



Ministerio  
**de Economía  
y Finanzas**

**COMAP**

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**INVESTMENT PROMOTION REGIME: DECREE N° 268/020 MAIN  
CHANGES:**

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**11/NOV/2020**



## INTRODUCTION

## FISCAL BENEFITS AND BENEFICIARIES

## ELIGIBLE INVESTMENTS

## BENEFIT GRANTING CRITERIA

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## Institutional information

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- ***WHICH ARE THE FUNCTIONS OF THE COMMITTEE FOR THE IMPLEMENTATION OF THE INVESTMENT LAW (COMAP)?***
- The COMAP is an inter-ministerial body, composed of representatives of the Ministry of Economy and Finance (MEF) (coordinating body) and by representatives of the Ministry of Industry, Energy and Mining (MIEM), Ministry of Livestock, Agriculture and Fisheries (MGAP), Ministry of Tourism (MINTUR), Ministry of Transport and Public Works (MTSS) and the Planning and Budget Office (OPP).
  - The COMAP was created in order to implement the investment promotion regime and to advise the Executive Power for the recommendation of investment projects.
  - On October 23, 2020 the Private Sector Support Unit (UnASeP) is abolished and its functions and duties are assigned to COMAP, including: providing information and advice on tax exemptions to which an investment may have access under Law 16.906; providing assistance to investors in the process of submitting the project and advising them on all the necessary requirements.



## Purpose of changes in regulations

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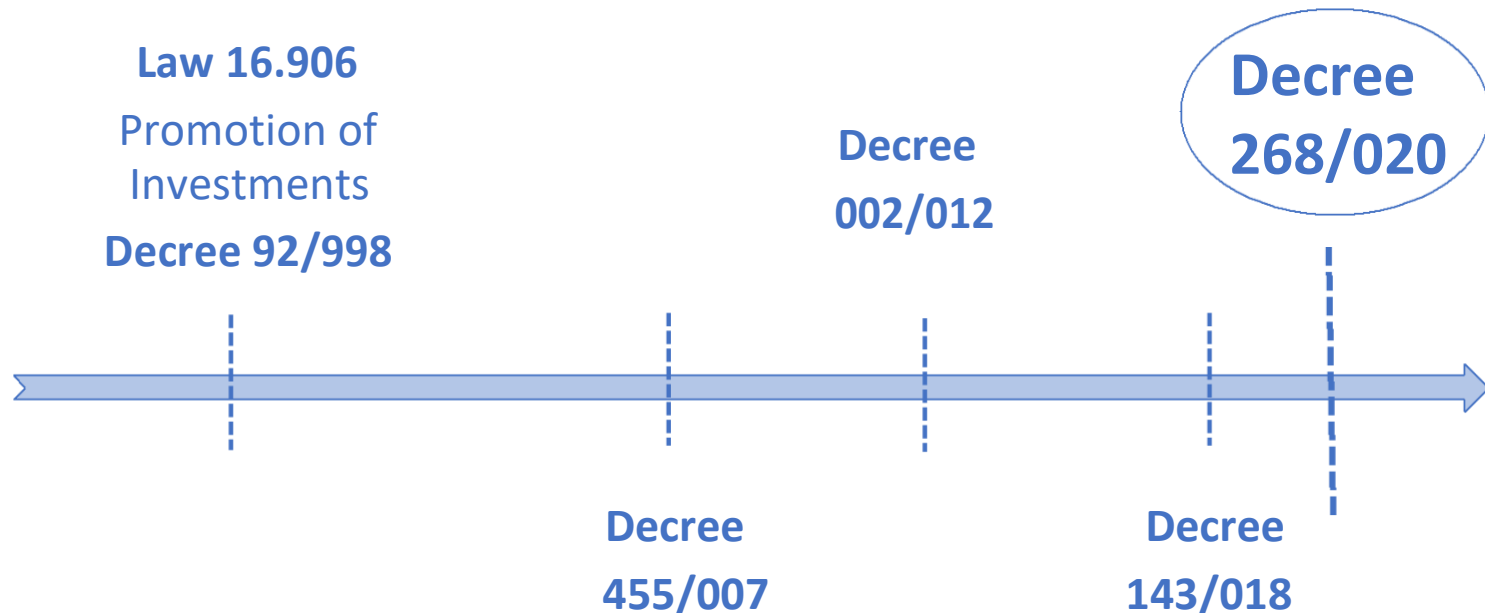
### ➤ *MAIN PURPOSE OF CHANGES IN REGULATIONS*

