



**BUSINESS &
INNOVATION HUB
#1 IN LATAM**

TECH INDUSTRY



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URUGUAY | #1 BUSINESS & INNOVATION HUB IN LATAM

Do you want to expand your business in Latin America?

Uruguay is your best business gateway.

Our positive background for **political, social and macroeconomic stability** helps global companies flourish and grow. Uruguay has strong institutions and performs well on all major transparency indexes. In 2023 the country reinforced its position as a leading nation in democracy, low corruption, rule of law and civil liberties.

On top of that, an **open business environment**, good economic performance over the last decade and **comprehensive regulatory framework** have contributed to Uruguay being a reliable investment destination.

Due to its **strategic location, state-of-the-art infrastructure, intermediate time zone** between the US and Europe and **trade agreements**, Uruguay is also a very attractive bet for companies looking to access a market of more than 400 million people in Latin America.

To serve multiple markets and support employment in knowledge-intensive and high technology sectors, Uruguay's education ecosystem assures access to **qualified talent**, renowned for its ability to master foreign languages and easily adjust to changing circumstances.

Finally, Uruguay offers an unrivalled **quality of life**. Uruguayan cities are ideal for native and newcomers alike with a wealth of culture and a safe, peaceful environment.

To know more about Uruguay and discover why it can be the right fit for your business, step up to the Uruguay's value proposition section.



UNIQUE COMBINATION OF ATTRIBUTES

Reliability & Certainties

- Stability - Transparency
- Sustainability - ESG
- World class infrastructure

Easy for business

- Markets & Clients access
- Financial freedom & Incentives
- Innovation ecosystem

Talent & Lifestyle

- Multilingual - Flexible - Creative
- Peaceful - Diverse - Safe



**BUSINESS &
INNOVATION HUB**
#1 IN LATAM

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

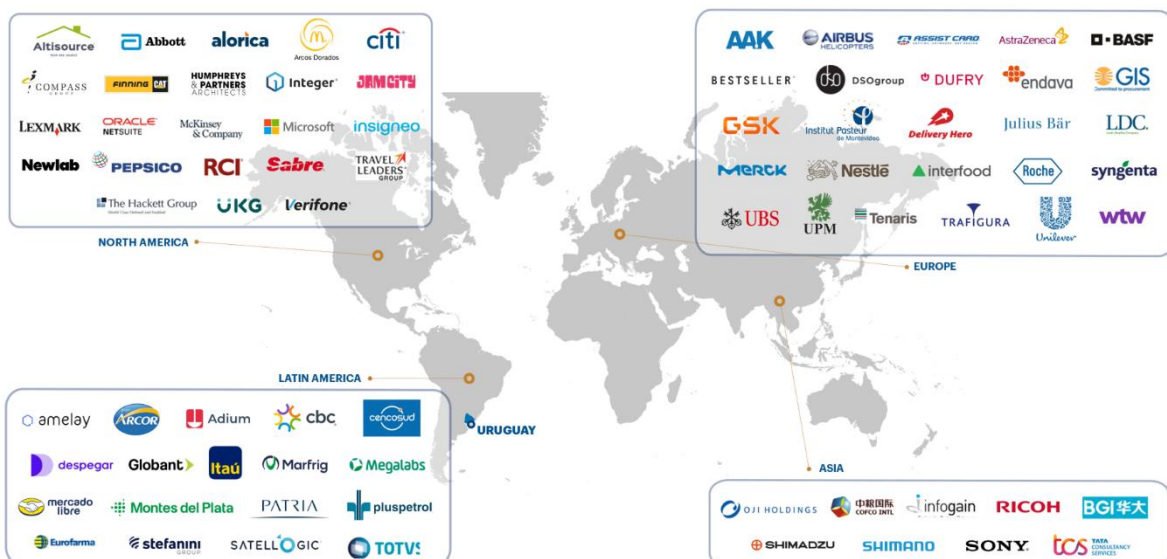
 Democracy Index (Economist Intelligence Unit, 2023)	#1	 Rule of Law Index (World Justice Project, 2023)	#1
 Low corruption (Transparency International, 2023)	#1	 Social Mobility (World Economic Forum, 2020)	#1
 Civil Liberties (Freedom House, 2024)	#1	 E-Government Development Index (United Nations, 2024)	#1

As a **business and innovation hub**, Uruguay provides opportunities and display success stories around two main models:

- 1) **Global Services** - aimed at promoting the centralization of activities in different platforms (trade, logistics, corporate and financial services, creative services, IT development, R&D, datacenters) usually combined, to provide the region, the Americas, or the world.
- 2) **Sustainable production** - including renewables / energy transition, agribusiness, food, and other manufactures (i.e.: pharmaceutical, medical devices, chemical, satellites.).

In the past 20 years, Uruguay has become a target location for Global Business Services Centers

HUB operations in Uruguay



Particularly for tech companies, the business platforms and success stories range from the centralization of commercial activities or business support, regional headquarters, development centers, R&D, prototyping and advanced manufacturing¹, as well as data centers.



