

Uruguay's Free Trade Zones

2017

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

- 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

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References and Recognition:

- Leading source on investing in Uruguay to global publications such as the Financial Times, The Wall Street Journal and The New York Times (see articles in <http://www.fs.com.uy/press/>)
- Ranked by Chambers Latin America, Leading Firm
- Ranked by The Legal 500, Leading Firm
- Ranked by International Financial Law Review
- Ranked by the International Tax Review



Our Contact Information

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