- Consider the context of the current situation of Uruguayan economy, which is suffering from the impact of the decline in global economic activity, as a result of the sanitary crisis.
- Increase impact in terms of development goals.
- Emphasis on job creation.
- Adequacy of the requirements regarding externalities committed by companies.



## Regulatory decrees of the Investment Law

### ➤ FLEXIBLE REGIME THAT ADAPTS TO THE CURRENT ECONOMIC SITUATION



Companies that have submitted investment projects from May 1st, 2020 and up to 60 days after the publication of Decree 268/020 (07/Oct/2020), may select to abide by this new regime regulated in this Decree or the last one in force before the publication of this Decree (Decree 143/018).



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## Beneficiaries

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### ➤ *WHICH COMPANIES MAY APPLY?*

- **Companies of any legal nature.**
- **Income Tax on Economic Activities (IRAE) Contributors and Cooperatives.**
- **From any sector of economic activity (Agricultural, Industrial, Tourism, Trade and Services).**
- **Companies of any size (micro, small, medium or large).**



## Fiscal benefits

### ➤ *WHAT BENEFITS CAN I GET?*

- **INCOME TAX ON ECONOMIC ACTIVITIES (IRAE):**
  - **Minimum exemption of 30% of the approved investment value within a 4-year term.**
  - Percentage and exemption period resulting from applying a general matrix or a simplified matrix.
- **NET WORTH TAX (IPAT):**
  - **Personal property for their entire useful life.**
  - **Fixed asset betterment for 8 years** for investments in **Montevideo** and **10 years** for the rest of the country .
- **FEES AND TAXES ON IMPORTS:**
  - Exemption of **taxes and fees on imports**, including VAT.
  - Property must be declared as **non-competitive for the national industry**.
- **NATIONAL VALUE ADDED TAX (IVA):**
  - Credit of **VAT for local acquisitions of materials and services for civil works**, and of **personal property** intended for the investment project.





## Fiscal benefits

### ➤ *EXEMPTION OF IRAE BY GENERAL MATRIX*

If a minimum of 1 point is reached in the General Matrix with indicators, there is access to a base of a 30% exemption on the IRAE. Such final exemption may never exceed 100% of the invested amount

### *TERM FOR EXEMPTION OF IRAE BY GENERAL MATRIX*

The period during which the company may apply the IRAE exemption in no case may be less than 4 years, the maximum being 25 years, establishing limits for the investment tranche in which the project is located.

Investment amount in UI	Limit (years)
Less or equal to 3,500,000	16
From 3,500,001 to 14,000,000	17
From 14,000,001 to 70,000,000	18
From 70,000,001 to 140,000,000	20
From 140,000,001 to 250,000,000	22
From 250,000,001 to 500,000,000	24
Greater than 500,000,000	25



## Fiscal benefits

### ➤ *IRAE EXEMPTION BY SIMPLIFIED MATRIX*

The exemption percentage and term established for the Simplified Matrix is shown in the following table:

MATRIX		
SCORE	IRAE %	TERM
1	42%	5
2	45%	5
3	48%	5
4	51%	5
5	54%	6
6	57%	6
7	60%	6
8	63%	7
9	66%	7
10	69%	7



### ➤ *IRAE DEDUCTION CAPS*

- Tax exemption may not exceed 100% of the amount actually invested.
- The exemption may not exceed 90% of the tax to be paid for the fiscal years included in the declaration for promotion.
- The investments actually made in the period between the beginning of the fiscal year and the term established for the filing of the IRAE affidavit may be deemed as made during that fiscal year for the purposes of the benefits established in this Decree.
- Companies may suspend the exemption period for up to 2 years, which may be consecutive or not.