OVERVIEW OF THE TECHNOLOGY INDUSTRY IN URUGUAY

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. Uruguayan tech companies export to 52 different markets. **United States** ranks first in Uruguay's top list of software export destinations (86,6%), followed by the **United Kingdom** (4,8%) and **Argentina** (1,9%).

¹ Of small satellites and medical devices.



+500
tech companies
providing global solutions



Hub
for global
Tech companies



Successful
Uruguayan Tech
companies

#1

SOFTWARE EXPORTER

per capita in SOUTH AMERICA

65% of turnover comes from exports

+85% of U.S. clients 

+40% IT products



Widerange of Universities top
research groups and industry
integration programs



Strong and agile network
of support institutions

In addition to the global companies that have chosen Uruguay as a regional hub, the country showcases interesting success stories of innovative companies with international recognition and potential to be acquired or accelerated².

Uruguayan tech companies



The success of Uruguayan technology companies is largely explained by the quality of local talent. Human resources in Uruguay are highly competitive due to the high quality of basic, technical, and university training, and the flexibility of Uruguayan workers to adapt to new technologies.

² More information about Uruguayan companies, Merge & Acquisition and Investment process is available in Annex 1 "Uruguay IT Success Stories."

- » Uruguay has the **highest literacy rate in Latin America**: 98%.
- » **Free public education** is provided from kindergarten to university.
- » Around **60%** of university students work and study at the same time.
- » **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.

Extensive network of support institutions

Government agencies & innovation programs



Open Innovation Labs



Universities & entrepreneurship centers



Incubators & accelerators




Sectorial chambers



Recent initiatives that strengthen the value proposition of Uruguay as an innovation hub

NEWLAB is a multi-disciplinary technology center. Housed in Building 128 of the Brooklyn Navy Yard, it serves as a hardware-focused workspace, research lab, and hatchery for socially oriented tech manufacturing. Using the MIT Media Lab as a model, the impetus for the independent organization was to provide space and services to new manufacturing enterprises. Current members work in fields such as robotics, connected devices, energy, nanotechnology, life sciences, and urban tech.

In 2022 New lab started its operations in Uruguay by signing an agreement with de Uruguayan ministry of industries and supported by private investors.

 **Microsoft** In 2022, **Microsoft** announced that Uruguay will host its AI & IoT Insider Lab in Montevideo, the first of its kind in Latin America and the third outside the United States, since today there are only two, one in China and one in Germany. This laboratory will help solve various technological challenges of organizations in the region, as well as obtain expert guidance and recommendations to realize the full potential of artificial intelligence and the Internet of Things.

“We are extremely excited about what this new AI and Cloud Laboratory will achieve to promote the country's technological development in conjunction with local creativity and vision. Uruguay has proven to be a focus of innovation at the international level and initiatives like this reflect the great opportunity that the market must accelerate the digital transformation of the region”, commented the president of Microsoft Latin America, Rodrigo Kede Lima.

TALENT POOL

Population & labor force

Around **53%** of Uruguay’s labor force is concentrated in the metropolitan area of Montevideo ³.

2023	Country Total	Metropolitan Area
Population	3,444,263	1,822,066
Productive population	61%	63%
Labor force	1,778,664	948,846
Unemployment rate	8%	9%

ICT and business services employ more than 70,000 workers in Uruguay

Full-time employment – Country total		74,275
Business services & ICT employment per type of functions	Contact Center (including voice operations such as inbound and outbound sales services)	4,354
	Non-voice business process (including F&A, payroll, supply chain management, financial services, business advisory, among others)	47,357
	Information & Communication Technology services (including software development, tech support, infrastructure management, etc.)	22,564

Source: Continuous Survey of Households – National Statistical Institute of Uruguay (2023)

³ Sources: Uruguay XXI based on the Continuous Households’ Survey, National Statistics Institute.

EDUCATION	Technical	Bachelor Degree (University)
Educational institutions	19	71
Enrolled students	36,019	246,500
Annual admissions	19,375	43,050
Annual graduates	9,066	8,812
Business Services related		
Enrolled students	18%	41%
ICT related		
Enrolled students	12%	7%
Architecture, Engineering & Creative Services related		
Enrolled students	10%	13%

Source: Education Statistical Yearbook, Ministry of Education.

Skilled immigration

Uruguay has become a very attractive destination for expats, mainly because of its life quality and stability. For the last 12 years, Uruguay has experienced uninterrupted immigration flows, receiving residency applications not only from neighboring countries such as Argentina and Brazil, but also from other countries like India.

