



ANDERSEN TAX & LEGAL[®]



Uruguay's
Free Trade Zones



Uruguay's Free Trade Zones

Uruguay's Free Trade Zones

- Free Trade Zones (FTZs) are specific geographic areas with a special regulatory status: Companies that operate within them face no taxation.
- Uruguay has a dozen FTZs, in different parts of the country (near airports, ports, inland, or in Montevideo's business district).

Are there any special requirements?

- The only requirement that a company operating in a FTZ has is that 75% of its workforce be Uruguayan nationals (although the company may outsource activities). In case of services, this can be reduced to 50%.
- The company's directors / principals do not need to be Uruguayan nationals.

The Key Advantage of FTZs

- When a company establishes itself in a FTZ, it faces no Uruguayan taxes, except social security taxes on its employees (like any employer).
- Thus, the company will not pay:
 - Import taxes or duties
 - Corporate Income Tax (IRAE)
 - Dividend distribution tax
 - Net Worth Tax (IP)
 - Value Added Tax (VAT) on goods or services

Types of Possible Activities in FTZs

- Companies established in a FTZ can engage in any type of commercial or industrial activity.
- Thus, companies may:
 - Conduct logistics, merchandise handling and storage operations.
 - Sell services, globally (including financial services, insurance and professional services).
 - Assemble and manufacture goods.
 - Provide entertainment and audiovisual services.

Examples of Operations in FTZs

- Typical types of services within Uruguay's FTZs include the following companies' operations:
 - **Financial services:** Julius Baer, BBVA, Citigroup, Raymond James, UBS
 - **Call Centers:** Sabre, RCI
 - **IT:** Tata Consulting Services, Veriphone
 - **Distribution:** Epson, Ricoh, Lexmark, Sony, SKF

Setting up a FTZ Company

- Simple, clear, process:
 1. The Company chooses the FTZ which best fits its needs in terms of infrastructure, location and distance.
 2. It incorporates a fully-owned local vehicle (SA or SRL) to operate as the FTZ user.
 3. It executes the FTZ user / lease agreement.
 4. It submits a memorandum explaining the company's intended activity and operations, which the Finance Ministry approves.

The Local Vehicle

- Companies may to operate as a corporation (SA) or an LLC-type vehicle (SRL).
- SAs offer simplicity and flexibility:
 - No minimum capital requirement.
 - Sole shareholder and sole officer (“director”) possible.
 - Officers (“directors”) may be non-Uruguayan.
 - Physical presence of officers (“directors”) and shareholders is not required in Uruguay for corporate meetings.

Uruguay's Other Advantages: the Business Environment

- Uruguay offers a business-friendly environment.
- Free inflow and outflow of capital and repatriation of profits.
- Open financial system, with no capital controls.
- Free exchange and use of foreign currency.
- Solid banking system.

Our Services

Our firm has widespread experience advising foreign companies in the set-up of operations in Uruguay's FTZs, plus the additional ongoing support. Our support includes:

- Helping select the appropriate FTZ.
- Incorporating the local Uruguayan FTZ vehicle.
- Drafting the Memorandum to submit to the Ministry of Finance.
- Drafting and reviewing the FTZ user agreements.
- Providing the company's maintenance, tax and accounting.
- Legal residency / work permits for foreign employees.
- Legal services in general.

Uruguay's Free Trade Zones 2018