

## URUGUAY NEWS

### Update September 2016

**BANKING SECRECY** The Executive Branch sent a bill to Parliament requiring financial institutions to report the income balances and credited income, in both residents and nonresidents bank accounts, annually to the DGI (Local IRS).

**IRNR (Income Tax for Non Residents):** A 25% rate is established for income derived by resident entities, domiciled, established or located in countries or jurisdictions with low or no taxation, or that benefit from a special regime of low or no taxation, with the exception of dividends or profits distributed by IRAE taxpayers.

**PROPOSED BILL - FINAL BENEFICIARY (FB) IDENTIFICATION AND OF THE REGISTERED UNITS HOLDERS:** The BF is defined as the natural person who directly or indirectly owns at least 15% of the capital or its equivalent, or voting rights, or that by other means exercises ultimate control over the entity. As of 1/1/2017, resident entities shall be required to unambiguously identify their FB, with the documentation proving it conclusively. The same obligation will apply to non-resident entities acting in the national territory through a permanent establishment or its branch of effective management resides in national territory, for the development of business activities in the country or abroad.

**SENACLAFT - Secretary for Combating Money Laundering and Terrorist Financing :** Law No. 19,355 of December 2015, created the SENACLAFT, this Secretariat has technical autonomy, powers of investigation and enforcement and will add to its tasks the control of the financial sector. Casinos, Real state, Operators and direct users of free zones, with regard to the uses and activities determined by the regulations, among others, Will be required to display all kinds of documents, both their own and others, and require their appearance before the administrative authority to provide information.

**PROPOSED BILL ON FISCAL TRANSPARENCY AND ADJUSTMENTS TO PRICING TRANSFER REGIME.** The proposed Bill on Fiscal Transparency introduces the possibility to reach anticipated price agreements (APA) bilaterally with other tax administrations of countries that have a current agreement, in order to avoid double taxation.

**SIGNIFICANT INVESTMENT FROM FOREIGN COMPANIES** The Finnish company, UPM plans to install a second pulp mill in Uruguay that would be added to the one already operating in Fray Bentos. It will be located on National Route 5, at the junction with the Rio Negro. About 250 kilometers from the capital, Montevideo. It will be one of the largest and most modern cellulose plants in the world. This investment would total approximately 5,000 billion.

The French company Total, reported to the government in August that no oil was found in Uruguay, after drilling the exploration well and removing samples from the seabed.