Migratory flows to Uruguay doubled in the last five years


+16.000
residences per year

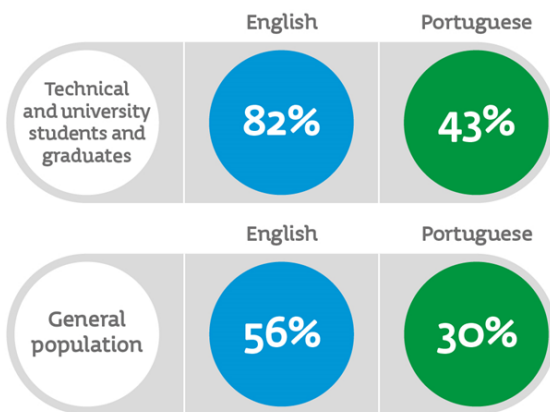

43%
have completed tertiary levels

Multilingual talent

The commitment to quality training has led Uruguay to have multilingual professionals.

66% of Uruguay's population **speak a second language** and **32%** are multilingual.

English is taught at nearly all public elementary schools and is supported by 'Ceibal' (One Laptop Per Child Project). Regarding private elementary schools, they have also incorporated it into their curricula. In both public and private middle and high schools, English is mandatory. Many elementary schools have incorporated Portuguese into their curricula as well.



Source: ETI 2019, ECH 2018 - 2019

At a general level, 56% of the population speaks English and 30% speaks Portuguese.

If we focus on technical/university students and graduates, this percentage rises to 82% in English and 43% in Portuguese (even at a native level due to the shared border with Brazil).

This talent pool makes Uruguay an ideal location to provide services to Brazil, the United States or Europe.

One Laptop Per Child Program



CEIBAL is an initiative launched by the Uruguayan government in 2007, based on the [One Laptop Per Child \(OLPC\)](#) program.

Uruguay became the **first country in the world to provide laptops to all children and teachers** in all public elementary and high schools. Thanks to this program, access to technology has become universal, and the digital divide between the poorest and richest households has decreased from 35% to 8%.

Ceibal has empowered future generations to face new work challenges and has helped young people improve their English skills.

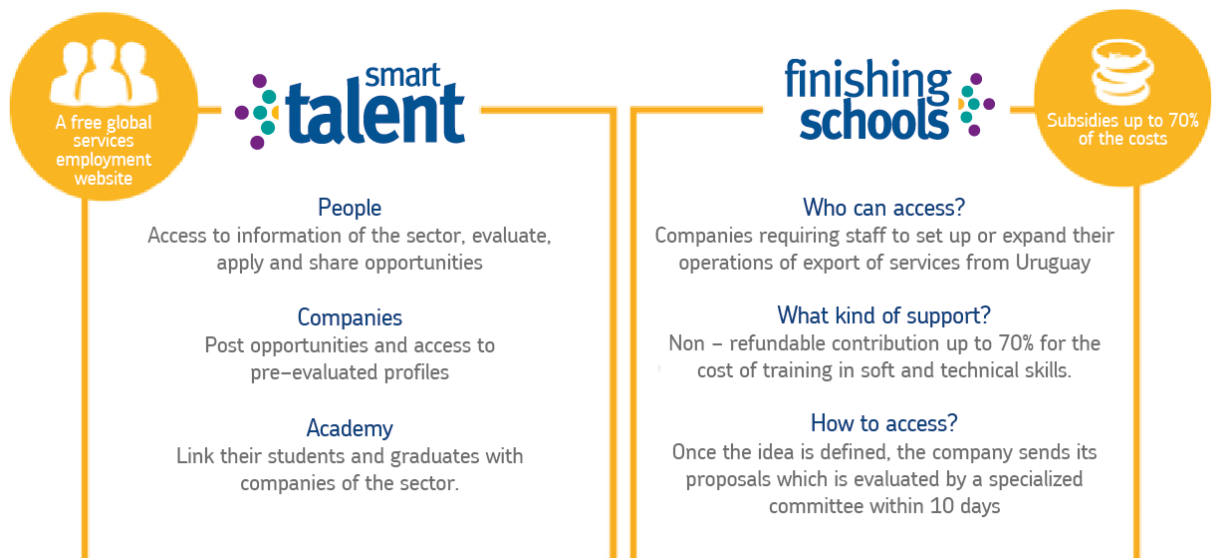
SUPPORT AND TALENT DEVELOPMENT TOOLS

Finishing Schools subsidies up to 70% of training-on-demand costs. This grant can be used for a third-party supplier or even for internal trainers in the company, either for the initial set up or to expand the current operations in the country. This tool is developed by Uruguay XXI in strategic alliance with INEFOP.

Since the program started operating in 2012:

- + **300** projects have been approved.
- + **9000** people have been trained.
- + **US\$ 4,500,000** invested to train employees (from which more than + **US\$ 1,700,000** was granted by the program).
- + **300** companies have participated.

Smart Talent is an employment website focused on global business services where companies can post their job openings and vacancies free of charge and search for talent among more than 55,000 registered profiles. Smart Talent also functions as a platform to promote the local global business services industry through a series of awareness-raising activities.





FAST TRACK VISAS & RESIDENCES PERMITS



For exporting companies in Uruguay



For employees and their relatives



Visa/residence will be authorized within 10 business days



Can be started in Uruguay or abroad

Any foreigner hired by local or international exporting companies may apply for visa facilitation and/or temporary residence, whether in Uruguay or abroad. The requirements will depend on their country of origin.

