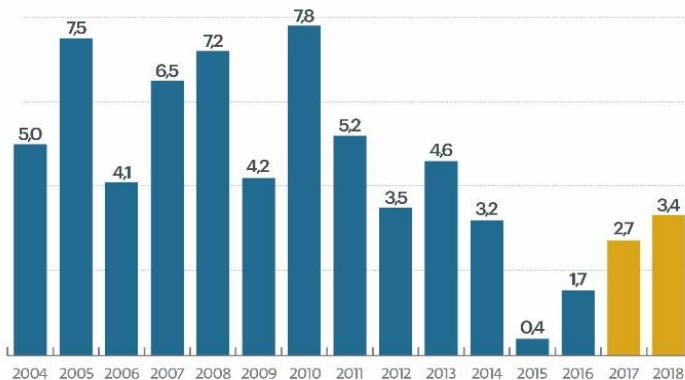
Uruguay consistently leads Latin America and the Caribbean rankings

	Democracy Index Economist Intelligence Unit, 2017	#1		IT Development Index International Telec. Union, 2017	#1
	Low Corruption Transparency International, 2017	#1		Internet Average Speed AKAMAI, 2017	#1
	Prosperity Index Legatum Institute, 2017	#1		E-Gov Development Index United Nations, 2016	#1
	Rule of law Index World Justice Project, 2017	#1		Quality of living Mercer, 2017	#1

On average, the gross domestic product (GDP) grew approximately 4.3 % per year between 2007 and 2017.

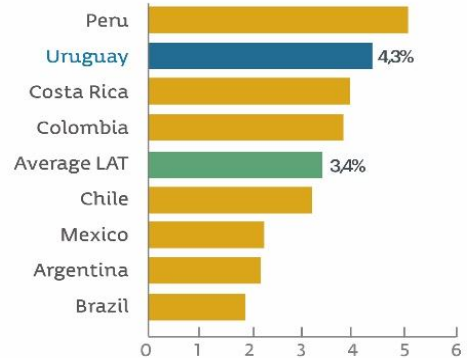
This expansion was accompanied by a growth in **GDP per capita** from US\$ 10,000 in 2005 to more than US\$ 17,000 in 2017, and will be around US\$ 20,000 in 2020. Not only has been growth but also an improvement in income distribution. Uruguay is the most egalitarian country in Latin America according to the Gini Index (0.380 in Uy in 2017).

Growth of GDP (%) Uruguay



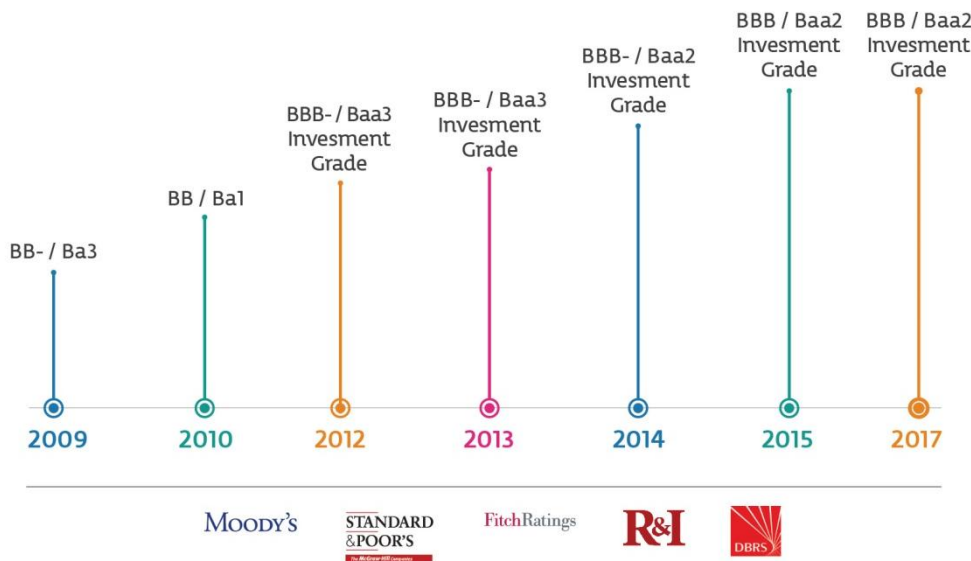
Source: BCU (Spanish acronym)

