

Uruguay: Jurisdiction Insight Note

Jurisdiction Overview

Uruguay is a South American country situated between Argentina and Brazil. It holds the highest GDP per capita in the region and maintains investment-grade sovereign credit ratings from the three major agencies: BBB+ from S&P, Baa1 from Moody's and BBB from Fitch, all with stable outlook. The country maintains diplomatic relations with over 100 nations and participates in regional blocs including Mercosur. Its legal system is grounded in civil law, with a long tradition of institutional stability and separation of powers.

Key Legal Developments

The most significant recent legislative change is the National Budget Law 2025–2029 (Law 20.446), enacted on 16 December 2025 and in force since 1 January 2026. The law introduces the Domestic Minimum Top-up Tax (DMTT) in accordance with the OECD Pillar Two framework, establishing a 15% minimum effective tax rate for multinational groups operating in or through Uruguay. It also introduces rules on indirect transfers of Uruguayan assets and withholding taxes on dividends.

The impatriate regime has been updated in parallel. Individuals acquiring tax residency from 2026 onwards may benefit from a ten-year exemption on foreign-sourced capital income, subject to qualifying investments in the country. A possible five-year extension at a reduced rate is available, together with tax payment facilities of up to 72 instalments. The law further includes tax credits for projects involving employment generation, technology transfer and international integration, and preserves specific incentives for audiovisual production.

Practice-Specific Insights

The introduction of the DMTT requires multinational groups operating in Uruguay, or using the country as a regional platform, to review and adjust their tax planning structures. The updated impatriate regime, in turn, offers a well-defined framework for the relocation of high-net-worth individuals and executives holding foreign assets.

In the area of business structuring and free-trade zones, established benefits for logistics, technology and services activities remain fully in force. The firm has observed a notable increase in inquiries related to the adaptation of holding structures and cross-border contracts in light of new economic substance and tax reporting requirements. There has also been growing interest from global and Latin American companies in establishing regional offices in Uruguay, drawn by its tax advantages, personal residency options and the overall security of its legal and economic environment.

Market Trends and Risk Areas

Goods exports reached USD 13.49 billion in 2025, with China as the primary destination, accounting for approximately 25% of total exports. The sectors attracting the highest levels of foreign investment activity are renewable energy, sustainable forestry, information technology and logistics.

Key risk factors include exchange rate volatility, the agricultural sector's exposure to climate variability, and the level of public expenditure on pensions and social programmes. Labour costs vary by sector and activity and should be factored into project assessments at an early stage.

Cross-Border Considerations

Foreign direct investment flows have recently been influenced by the completion of major infrastructure projects, including the second UPM pulp mill. Investors from Europe, particularly Spain, as well as from Argentina and Brazil, maintain an active presence and frequently operate through free-trade zones.

Uruguay's bilateral investment treaty with China has been in force since 1997, and in February 2026 both countries signed more than ten cooperation agreements covering trade, investment, science and technology, agriculture and infrastructure. Investment treaties with Japan (2015) and South Korea (2009) are also in force. The Mercosur–Singapore Free Trade Agreement entered into force bilaterally with Uruguay on 1 March 2026. Uruguay has a well-established reputation for reliable courts that consistently enforce foreign arbitral awards in accordance with the New York Convention.

Outlook

Over the next six to twelve months, attention will focus on the implementation of the 2025–2029 Budget Law, particularly its international tax provisions. Uruguay is expected to maintain active participation in trade and investment negotiations with both regional and extra-regional partners. The government has expressed a clear commitment to economic growth through openness to investment, fiscal discipline and legal certainty — conditions that continue to support Uruguay's role as a stable and attractive platform for international business.

About Galante & Martins

Founded in 1951, Galante & Martins is a full-service law and accounting firm based in Montevideo. The firm advises on corporate law, taxation, corporate finance, intellectual property and business structuring. Its international practice assists multinationals and regional groups in using Uruguay as a platform for Latin American operations, including holding structures, international tax planning and cross-border contracts. The firm's client base spans more than 40 countries, including the major Latin American markets, Spain, the United Kingdom, the United States, France, Italy, China and India. The firm has experience in international arbitration before ICSID, the ICC Court of Arbitration and ad hoc tribunals.