For inquiries: fast-track@uruguayxxi.gub.uy

[Click here](#) for more information about the required documentation for residences.

EASE OF DOING 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.



Relevant incentives for tech companies:

- **100% exemption of income tax** when the company employs an adequate amount of employees and resources (Decree 150/2007).
- IT Companies are allowed to hire university graduates under a non-dependent employment relation (Decree 258/2007)⁴.

[More information](#)

⁴These professionals will invoice the company for their fees.

QUALITY OF LIFE

Uruguay stands out for being a pleasant country to live in, safe and open, and for having a vast cultural, gastronomic, and educational offer.

Montevideo (its capital), Punta del Este and other cities offer excellent living conditions for executives and their families, including free, well-equipped health services and education.



#1
The best quality of life in
Latin America
(Mercer 2023)

Uruguay | LIVE THE EXPERIENCE
liveinuruguay.uy

Health Education Commuting Recreation

According to [Mercer's 2023 Global Quality of Living Ranking](#), Montevideo ranks number 89 overall, and emerges as the number one city in Latin America. Factors such as internal stability, law enforcement effectiveness, crime levels, medical facilities, infrastructure, and public transportation, are taken into consideration by the Mercer research team.

SUM-UP OF OUR TECH VALUE PROPOSITION

- » **Mature local ecosystem with a long history in the development of world-class solutions.** Uruguay has become a global provider of high-quality solutions, being first in South America in per-capita software exportation and third in absolute terms.
- » **Investment opportunities** not only in existing companies (**M&A** opportunities) but also in the development of new undertakings. Recently, innovation capabilities for challenge resolution and acceleration of go-to-market have been strengthened with the establishment of *NewLab* and *Microsoft AI&IOT Lab*. Uruguay also offers a strong network of research institutions as well as incubators and accelerators owning state-of-the-art technology.
- » **Test-bed country.** Given its nature as a small, orderly, transparent country with easy access to decision-makers, Uruguay is an excellent option for companies seeking to develop and test new technologies.
- » **Talent pool.** Uruguay has a **highly educated population** that supports employment in knowledge-intensive and high-technology sectors. Skilled graduates fuels Uruguay's talent pipeline in science and technology, being recognized for its adaptability to new processes and technologies, skills in software development and a high level of specialization in various business verticals.
- » **Regulatory framework** that promotes the internationalization of technology companies operating from Uruguay through significant tax exemptions (up to 100% Corporate Income Tax exemption).
- » **State-of-the-art infrastructures** place Uruguay as the most advanced country in Latin America when it comes to:
 - The Information Technology and Communication's Development Index of the International Telecommunication Union.
 - penetration of Internet and mobile phone users (79.6% of penetration of LTE lines in population).
 - Internet download and upload speed (since the installation of the optical fiber).
 - % of households with broadband connections (81%)
 - % of schools, high schools and universities connected to optic fiber (100%)

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. Former VP Engineering, Verifone.

ORACLE[®]
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 e-commerce product called SuiteCommerce. We are creating the product and providing the implementation service from Uruguay to customers in the whole world'.

Diego Terra. Former E-Commerce Director, Netsuite.

Globant ▶

'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. Former Country Manager, Globant.

Sabre[®]

'Why Uruguay? Stability, certainty, clarity, and flexibility in the sense that it's easy to bring in and take out capital according to the financial needs of the operation. Talent was a very important factor; it is changing, and we must work proactively to maintain this competitive advantage.

For Sabre, Uruguay is an impressive success story, with 20 years of sustained operations. Key to this has been continuous access to world-class professionals, not only those based in the country but also those who have come here. We have many team members from Venezuela, Cuba, Argentina, Brazil, Colombia, and India. Montevideo's transformation toward multiculturalism over the past 20 years has enriched us greatly and brought significant value. It's also essential to highlight our close relationship with government and regulatory stakeholders, who help us remove obstacles—another highly valuable asset.