## Fiscal benefits

### ➤ ***ADDITIONAL BENEFITS FOR MICRO AND SMALL COMPANIES***

- For **micro and small companies**: under Decree No. 504/007, companies with **up to 19 employees** and up to **10,000,000 Indexed Units (UI)** in annual sales (≈ approx. USD 1,106,588).
- Project for an **investment amount of up to UI 3,500,000** (≈ approx. USD 387,306).
- An increase of an **additional 10% on the IRAE benefit** and **1 additional fiscal year to the term of exemption** is obtained.

### ➤ ***INCENTIVES FOR COMPANIES LOCATED IN INDUSTRIAL AND SCIENCE-TECHNOLOGY PARKS.***

Companies located in an industrial or science-technology park and make investments within the park obtain an increase of 5% or 15% —depending on the activity they develop— on the percentage of IRAE resulting from the application of the matrix with indicators.



## Fiscal benefits

### ➤ *TRANSITIONAL INCREMENTAL INCENTIVES IN THE IRAE*

- For **projects submitted as of the effective date of this Decree until 31/Mar/2021:**

**20% increase in the IRAE exemption percentage** on investments executed up to 31/Dec/2021 provided that they represent 75% progress in the execution of the project

- **Computation for 150% of the invested amount on investments executed between 01/Apr/2020 and 31/Mar/2021**

Both benefits **may be accumulated** in the period between 01/Apr/2020 and 31/Mar/2021



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## Eligibility of investments

### ➤ *WHAT KIND OF INVESTMENTS MAY BE ELIGIBLE?*

- **Personal property of fixed assets** (machinery, equipment, plant, utility vehicles)
- **Electric passenger vehicles** purchased until 31/Aug/2023
- Execution of **fixed improvements in buildings**
- **Seedlings and planting costs** of multiannual **fruit trees and shrubs**
- Other **intangible assets** as determined by the Executive Power
- Executed with **shareholders' equity or financing**
- Executed as of the beginning of the fiscal year where the project was submitted or in the 6 months prior to the project submission date and within the following 10 years
- **No minimums** in investment amounts



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## Criteria for the granting of benefits - Objectives and Indicators

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### ➤ *WHICH REQUIREMENTS MUST BE MET?*

- **GENERATION OF INDICATORS:**
  - Creation of jobs
  - Increased exports
  - Decentralization
  - Clean technologies
  - Research, development and innovation
  - Sectoral Indicator
  
- **SUBMISSION OF FORMAL DOCUMENTS:** Submission of standardized forms  
Formal documents
  
- **SUBMISSION OF PROJECT FOLLOW-UP:** Execution of investments, externalities and use of benefit



## Criteria for the granting of benefits - Objectives and Indicators

### ➤ *MATRIX WITH INDICATORS*

The weighting of the participation for the aforementioned objectives and the score assignment are defined based on the following matrix with indicators:

PURPOSE	CALCULATION FORM	WEIGHTING	SCORE
Creation of jobs	$\text{Incremental Employment} / [(\text{IEUI})^{1/3}]$	50%	0 to 10
Increased exports	Increases according to investment tranches. See general basic operating criteria.	20%	0 to 10
Decentralization	Evolution of the Employment Rate 2019	15%	0 to 10
Clean technologies (T+L)	1 point = 5% of T+L in total invested amount	20%	0 to 10
Research, Development and Innovation (I+D+i) (I+D+i)	1 point = 5% of I+D+i in total invested amount	20%	0 to 10
Sectoral Indicators	See general basic operating criteria	25%	0 to 10



## Criteria for the granting of benefits - Objectives and Indicators

### ➤ SIMPLIFIED MATRIX

Companies may apply a simplified regime, using the Creation of jobs Indicator to calculate the score.

INVESTMENT TRANCHE IN UI	MINIMUM INCREASE 1 <sup>st</sup> POINT	INCREASE FOR ADDITIONAL SCORE
Less or equal to 3,500,000	3 jobs	1
From 3,500,001 to 14,000,000	5 jobs	2
From 14,000,001 to 70,000,000	8 jobs	3
From 70,000,001 to 140,000,000	11 jobs	
From 140,000,001 to 250,000,000	14 jobs	
From 250,000,001 to 500,000,000	17 jobs	
Greater than 500,000,000	20 jobs	



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## Extensions

### ➤ **EXTENSION OF PROMOTED PROJECTS**

- **One request**
- **Submission within the term of use of the IRAE benefit** granted by Resolution
- **Up to 30% without increase in indicators**
- Between 30% and 50% with **increase in the total score of indicators of the matrix before weighting**. It can be reached with any indicator.