Average annual growth of GDP (%) (2007-2017)



Source: WEO, IMF, October 2017

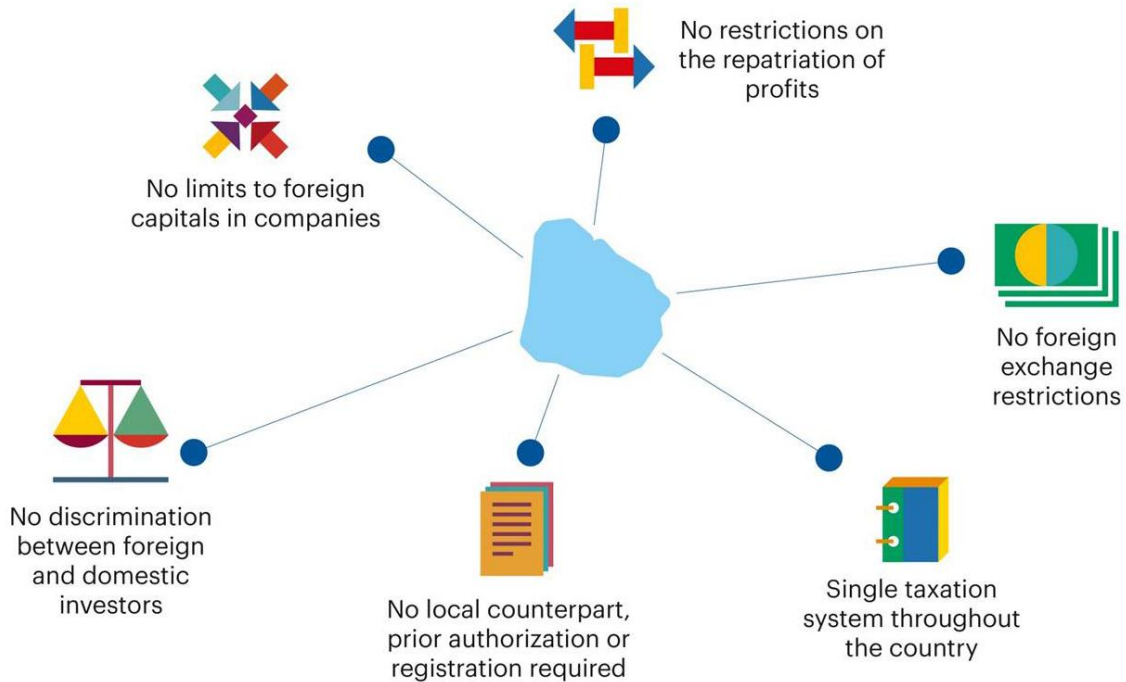
Uruguay is recognized for its orderly management of public debt and for its **fiscal stability**. The three major credit ratings agencies Fitch (April, 2018), Moody's (July, 2017), and Standard & Poor's (May, 2017) have all ratified the country's **investment grade**.



Source: Standard & Poor's, Moody's, Debt Management Unit of the Ministry of Economy and Finance

Uruguay has a set of multiple strengths that position it differently against possible external shocks. The very large stock of reserves (USD 18,500 million, equivalent to 32% of its GDP), the floating exchange rate scheme, and its excellent access to international financing are some factors that explain this shield. Uruguay's successful business environment and macroeconomic stability has been acknowledged by the most important credit rating agencies throughout the years. Moreover, the US Department of State has recognized Uruguay as a **fiscally transparent country**.

Regulatory framework | Easy for business



By virtue of its investment law, Uruguay guarantees equal treatment for local and foreign investors.

No prior approval or registration is required to operate in Uruguay, and there are no restrictions on the transfer of capital or profits from investments. Companies can operate in domestic or foreign currency. Furthermore, there is a single national tax system.