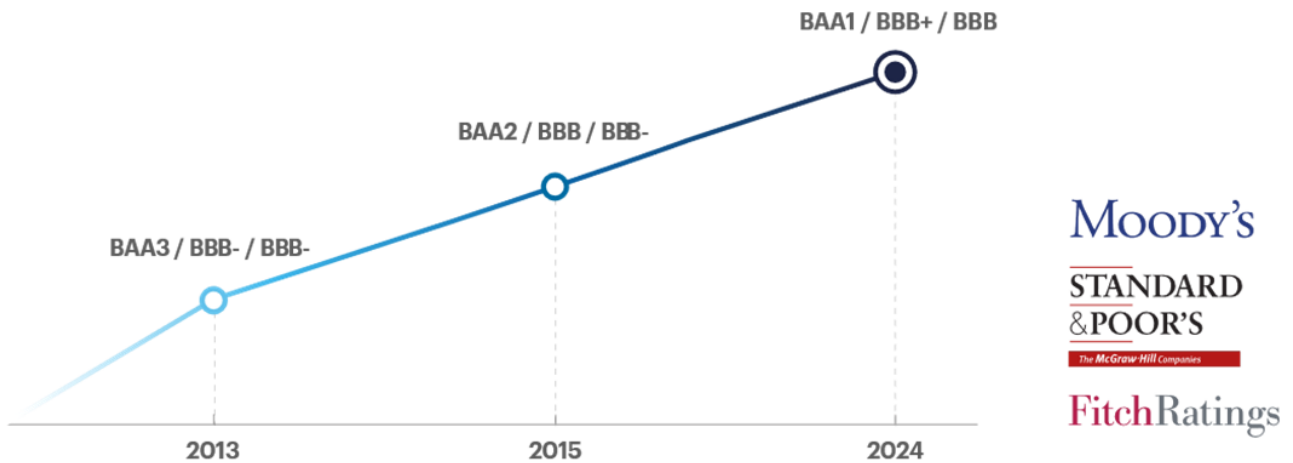
Uruguay has a great opportunity to remain relatively small on the global stage yet be the best in the world, which benefits us as a business hub. The opportunity lies in how we can transform ourselves into a center for the world's top professionals'.

Guillermo Prosper, VP, Finance & Managing Director, Sabre Uruguay

SUPPLEMENTARY DATA

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

12 consecutive years of investment grade

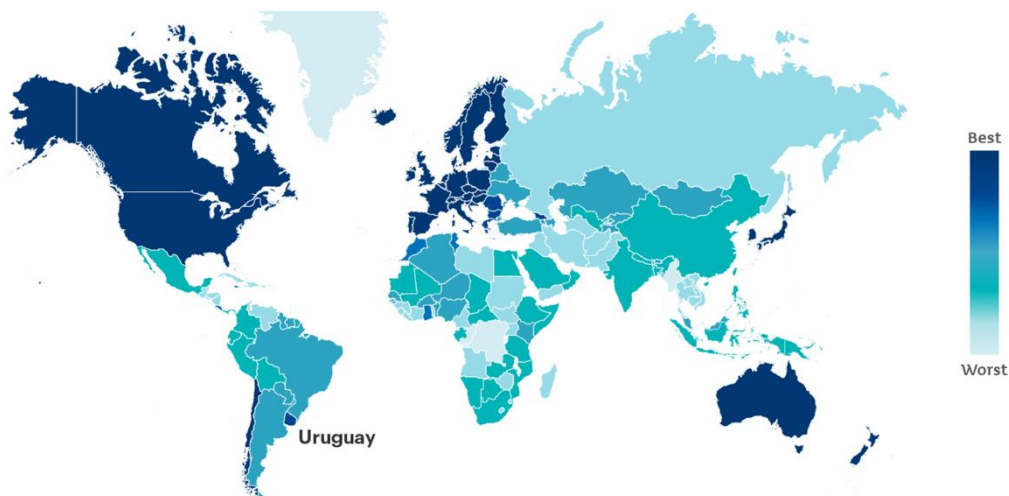


Source: Ministry of Economy and Finance of Uruguay, J.P. Morgan Chase (September 2024).

ESG top performance

On the other hand, Uruguay is among the world's leading economies for investment, according to the **ESG Index** that takes into account the quality of governance, social and environmental factors.

JP Morgan takes the ESG factors to weight the EMBI country risk indicator, resulting in **Uruguay being the most reliable of all the emerging economies in the world to invest.**



Source: Bluebay Asset Management - Verisk Maplecroft (2022).