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## Main changes

### ➤ MAIN CHANGES

CONCEPT	DECREE 143/018 REGIME	DECREE 268/020 REGIME
Beneficiaries	<ul style="list-style-type: none"><li>• Tobacco Industry Exclusion</li></ul>	<ul style="list-style-type: none"><li>• <u>Tobacco Industry Exclusion</u> is removed</li></ul>
Qualifying investments	<ul style="list-style-type: none"><li>• Personal property with a minimum <u>individual</u> value of UI 500</li><li>• Fixed improvements in third-party properties with contract for a <u>5-year</u> minimum remaining term</li><li>• Ineligibility of intangible assets</li><li>• Temporary eligibility for projects submitted by <u>30/Apr/2021</u> of electric passenger vehicles. Eligibility of electric utility vehicles for car rental companies. Maximum value for vehicles of <u>USD 70,000</u> CIF</li></ul>	<ul style="list-style-type: none"><li>• Personal property with a minimum value on the <u>total amount of the acquired item</u> of UI 500</li><li>• Fixed improvements in third-party properties with contract for a minimum <u>3-year</u> term</li><li>• <u>Intangible assets</u> eligibility as determined by the Executive Power</li><li>• Temporary eligibility for projects submitted by <u>31/Aug/2023</u> of electric passenger vehicles. <u>Eligibility of electric passenger and utility vehicles for rental companies.</u> Maximum value for vehicles of <u>USD 60,000</u> CIF</li></ul>
Time framework for qualifying investments	<ul style="list-style-type: none"><li>• Investments executed within 6 months prior to the first day of the month of submission <u>for a maximum value of 20% of the total amount and for up to 5 fiscal years</u> following the submission year</li></ul>	<ul style="list-style-type: none"><li>• Investments executed <u>during the submission fiscal year</u> or during the <u>previous 6 months with no maximum limit value and for up to 10 fiscal years</u></li></ul>



## Main changes

### ➤ MAIN CHANGES

CONCEPT	DECREE 143/018 REGIME	DECREE 268/020 REGIME
Criteria for benefit granting	<ul style="list-style-type: none"><li>• <u>Single general matrix</u></li><li>• Maximum <u>130%</u> weighting in the matrix total</li></ul>	<ul style="list-style-type: none"><li>• <u>General matrix</u> and assessment option with <u>simplified regime</u> with the Creation of jobs indicator</li><li>• Maximum <u>150%</u> weighting in the matrix total</li></ul>
Creation of jobs	<ul style="list-style-type: none"><li>• 40% weighting in the matrix total</li><li>• Increase based on the number of hired workers equaling <u>40 hours weekly</u> (173 hours monthly) and consideration of age, gender, contribution to the rural fund or disability fund</li><li>• Calculation formula: incremental employment/investment in million UI raised to <u>1/2</u></li><li>• Increase projection to <u>5 fiscal years</u> or the term for investment execution if greater than 5</li></ul>	<ul style="list-style-type: none"><li>• Personal property with a minimum value on the <u>total amount of the acquired item</u> of UI 500</li><li>• Fixed improvements in third-party properties with contract for a minimum <u>3-year</u> term</li><li>• <u>Intangible assets</u> eligibility as determined by the Executive Power</li><li>• Temporary eligibility for projects submitted by <u>31/Aug/2023</u> of electric passenger vehicles. <u>Eligibility of electric passenger and utility vehicles for rental companies</u>. Maximum value for vehicles of <u>USD 60,000</u> CIF</li></ul>