The most relevant benefits for global IT firms are **100% exemption of income tax** for the payment obtained through the exports of software and its related services (Decree 150/2007), and to be allowed of **hiring university graduates under a non-dependent employment relation** (Decree 258/2007)³. Also, the Investment Law (up to **100% return on investment**), the free trade zones⁴ (**100% tax exemption**), and **Finishing Schools** (grants up to 70% for **training programs**). The free zone areas located in the metro area of Montevideo and specialized in professional services are: [Zonamerica](#), [World Trade Center](#), [Aguada Park](#), and [Parque de las Ciencias](#) (Science Park)⁵.

³These professionals will invoice the company for their fees.

⁴Free zones have operated in Uruguay for more than 25 years. They are **exempted from ALL taxes** (net income tax, VAT, customs duties, property taxes, etc.). **Dividends paid** to shareholders are never taxed or retained. No VAT or customs taxes are waived for constructions or equipment needed for operations in free zones.

⁵Some IT companies operating from Free Zones are Globant, Mercado Libre, Sabre Holdings, TCS and Verifone.

World Class facilities | Cutting-edge Free Zones


Zonamerica

World Trade Center

Aguada Park

Parque de las Ciencias

Parks under the free zone scheme, such as Zonamerica or The Sciences Park (Parque de las Ciencias), are located five minutes from Carrasco International Airport (free airport) and 30 minutes from the Port of Montevideo (free port).

**Monthly Rental Costs for AA and AAA Offices
(US dollars per sq mt)**

	Minimum (USD)		Average (USD)		Maximum (USD)	
	Sq mt	Sq ft	Sq mt	Sq ft	Sq mt	Sq ft
Outside Free Zones (1 parking space per 150 m2)	15	1,4	21	1,9	38	3,5
In Free Zones (including utilities)	23,2	2,2	33	3	38	3,5
In LATU*: To Furnish Office (including utilities)	17	1,58	18	1,67	19	1,77
In LATU: Open Office	19	1,77	20	1,86	21	1,95

**Purchase Costs for AA and AAA Offices
(US dollars per sq mt)**

Offices	Minimum (USD)		Average (USD)		Maximum (USD)	
	Sq mt	Sq ft	Sq mt	Sq ft	Sq mt	Sq ft
	2250	209	3100	288	5200	483



market access

Easy access to Brazil / Spanish-speaking countries
 Convenient time zone and cultural affinity
 World-class facilities and connectivity

Given the country's location, language, business history, shared culture and trade agreements, Uruguay is an excellent platform to access markets such as Brazil and Spanish-speaking countries.



As a MERCOSUR member and its Free Trade Agreement with Mexico, Uruguay has access to a market of almost 400 million people, which represents 76% of Latin America's GDP.

The country is well-positioned as a regional business and logistics hub due to its proximity to the wealthiest areas in South America. The country's free zones, free ports and airport, and bonded warehouses are ideal places to set up distribution centers.

Moreover, Uruguay's cultural affinity with Europe and North America, similar time zone, and excellent telecommunications infrastructure make the country an ideal location to provide support services to those markets.



Transport times

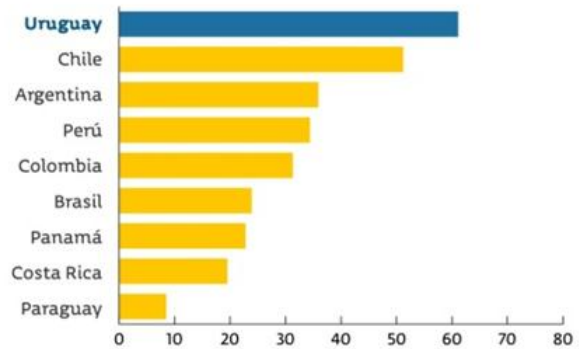
		
Buenos Aires	1.00 h	24 hs
Porto Alegre	1.30 h	24 - 48 hs
Río de Janeiro	4.00 h	72 - 96 hs
São Paulo	2.30 h	72 - 96 hs
Asunción	2.00 h	72 - 96 hs
Santiago	2.30 h	72 - 96 hs
Lima	5.00 h	72 - 96 hs

Truck transport time includes average customs time.