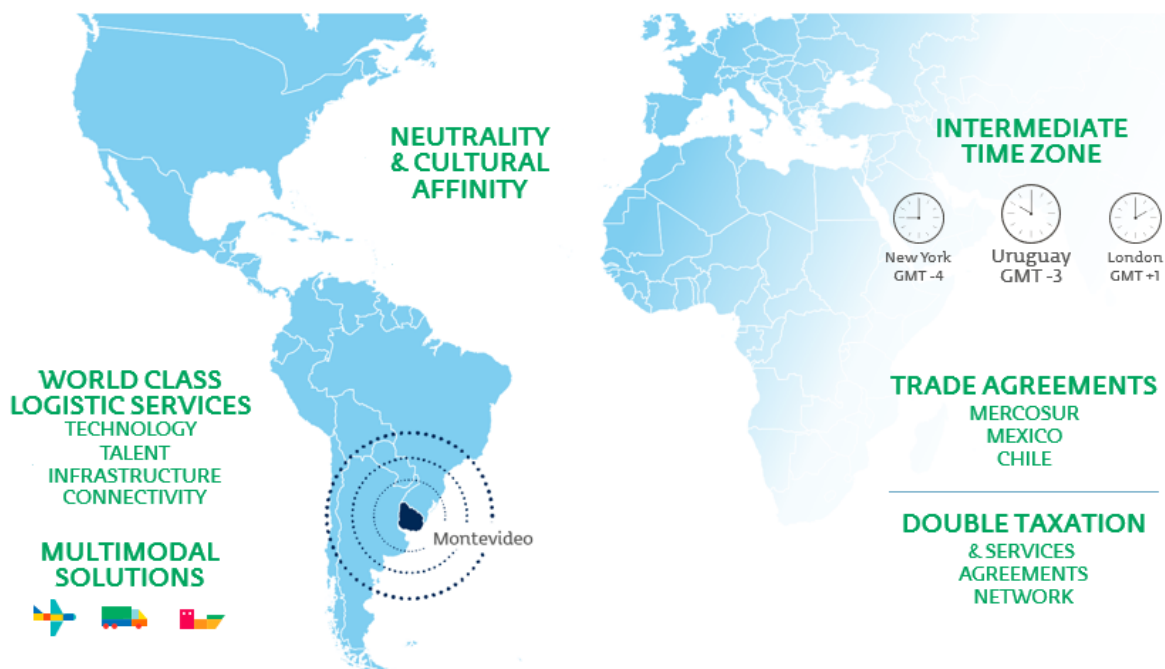
Location

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.



A country that empowers digitalization

- » **Subsea fiber optic cables jointly developed with Google.** Monet, Tannat and the recently approved Firmina, which will be the longest cable in the world running from the East Coast of the United States to Argentina, with an additional landing in Punta del Este, Uruguay.
- » **Tier III Data Centers** able to provide user-focused solutions.
- » **Public investment in telecom infrastructure.** Uruguay has the largest fiber optic coverage in Latin America with more than 23,000 Km and 77% of households with broadband connections.
- » **A well-developed technology ecosystem** placed at the forefront of technology in the world.
- » **Digital Nations.** An international forum of leading digital governments in which Uruguay participates since 2018 together with Canada, Denmark, Estonia, Israel, Mexico, New Zealand, Portugal, South Korea, and the United Kingdom.

Leader in communications in Latin America

 Internet penetration - fixed broadband (International Telecommunication Union)	#1	 % of homes connected by optical fiber	#1
 Adoption of IT (World Economic Forum)	#1	 % of companies connected by optical fiber	#1
 Digital Nations member (World's leading digital governments)	#1	 E-Government Development Index (United Nations, 2024)	#1

Source: ITU, World Economic Forum (2024), United Nations (2024).

KEY PLAYERS

Company	Origin	Year of incorporation	Location	Headcount	Commerce & Services	ICT
TCS	India	2002	ZA	2800	✓	
Mercado Libre	Argentina	2011	AP-WTC	1750	✓	✓
PedidosYa	Germany	2010	NFTZ	935	✓	✓
BASF	Germany	2014	NFTZ	930	✓	✓
Globant	Argentina	2010	AP-WTC	895		✓
Sabre	USA	2004	ZA	815	✓	✓
Alorica	USA	2011	AP	715	✓	
Adium Pharma	Argentina	2010	ZA	490	✓	
Trafigura	Switzerland	2013	ZA	450	✓	
Ingenious Americas	USA	2016	AP	420	✓	✓
RCI	USA	2005	ZA	375	✓	
Syngenta	Switzerland	2016	NFTZ	350	✓	
Oracle Netsuite	USA	2012	WTC	345		✓
Sportradar	Switzerland	2010	ZA	325	✓	
Tenaris Group	Italy	2003	NFTZ	315	✓	✓
RICOH	Japan	2010	ZA	275	✓	
Wunderman Thompson	USA	2021	AP	195	✓	
Cencosud	Chile	2022	AP	195	✓	✓
Endava (Velocity Partners)	UK	2012	NFTZ	195		✓
Internova Travel Group	USA	2019	AP	190	✓	
Merck	Germany	1989	ZA	185	✓	
Pluspetrol	Argentina	2015	NFTZ	175	✓	
UKG	USA	2017	NFTZ	175		✓
Despegar	Argentina	2010	ZA	170	✓	✓
Topaz -Stefanini	Brazil	2012	NFTZ	155		✓
Insigneo Financial Group	USA	2012	ZA	150	✓	
Medallia	USA	2022	NFTZ	150		✓
Perficient	USA	2021	NFTZ	145		✓
Entain Group	UK	2008	WTC	125	✓	
COFCO	Hong Kong	2002	WTC	95	✓	✓
Constellation Software	USA	2020	NFTZ	90		✓
Bestseller	Denmark	2014	WTC	90	✓	
CAE Flight Services	Canada	2022	NFTZ	90	✓	✓
Willis Towers Watson	USA	2005	WTC	85	✓	
Finning-Cat	Canada	2003	ZA	80	✓	
Aiva TPA Services	China	1994	ZA	75	✓	
Deloitte	UK	2001	WTC	70	✓	
Altisource	USA	2009	ZA	65	✓	
Verifone	USA	2006	ZA	60		✓

