

What do I need to know to do business in Uruguay?

Overview of Uruguay

- Strategic location in MERCOSUR and Southern Cone.
- Strong democratic tradition, with social, political and economic stability.
- Pro-business legal framework.
- Currency: Uruguayan Peso (UYU)
- Capital: Montevideo
- Surface: 176.215 km²

Uruguay-United Kingdom Double Tax Treaty

As a general rule, an individual can only be considered tax resident in one country. However, if a person is resident in a country which taxes his worldwide income, and he has gains from another country, that person may be asked to pay tax in both countries on the same income. To prevent that situation (i.e. paying twice for the same income in 2 countries), many countries have in place Double Tax Treaties (DTT) as it is the case between Uruguay and United Kingdom.¹

Operating in Uruguay through a Permanent Establishment (Pe)

Pursuant to Article 5 of the said DTT, a British company has a PE in Uruguay, when it has, within the Uruguay's territory, a fixed place of business or an operational site through which habitually performs a business activity.

Accordingly, a PE includes, but is not limited to:

- Places of management;
- Offices and workshops;
- Natural resources exploitation: petroleum or gas wells mines or quarries;
- Factories;
- Construction or installation sites

Therefore, the term PE shall be deemed not to include the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/577993/DTC_UK-UY_GOV_UK_2_.pdf

Corporate Tax: 25%

Net income derived from business activities conducted in Uruguay, obtained by legal entities resident in Uruguay and non-residents operating through a PE in Uruguay, is taxed at a rate of 25%.

In order to determine the net taxable income, it is necessary to take into account tax deductions and allowances.

VAT: 22%

Uruguayan VAT is at a general rate of 22%.

Items subject to 10% VAT rate:

- Health services.
- Hotel services.
- The first sale of immovable assets.
- Food and medicines.

Items exempt from VAT:

- Books.
- Milk.
- Magazines.
- Agricultural machinery.
- Accessories.
- Certain bank services.

Imports/Exports between United Kingdom and Uruguay

- Total exports from United Kingdom to Uruguay amounted to £97 million at the end of 2021.
- Total imports from Uruguay to United Kingdom amounted to £319 million at the end of 2021.

See below, the latest statistics on trade and investment between United Kingdom and Uruguay provided by the British Department for International Trade

[Trade and Investment Factsheet \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Written by Laura Gallego.