Uruguay is leader in communications in Latin America according to the International Telecommunication Union's 2017 Information Technology and Communication's Development Index (ICT), which measures Internet penetration, mobile phone usage, and other related indicators.

A country that empowers the digitalization:

- » Fiber optic submarine cable Monet: A new underwater cable jointly developed with Google, with more than 12,500 Km from US to Uruguay, allows Uruguay to be an Internet provider to the region and the world.
- » A Tier III Data Center, recognized as the Best Data Center Enterprise in Latin America, and able to be a provider of a wide range of solutions focused on the user.
- » Huge infrastructure investments in fiber optic networks, with more than 23,000 Km and 77% of households with broadband connections.
- » A well-developed IT industry placed at the forefront of technology in the world
- » Uruguay joins the D7 Group, the elite group of the most advanced countries worldwide in digital development. Together with Canada, Estonia, Israel, New Zealand, South Korea and United Kingdom.





talent

Highly skilled and multilingual: Spanish, English, Portuguese
Competitive, adaptable and committed labor force
Free, high-quality public education through college

Human resources in Uruguay are highly competitive due the high quality of basic, technical, and university training, and the flexibility of Uruguayan workers to adapt to new technologies.

The Uruguayan workforce has been showing a steady increase in its ability to master other languages, in particular English and Portuguese.

Uruguay has the highest literacy rate in Latin America: 98%. Free public education is provided from kindergarten through university. Also, 6% of the country's GDP is invested in education and 100% of high school students at the age of 15 have already completed at least three years of English and two years of computer science.

The potential of access to talent is complemented by the easiness to getting residency for professionals coming from other MERCOSUR countries (Argentina, Brazil, Paraguay and Venezuela), who find working and living in Uruguay very attractive.

Uruguay was the first country in the world to provide laptop computers freely to all students and teachers in public schools and high schools.

Uruguay's Ceibal Plan is an initiative promoted by the Uruguayan government since 2007, based on the One Laptop Per Child (OLPC) program of the Massachusetts Institute of Technology (MIT). Through the Ceibal Plan the following goals have been achieved:

- » Connectivity: 100% of schools, high schools, and technical universities have fiber optic.
- » Digital gap: has been reduced from 35% to 8% of households during the period 2005-2015.
- » English: Ceibal platform is implemented in English, contributing to the bilingualism of the Uruguayan population.



"We praise Uruguay for being the first country to take specific actions for providing laptop computers to all children and school teachers. We hope other countries will follow its lead."

Nicholas Negroponte – Chairman, One Laptop Per Child, MIT Media Lab

TOEFL Ranking	
Uruguay	1
Costa Rica	2
Argentina	3
Jamaica	4
Bahamas	5
Brazil	6
Mexico	7
Peru	8
Suriname	9
El Salvador	10

#1
TOEFL English
Examination

Source: TOEFL Test and Score Data Summary
(2016)

The Finishing Schools Program is a subsidy for global companies by which the government reimburses up to 70% of training costs in the specific skills required by the firms.



Since the program started operating, 78 projects have been approved, 2,500 people have been trained, and a total of U\$S 2,000,000 has been invested (from which U\$S 800,000 were granted by the program).



Uruguay also offers SMART TALENT, a website for job opportunities focused on global services which offers tests to measure the knowledge of the registered candidates. Through Smart Talent, companies can post their job vacancies and have access to tested profiles without any charge. It also works as a tool to promote the global services industry among young people in Uruguay through a series of awareness activities. The website was launched on March 2015 and today it has more than 200 global services companies, 8,500 registered candidates, and 14,000 performed tests.



Furthermore, Uruguay offers a special framework to promote R&D initiatives and entrepreneurship. In particular, the National Research and Innovation Agency (ANII) provides an array of instruments and programs specially designed to support research and innovation at companies in different stages.

Population and Labor Force⁶

Around 66% of Uruguay's labor force is concentrated in the Montevideo metropolitan area.

