


Uruguay has several investment incentives adaptable to either industrial, commercial or service activities that are to be conducted within the country. Among the main investment incentives schemes available we find:

1. INVESTMENT PROMOTION - LAW N° 16.906
2. FREE ZONES
3. FREE PORT AND AIRPORT - LAW N° 16.246
4. PUBLIC - PRIVATE PARTNERSHIP AGREEMENTS
5. INDUSTRIAL PARKS - LAW N° 17.547
6. TEMPORARY ADMISSION
7. "OBJETIVO EMPLEO" PROGRAM

Components for assessing the investment project

OBJECTIVE	INDICATOR	SCORE AND %
Job generation	Score depends on the invested amount, the quantity and quality of the job generated	0 to 10 = 30%
Increase in exports	Score depends on the invested amount and the increase in exports	0 to 10 = 15%
Territorial decentralization	Inland: depends on each department's poverty index	0 to 10 = 15%
Cleaner production (CP) or increase in research & development and innovation (R+D+I)	1 point every 5% of the CP investment share in the total investment, or 1 point every 5% of the R+D+I investment share in the total investment	0 to 10 = 20%
Sectorial indicator	Depends on the Ministry in charge of the evaluation	0 to 10 = 20%

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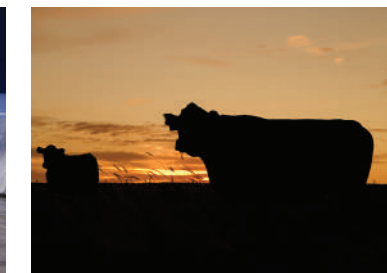
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Incentives for Investors



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Gobierno de Canelones
Agencia de Promoción a la Inversión

Investment Promotion

- Corporate Income Tax exemption between 20% and 100% of the invested amount.
- Wealth Tax exemption on movable fixed assets and on civil works.
- VAT refund on purchases of raw materials and services both for movable fixed assets and civil works.
- Import taxes and fees exemption on the import of movable fixed assets provided that they are not competitive with the national industry.
- Incentives to construction and real estate sales activities intended for permanent or temporary housing, framed into large-scale economic projects.

(MEF Decree 487/13-10-2016).

Free Zones

- Corporate Income Tax exemption.
- Wealth Tax exemption.
- Value Added Tax exemption.
- Excise Tax exemption.
- ICOSA (tax on setting up of corporations) exemption.
- Exemption of every tax applied to assets, services, goods and raw materials, despite their origin, brought in or taken out the free zones.

The aforesaid tax exemptions do not include:

- Special social security contributions (for Uruguayan personnel).
- Benefits of a pecuniary nature established in favor of non-State social security legal entities.
- Dividends or profits credited or paid to natural or legal persons domiciled abroad, when subjected to taxes in the holder's country of domicile, and tax credits are admitted in that country for taxes paid in the Republic.

Free Port and Airport

Uruguay is the only country in South America that combines the logistics of free port and airport.

LAW N°. 16.246

CHAPTER I - PORT ORGANIZATION AND SERVICES

Art. 1 - The provision of efficient and competitive port services is a priority goal to the development of the country.

Port services will be provided at the commercial ports along the Republic, 24 hours a day, and seven days a week, if the demand so requires.

Industrial Parks

- 7-year Wealth Tax exemption, lifespan exemption on movable fixed assets and 10-year exemption on civil works.
- Corporate Income Tax (IRAE) under Law N°. 16.906.
- VAT refund in advance on civil works (Decree 002/012).
- 15% increase on benefits for companies settled in Industrial Parks.
- Fiscal credit for employer's social security contributions related to job creation within projects.

Allowed activities:

- Warehousing operations.
- Packaging.
- Sorting.
- Classifying.
- Splitting.
- Assembling / disassembling.
- Manipulation.
- Mixing of merchandise or raw materials, provided that they are associated with industrial activities settled in the Park.

“Objetivo Empleo”

It is a component of the Social Equity Plan within the Pro-Employment Program of the Ministry of Labor and Social Security (MTSS) through the National Directorate of Employment (DINAE) and the National Network of Public Employment Centers (CePE), that provides economic incentives, in the form of social security contributions, to companies from the private sector that hire and/or train workers with certain profiles.

Profiles

- Age: between 18 and 65 years of age.
- Education level: up to 5th high school year incomplete or its equivalent.
- To have been formally unemployed for not less than one year, and to have job access difficulties.

Benefits

- Recruitment subsidy of up to 60% or 80% of the salary, provided that it does not exceed the 60% or 80% of 2 National Minimal Wages (SMN) if the employee is male or female, respectively. This subsidy will be granted for a maximum of 12 months for workers between 18 and 44 years of age, and of 18 months for workers of 45 years of age and older.

How many workers can be recruited?

- The percentage of recruited workers under this scheme shall not exceed 20% of the company's permanent staff.
- Companies with up to 9 workers shall hire a maximum of 2 people under this regime.
- Upon prior authorization of the MTSS, this limit may be adapted for growing companies or companies in the set up period and creating new employment opportunities.

Foreign employees

The migration system in Uruguay provides for different forms to enter the country: temporary resident, permanent resident or non-resident. In order to consider the recruitment of a foreigner for employment, the hired person should be a temporary or permanent resident.

According to national law, foreign workers have access to the same rights and obligations that national workers and employers are forced to comply with applicable labor and social security laws in force as if they were national workers.