

# Uruguay's Free Trade Zones

2016

# Uruguay offers Offshore Companies:

- Known as *Sociedades Anónimas*, SAs, where assets located abroad, and income generated abroad, are not taxed

## And it also offers Free Trade Zones:

- Geographic areas where companies have set up their operations, and as a consequence they are exempted from all taxes, even import duties

# 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 to choose from, 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 FTZ user company has is that 75% of its workforce be Uruguayan nationals (although the company may outsource activities)
- 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)
  - Dividends 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:
  - Have logistics, merchandise handling and storage operations
  - Sell services, globally (including financial services, insurance and professional services)
  - Assemble and manufacture goods

# Examples of Operations in FTZs

- Some common uses of Uruguay's FTZs, and global companies that operate in the FTZs:
  - **Financial services:** Julius Baer, RBC, 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:
  - The Company chooses the FTZ which best fits its needs in terms of infrastructure, location and distance
  - Incorporate a fully-owned local vehicle (SA or SRL) to operate as the FTZ user
  - Sign the user/lease agreement
  - Submit a memorandum explaining the company's intended activity and operations, which the Finance Ministry approves



# The local vehicle

- Companies may choose a scorporation (SA) or an LLC-type vehicle (SRL)
- SAs offer simplicity and flexibility:
  - No minimum capital requirement
  - It does not require more than one director or shareholder
  - Directors may be non-Uruguayan
  - Presence of directors and shareholders is not required in Uruguay

# 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

- Incorporating the Uruguayan FTZ vehicle
- Providing the company's annual maintenance, tax and accounting services
- Introducing and advising on the different FTZs available in Uruguay
- Legal services in general, including the set-up of the contract for FTZ-user status, and the preparation of the Memorandum submitted to the Ministry of Finance

# Fischer & Schickendantz: Who We Are

- Full-Service Law Firm

- Clients: mostly foreign companies and individuals

- Staff:

- Bilingual

- Attorneys, Accountants, Tax Advisors, Notaries

- Services:

- Legal advice

- Legal Assistance in the Purchase Process

- Tax, Accounting Services

- Company Incorporation

# Our Contact Information

- Main office: Rincón 487, Piso 4, Montevideo, Uruguay
- References:
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  - Global law firms: Mayer, Brown, Rowe & Maw; White & Case;
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