2017	Country total	Metropolitan Area
Population	3,493,205	2,078,344
Productive Population	62.9%	64.9%
Labor force	1,782,730	1,087,559
Unemployment rate	8.3%	8.3%

Number of STEM Students (2015)

	STEM Courses
Total number of enrolled students	46,040
Total anual graduates	2,146
Total anual admissions	7,338

⁶Sources: Statistic Manual Institute, 2015 and 2014; and Uruguay XXI based on 2015 Statistical Yearbook of the Ministry of Education.



FAST TRACK

Uruguay provides a fast track for Global Services enterprises when certain employees are needed from abroad. In just 8 days the employees will get their residence. This Fast Track is targeted at foreigners located whether in Uruguay or abroad. For further information, [click here](#).





lifestyle

Relaxing and enjoyable place to live
 Vast cultural, educational and health amenities
 Friendly and polite people

Uruguay's capital city of Montevideo (1.3 million inhabitants), Punta del Este and other cities offer excellent living conditions for executives and their families, including quality free health services and education.

More and more foreigners are choosing Uruguay as their place of residence for all or part of the year, and comparing to other cities from the region, Montevideo has been appointed as the cheapest place to live for expatriates according to Mercer (2017).

Uruguay ranks as one of the safest countries in Latin America on the **Latin Security Index**, developed by FTI Consulting for Latin Business Chronicle. The index measures security for multinational executives. According to the 2017 Legatum Prosperity Index, Uruguay is the best place to live in Latin America. The ranking is based on a variety of factors including wealth, economic growth, and quality of life.

Quality of life

City	Latin America
Montevideo	1
Buenos Aires	2
Santiago	3
Panama City	4
Monterrey	5
San José	6
Asunción	7
Rio de Janeiro	8
Quito	9
	--

The Economist named Uruguay its first-ever Country of the Year.

Namely, Uruguay is one of the most socially progressive countries in the Americas, for instance it is the first country in Latin America to legalize gay marriage and to enact other daring social reforms. In addition, Uruguay's middle class is the largest in Latin America. This means that besides being a country where you can live in a relaxed and friendly environment, the excellent levels of social equality enhance even more the lifestyle indicators.

Liberal immigration laws are attracting a wave of talented executives who can legally reside and work in the country while their resident visa applications are being processed.

Annex 1: Uruguayan Success Stories



GeneXus is a software development platform based on the automatic knowledge management created by the Uruguayan company Artech. There are at present more than 8,500 companies worldwide using GeneXus and a large network of international offices and distributors which allows it to be present in more than 45 countries.



Ironhide Game Studio is the Uruguayan gaming company that has created the popular trilogy Kingdom Rush and Iron Marines, both success in market places of Asia, Europe and US.



PedidosYa is the Uruguayan online food ordering company with a team of more than 390 employees, about 13,000 restaurants in their online catalog, and more than 2 million downloads of its app. PedidosYa has operations in Argentina, Brazil, Chile, Colombia, Ecuador, Panama, Paraguay, Peru, Puerto Rico, Mexico and Venezuela. In the 2014 was acquired by the German Company Delivery Hero, leader in the online food business.



The Electric Factory is one of the most important creative innovation groups in LATAM. They provide digital technology solutions to agencies and brands worldwide, combining creativity, strategy and technology. With more than 15 years of experience solving complex challenges they have implemented more than 2,500 projects for renowned brands such as Google, Nintendo, Samsung and Coca-Cola. Recently, they've been recognized in the 2018 SXSW Innovation Awards with their augmented reality "Read To Me" project, beating out notable contenders as Microsoft, hands-free music project.

Some **Merge & Acquisition (M&A)** and investments process in Uruguayan IT companies developed by foreign companies and investment funds⁷.