Company	Origin	Year of incorporation	Location	Headcount	Commerce & Services	ICT
Louis Dreyfus Company	France	2002	WTC	60	✓	
Abbott	USA	2016	ZA	55	✓	
UBS Financial Services	Switzerland	2011	ZA	50	✓	
Interfood	Netherlands	2011	WTC	50	✓	
Dufry	Switzerland	2010	ZA	50	✓	
Humphreys & Partners	USA	2011	WTC	50	✓	
PWC	UK	2010	ZA	50	✓	
Roche	Switzerland	1947	NFTZ	50	✓	
Etermax	Argentina	2013	WTC	45	✓	✓
Assist-Card	Switzerland	1998	ZA	45	✓	
Lexmark	USA	2004	ZA	40	✓	
CBC	Guatemala	2018	ZA	35	✓	
Mundostar Itaú	Brazil	2013	AP	30	✓	
Workplace Options	USA	2022	AP	30	✓	
Arcos Dorados	USA	2011	WTC	30	✓	
Knight Therapeutics	Canada	2016	WTC	25	✓	
Patria Investimentos	Brasil	2020	ZA	25		
Infogain	India	2022	ZA	20		✓
The Hackett Group	USA	2013	WTC	20		✓
McKinsey	USA	2021	WTC	20	✓	
Compass Group	USA	2010	WTC	20	✓	

AP - [Aguada Park](#)

PDLC - [Parque de las Ciencias](#)

WTC - [World Trade Center Free Zone](#)

ZA - [Zonamerica](#)

NFTZ - Non-free trade zone territory

Recent *merges, acquisitions, and investments* in the Uruguayan technology sector.⁵

Type	Year	Uruguayan company	Foreign company	Origin
Acquisition	2024	Flokzu (Integradoc)	Hyperclear Technologies	Mauritius
Acquisition	2024	Inswitch	TransNetwork	USA
Acquisition	2024	Olacar	Lolocar	Chile
Investment	2024	Octobot	Sparq	USA
Acquisition	2023	Element 14	JARS Capital	USA
Investment	2023	Handy	Itaú	Brazil
Acquisition	2023	Nodum	Vesta Software Group	Canada
Investment	2023	Vopero	Cencosud Ventures	Chile
Acquisition	2023	CreateThrive	Very Good Ventures	USA
Merge	2023	December Labs / Moove-it	Recognize	USA
Investment	2023	BrainLogic AI	Factory HQ	USA
Acquisition	2023	GSOFT	Vesta Software Group	Canada
Adquisición	2023	Uruware	Vesta Software Group	Canada
Acquisition	2023	Montevideo Labs	Blend 360	USA
Acquisition	2023	Nooka Labs	PhData	USA
Investment	2023	Scanntech	Warburg Pincus	USA
Investment	2023	The Electric Factory	Cisneros Interactive	Venezuela
Investment	2023	Noc Noc Group LLC	Caravela Capital; Mouro Capital; Broadhaven Capital Partners LLC; PayPal Holdings Inc; Quona Capital Management Ltd; IGNIA	Brazil, UK, USA, Mexico
Investment	2023	The Climate Box	Label Investments; The Yield Lab; Inversor Angel	Spain, Uruguay, USA
Investment	2023	Exa Labs (Exactly Protocol)	NXTP Labs	Argentina
Investment	2022	Prex / Paigo	Itaú	Brazil
Acquisition	2022	Cualit	The Sandbox	Canada
Acquisition	2022	Datalogic	Vesta Software Group	Canada
Acquisition	2022	Genexus	Globant	Argentina
Acquisition	2022	MonkeyLearn	Medallia	USA
Acquisition	2022	Avanza	Sky Tel	Argentina
Acquisition	2022	Encostar SA (Prex)	Itau Unibanco Holding SA	Brazil
Investment	2022	Noc Noc Group LLC	Caravela Capital/Caravela Capital; Olist Servicios Digitais Ltda; Mouro Capital; Broadhaven Capital Partners LLC; Quona Capital Management	Brazil, UK , USA

⁵Source: Uruguay XXI based on FDI Markets data, publications on communications media, and qualified informants consulted by the agency.

INCENTIVES

Global services Hub		Sustainable production Hub
Regional distribution	HQ – Trading - SSC - Financial IT – R&D – Datacenters	Agribusiness - Renewables – Manufacturing
FREE PORTS & AIRPORTS LAW 0% CIT and Customs duties	SOFTWARE LAW CIT 0%	TEMPORARY ADMISSION VAT & Customs duties exempt EXPORT REFUND 3 - 6% of FOB value
	TRADING RESOLUTION 59 CIT 0,75%	
INVESTMENT PROMOTION LAW - SCIENTIFIC & INDUSTRIAL PARKS LAW CIT exemption up to 100% of investment		
FREE TRADE ZONES LAW 0% CIT and Customs duties · Special tax and pension regime for expats		

» Investment Promotion 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 Trade 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 is 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.

» Software Regime

Decree No 150/2007, Section 163 bis.

Tax exemptions for software exports and related services:

IT Companies may exempt a percentage of Corporate Income Tax (IRAE). The decree distinguishes products from services.

