FISCHER & SCHICKENDANTZ

Uruguay's Corporate Vehicles

2016

Advantages of Uruguay as a Jurisdiction

- Reputable jurisdiction
- Foreign income and assets of a Uruguayan Corporate Vehicle are not taxed
- Flexibility
  - Company does not require more than one director or shareholder
  - Directors and shareholders may be non-Uruguayan
  - Presence of directors and shareholders is not required in Uruguay
  - Purpose may be all-encompassing of any business activity
- Solid banking system
- Free inflow and outflow of capital in any currency

Uruguay's Corporate Vehicles: SAs

- Type of vehicle called “Sociedad Anónima” (SA)
- Capital is divided into shares
- One shareholder may own 100% of the shares
- No minimum capital required; no maximum capital limit
- Shareholder's liability is limited to the paid-in capital

The SA's Two Bodies

- Shareholders' Meeting
  - It appoints the Board of Directors and approves the financial statements and the distribution of dividends
  - Shareholders may be foreign citizens or entities*
  - It must meet once a year, and it may do so by proxies
- Board of Directors (BOD)
  - It may have one or more members (they may be foreign citizens, even entities, and are not required to be shareholders)
  - The BOD is the executive body and may have unlimited or limited powers
  - It must meet once a year, locally or abroad, and it may do so by proxies

Taxes

- No taxes on foreign assets or income
- No taxes on distribution of dividends
- The only tax due is an annual flat tax ("ICOSA"): USD 520

Obligations of an SA

- Few, simple obligations:
  - Keep accounting books
  - Prepare financial statements once a year
  - Hold a shareholders meeting once a year
  - File tax forms and pay the annual flat tax

- Shareholder registration: shareholders' names must be recorded in confidential registry at Central Bank of Uruguay

  The physical presence in Uruguay of the corporation's shareholders is not required for any of these activities.

Examples of Offshore Activities by an SA

- Investment vehicle
- Holding company
- Asset-protection vehicle
- Lender
- Trading company
- SPV to securitize assets abroad
- Owner/holder of patents and copyrights
- Vehicle to provide professional or advisory services

Incorporating / acquiring an SA

- Any person or company, of any nationality, may acquire or incorporate a Uruguayan SA

- One needs to pick a company name and decide who the director will be, and a company is activated instantly (*)

(*) Plus, fill KYC form, provide bank reference letter and background information on shareholders

Opening a Bank Account

- Uruguay's Banking system is a solid one:
  - Few banks, all foreign-owned plus one government bank (BROU)
  - No history of forced conversion or freezing of deposits

- It's easy to open a bank account:
  - Foreign non-residents can open accounts in any available currency
  - No special requirements for foreigners:
    - ID (passport)
    - Proof of Address (utilities bill)
    - Bank reference letter plus local reference, proof of income source
    - Background information on the shareholders

Fischer & Schickendantz

- Leading Full-Service Law Firm:
  - Clients: mostly foreign companies and individuals
- Staff:
  - Bilingual
  - Notaries Public, Attorneys, Tax Advisors
- Services (covering all of Uruguay):
  - Full-service legal advice
  - Notary / Legal Assistance in the Purchase Process
  - Tax and Banking Advice
  - Company Incorporation
  - Immigration / Residency

Fischer & Schickendantz

- Main office: Rincón 487, Piso 4, Montevideo, Uruguay
- References:
  - World Bank (www.doingbusiness.org)
  - Global law firms: Mayer, Brown, Rowe & Maw; White & Case;
  - Member Transatlantic Law International (www.transatlanticlaw.com)
  - www.fs.com.uy & www.uruguayinvest.com
- ✓ Contact: Managing Partner Juan Federico Fischer:
  - jfischer@fs.com.uy
  - Phone: (598) 2 915 7468
  - Fax (598) 2 916 1352