Process	Year	Uruguayan Co.	Foreign Co.	Origin Country
Merger	2018	Velocity Partners	Endava	UK
Investment	2018	Ingenious	Daten Tecnologia	Brazil
Investment	2017	InfoCasas	Frontier Digital Ventures	Malaysia
Acquisition	2017	Paygroup	Evertch	US
Acquisition	2016	Manentia	Technisys	Argentina
Acquisition	2014	PedidosYa	Delivery Hero	Germany
Merger	2013	PayTrue	EFT Group	Chile
Acquisition	2012	Crovat	Batanga Media	US
Acquisition	2012	GProxy	Netsuite	US
Acquisition	2012	IPCom	Mobileum	US
Merger	2012	Top Systems	Stefanini	Brazil
Acquisition	2012	Cubox	Digital Garage	Japan
Acquisition	2012	SouthLabs	Infragistics	US
Investment	2011	PedidosYa	Atómico Ventures	UK
Investment	2011	PedidosYa	Kaszek Ventures	Argentina
Investment	2010	Scanntech	Sequoia Capital	US
Investment	2009	Scanntech	Austral Capitals	Chile
Acquisition	2008	INI	Geodesic	India
Acquisition	2006	Trintech	Verifone	US

⁷Source: Uruguay XXI based on FDI Markets data, publications on communications media, and qualified informants consulted by Uruguay XXI.

Annex 2: Key Players

KEY PLAYERS – GLOBAL SERVICES OPERATIONS	Scale of operations FTE*	Type of operations		Operations supported					Languages supported
		Domestic	Offshore	Captive / Thirdparty/IT	Customer service (voice)	Business Process (non voice)	Knowledge Process	IT services	
Despegar.com	450	N	Y	C	N	Y	Y	Y	S, E
Mercado Libre	600	N	Y	C	Y	Y	Y	Y	S, E, P
BASF	400	N	Y	C	N	Y	Y	N	E, S, G, P
RCI Latinoamerica	350	N	Y	C	Y	Y	Y	Y	E, G, F
Sabre	980	N	Y	C	Y	Y	Y	Y	E, S, G, P, F,..
TCS	1400	N	Y	TP	Y	Y	Y	Y	S, E
Telecom Networks	100	Y	Y	TP	Y	Y	N	N	S, E, F
Globant	450	N	Y	IT	N	N	N	Y	S, E
Arnaldo C. Castro	150	Y	Y	IT	N	N	N	Y	S, E
Genexus	200	Y	Y	IT	N	N	N	Y	S, E
IBM	220	Y	Y	IT	N	N	Y	Y	S, E
Indra	100	Y	Y	IT	N	N	N	Y	S, E
Infocorp	111	Y	Y	IT	N	N	N	Y	S, E
Quanam	155	Y	Y	IT	N	N	N	Y	S, E, P
Netsuite	140	Y	Y	IT	N	N	N	Y	S, E
Sonda	250	Y	Y	IT	N	N	N	Y	S, E
The Hackett Group	70	N	Y	IT	N	N	Y	Y	S,E
Verifone	150	N	Y	IT	N	N	Y	Y	S, E

Annex 3: Incentives

Investment law

This regime enables the investor to pay less corporate income and wealth tax (between 20% and 100% of the amount invested). That is to say, for all investment projects under this regime and promoted by the Executive Branch, it is possible to compute as part of the tax payment (IRAE - Corporate Income Tax) between 20% and 100% of the invested amount, depending on the type of project and the score obtained relying on different indicators.

Free Trade Zone law

Free Zones can be operated by the State or duly authorized private entities. Trade, industrial or service activities are allowed in Free Trade Zones. Moreover, companies in Free Zones can provide services to other countries and, in some cases, to Uruguay.

Benefits granted to companies set up in Free Zones are:

- » **100%** Exemption from Corporate Income Tax (IRAE), Wealth Tax (IP) and any other current or future domestic tax. The State is the guarantor of this exemption.
- » Dividends distributed among shareholders with residence abroad are also tax-exempt in our country.
- » Foreign personnel may choose to contribute to social security in Uruguay or in their country of origin.
- » Sales and purchases of goods and services to and from abroad are VAT exempt. Sales and provision of services within Free Zones are also VAT exempt.
- » Companies may commercialize and provide services to Uruguay as well. In this case there are no tax exemptions for these goods and services provided to Uruguay.
- » Non-resident entities are also Corporate Income Tax exempt regarding activities developed with foreign goods declared in transit or kept within Free Zone, when they are not bound for the national customs territory. They are also Corporate Income Tax exempt when sales bound for the national territory do not exceed 5% of the total disposals of goods in transit or kept within Free Zone.
- » Goods traded by Free Zones with the rest of the world are exempt from customs duties.
- » Service companies may have up to 50% foreign personnel.