- Exemption for IT products:

The exemption refers to every product registered in the National Library, and may vary depending on the following ratio:

$$\frac{\text{software development direct costs} * 1.3}{\text{total software development direct costs}}$$

Numerator: development and services direct costs with non-related parties, whether they are residents or not; or with resident related parties.

Denominator: likewise, without considering the 30% raise, plus expenses and costs for intellectual property rights and hired services with non-resident related parties.

- Exemption for IT services:

This exemption refers to every accounting year.

100% as long as: a) the company employs full-time human resources in an appropriate number, high-qualified and adequately paid; and b) the amount of direct expenses and costs in the country is greater than 50% of the total software development direct expenses and costs.

» Shared Service Centers (Decree 361/017)

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 1,300,000) 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 Activities

Regarding trading activities, there is a special tax platform allowing companies to conduct international trading operations outside Uruguay which is the purchase and sale of both, merchandise and services abroad, without any physical transit of goods or services through the country (Resolution No. 51/1997)

Uruguayan companies which conduct such international trading benefit from the option of assessing corporate income tax (IRAE) at a reduced tax base of 3% of the balance between the acquisition price minus the sale price. This reduced taxable base is subject to IRAE at the rate of 25%, which makes an effective tax rate of 0.75% over the above balance.

This preferential tax scheme is optional and only companies organized under Uruguayan law may benefit from it.

» Regulations applicable to youth employment

Law No. 19.973 lists a series of **instruments aimed at promoting the hiring of young people between 15 and 29 years old.**

In this sense, there are incentives for public and private hiring companies through subsidies, free labor intermediation service and advertising (labeling and brand diffusion).

Hiring under this Law may not exceed 20% of the company's permanent personnel. Companies employing less than 10 workers may hire a maximum of two people.

Incentives included in this regulatory framework:⁶

- **First Work Experience:** it allows the hiring of young people between 15 and 24 years of age without formal work experience for a term of more than 90 calendar days. The hiring term will be a minimum of 6 months and a maximum of 12 months. The subsidy to be granted will be equivalent to \$6,000 per month (USD 136) for each young person hired on a full-time

⁶ Exchange rate to 12/1/21 is \$44 Uruguayan pesos, 1 dollar is equivalent to \$44 Uruguayan pesos

basis. If a young woman between 15 and 24 years of age is hired, the subsidy will be \$ 7,500 per month (USD 170) for fulltime hires. In all cases, if the workday is not full-time, the subsidy will be prorated according to the hours worked, with the minimum number of hours to be hired being 20 per week. The contribution will be granted for a maximum period of 12 months and will be subject to job retention.

- **Protected Youth Employment:** it involves the hiring of young people up to 29 years of age, unemployed and from households with income below the poverty line set by the National Institute of Statistics (INE). The term foreseen for these hires cannot be less than 6 months or more than 1 year. A partial subsidy will be granted on the young person's salary, of up to 80% of the monthly salary and taxed by special social security contributions. The subsidy is capped at 80% of the amount corresponding to two national minimum wages.
- **Internship for graduates:** aimed at hiring young graduates without previous experience related to their professional training. The maximum hiring period is 12 months. The young person must have graduated from public or private technical, commercial, agricultural or service education centers. Companies hiring young people in this modality will be granted a 15% subsidy on the worker's monthly remunerations which are taxable for special social security contributions. The subsidy is capped at 15% calculated based on 2 minimum wages.
- **Training internships in companies:** aimed at young people who are currently studying. The internships may be paid or unpaid and must be related to the field in which the person receives training. Companies that hire young people in this modality will be granted a subsidy of up to 50% of the worker's salary. The subsidy cap will be calculated based on 75% of the minimum salary of the category applicable to the worker, according to the provisions for the corresponding group of activity.
- **Subsidies for unemployed young people:** In this hiring modality, the Ministry of Labor and Social Security (MTSS) will grant a temporary subsidy to companies that hire as new workers young people between 15 and 29 years of age who are unemployed continuously for more than 12 months, or discontinuously for more than 15 months in the 24 months prior to hiring. The contracted time must be at least 20 hours per week. The subsidy will be granted for 12 months. The subsidies will be paid in the form of credit to be used towards current obligations with the Social Security Authority (BPS).

» **Temporary Employment Subsidy**

In order to stimulate employment among people that have not had any previous work experience, private-sector companies or institutions may apply to the Temporary Employment Subsidy through [Vía Trabajo](#) website.

It is important to consider that the maximum hiring cap corresponds to 20% of the company's permanent staff. Those firms with less than 10 employees may hire a maximum of 2 people.

Subsidies are as follow:

- 25% of the employee's monthly salary when hiring workers between 15-44 years old.
- 40% of the employee's monthly salary when hiring workers at the age of 45 or older.

The abovementioned subsidies only apply to new hirings with a maximum salary of 2.5 NMW (National Minimum Wage). Moreover, the subsidy may not exceed 25% of 1.5 NMW. It shall be granted for a maximum period of 18 months.

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