Shared service center decree

90% exemption of IRAE and Wealth Tax (IP) applicable to assets for a term of five years provided that:

- » They have created at least 150 new direct qualified jobs by the end of the first three years, which must be kept until the end of the fifth year inclusive. At least 75% of the jobs must be held by Uruguayan citizens (provisional reductions may be authorized).
- » The company implements a Training Plan for Uruguayan employees of an outlay of at least UI (in Indexed Units) 10,000.000 (approximately U\$S 1,200,000) during the aggregate of the first three years.
- » The company carries out new undertakings.

The exemption term shall be of ten years when (i) the minimum number of jobs exceeds 300 by the end of the first five years and are kept until the end of the exemption period; and (ii) the outlay in training exceeds UI 20,000,000 during the first six years.

Trading activity incentives

In terms of trading activities, there is a law that rules a specific framework for the trading of goods or services, as long as they do not enter or aren't provided from Uruguay. The trading services themselves have to be delivered from Uruguay. In that case, 3% of the net profit is considered from Uruguayan source. Over that 3%, the Uruguayan corporate income tax (IRAE 25%) is applicable (Resolution 51/997).

See other incentives in our Business Services Report:

- » Contact centers incentives
- » Protection of personal data and habeas data remedy
- » Reimbursement of VAT
- » Software industry incentives
- » Free ports and airports
- » Temporary admission - Trade agreements

Annex 4: Uruguay at a glance

Indicators	2013	2014	2015	2016	2017	2018e
GDP (Var % per year)	4,6%	3,2%	0,4%	1,7%	2,7%	3,0%
GDP (US\$ Million)	57.435	57.180	53.182	52.734	59.170	61.525
Population (Millions of people)	3,44	3,45	3,47	3,48	3,49	3,51
GDP per Capita (US\$)	16.695	16.556	15.339	15.152	16.939	17.549
Unemployment rate – Annual Average (% EAP)	6,5%	6,6%	7,5%	7,8%	7,9%	8,5%
Exchange rate (Pesos per US\$, Annual Average)	20,5	23,3	27,4	30,1	28,7	30,5
Exchange rate (Annual Average Variation)	0,9%	13,4%	17,6%	10,1%	-4,8%	6,3%
Consumer Prices (Var % annually accumulated)	8,5%	8,3%	9,4%	8,1%	6,6%	7,0%
Exports of goods and services (US\$ millions)**	18.100	18.380	15.591	14.649	16.177	16.114
Imports of goods and services (US\$ millions)**	17.289	16.767	13.908	11.821	12.160	12.878
Commercial Surplus/Deficit (US\$ millions)	811	1.613	1.684	2.828	4.017	3.236
Commercial Surplus/Deficit (% of GDP)	1,4%	2,8%	3,2%	5,4%	6,8%	5,3%
Overall Fiscal Balance (% of GDP)	-2,3%	-3,5%	-3,3%	-3,8%	-3,5%	-3,5%
Gross capital formation (% of GDP)	22,5%	21,2%	19,7%	17,8%	15,7%	-
Gross Debt of Public Sector (% of GDP)	57,6%	58,6%	59,0%	63,2%	65,4%	-
Foreign Direct Investment (US\$ millions)***	3.460	2.328	920	-743	-125	-
Foreign Direct Investment (% of GDP)	6,0%	4,1%	1,7%	-1,4%	-0,2%	-

Source: GDP data were taken from the IMF, foreign trade data from IED, foreign exchange rates, international reserves, and foreign debt come from the BCU; the population growth rate, literacy, unemployment and inflation come from the INE (Statistics National Bureau). Estimated data for 2018 based on BCU surveys and Deloitte.

* In 2017, the BCU adopted the methodology of the 6th balance of payments manual. The data based on this new methodology includes purchase of merchandise and re-exports and is available since 2012.

** In 2017, the BCU adopted the methodology of the 6th balance of payments manual. The data are net flows so they can take negative values.



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