## Main changes

### ➤ MAIN CHANGES

CONCEPT	DECREE 143/018 REGIME	DECREE 268/020 REGIME
Increase in exports	<ul style="list-style-type: none"><li>The indicator weights <u>15%</u> in the matrix total</li><li>Calculation formula: exports in million US dollars/(0.2* (IEUSD)) raised to 2/3</li><li>Indirect exports in the agricultural sector are considered</li><li>Projection of increase to <u>5 fiscal years</u> or the term for investment execution if greater than 5</li></ul>	<ul style="list-style-type: none"><li>The indicator weights <u>20%</u> in the matrix total</li><li><u>Increase requirement according to established investment tranches</u> and lower requirements for additional points</li><li><u>Elimination of indirect exports</u></li><li><u>Addition of incremental quotient for exports in the tourism sector</u></li><li>Projection of increase to <u>3 fiscal years</u></li></ul>
Decentralization	<ul style="list-style-type: none"><li>The indicator weights <u>10%</u> in the matrix total</li><li>Score by department as determined based on the <u>Human Development Index</u></li><li>No score for investments in Montevideo</li><li>Requirement of employment increase for investments made in a location where the company is already operating</li></ul>	<ul style="list-style-type: none"><li>The indicator weights <u>15%</u> in the matrix total</li><li>Score by department as determined based on the <u>evolution of the 2019 Employment Rate</u></li><li><u>Score for investments in Montevideo is added</u></li><li><u>Requirement of employment increase is eliminated</u></li><li><u>Differential score for tourism</u></li></ul>



## Main changes

### ➤ MAIN CHANGES

CONCEPT	DECREE 143/018 REGIME	DECREE 268/020 REGIME
Clean technologies and Research, Development and Innovation	<ul style="list-style-type: none"><li>• The Clean Technologies indicator weights <u>20%</u> in the matrix total and the I+D+i indicator weights <u>25%</u></li><li>• In the I+D+i indicator, <u>only the first project which includes the innovation or development qualifies with positive score</u></li><li>• <u>Investments to be executed within the first 2 fiscal years as of project submission</u></li></ul>	<ul style="list-style-type: none"><li>• The indicator weights <u>20%</u> in the matrix total</li><li>• <u>Consideration of investments made within 24 months as of qualifying as innovative, the first project obtaining 100% of the score, the ones submitted within the 12 following months obtaining 70% and the rest of the projects obtaining 30%</u></li><li>• <u>Investments to be executed in the 3 fiscal years following the project submission with an extension to 5 fiscal years if applicable</u></li></ul>
Sectoral Indicators	<ul style="list-style-type: none"><li>• The indicator weights <u>20%</u> in the matrix total</li><li>• Consideration of the indicator Development of the securities market and cutting-edge renewable energies as an indicator common to all sectors</li></ul>	<ul style="list-style-type: none"><li>• The indicator weights <u>25%</u> in the matrix total</li><li>• Elimination of common indicators Development of securities market and cutting-edge renewable energies</li></ul>



## Main changes

### ➤ MAIN CHANGES

CONCEPT	DECREE 143/018 REGIME	DECREE 268/020 REGIME
Sectoral Indicators	<ul style="list-style-type: none"><li>Trade and service sectoral indicators: the indicator Hiring of vulnerable groups and Stability in Labor Relationships is eliminated</li></ul>	<ul style="list-style-type: none"><li>Addition of an indicator common to all sectors: <u>Improvement of workers' employability</u> (redesign of existing indicator Continuing education and training)</li><li>Addition of indicator <u>Investment in renewable energies</u>-Technological level of manufactured product</li><li>Indicators in the commerce and service sector: <u>addition of indicator including overruns in public rates</u> valid until 31/Dec/21</li><li>Indicators in the agricultural sector: <u>addition of indicator Contribution to exports in the agricultural sector and Liming of soils</u></li></ul>



## Main changes

### ➤ MAIN CHANGES

CONCEPT	DECREE 143/018 REGIME	DECREE 268/020 REGIME
Sectoral indicators	<ul style="list-style-type: none"><li>Industrial sector indicators: addition of the indicators Strategic sectors and technologies and Country brand industry</li></ul>	<ul style="list-style-type: none"><li>Industrial sector indicators: <u>elimination of indicators Strategic sectors and technologies and Country brand industry</u></li></ul>
Term for assessment to be carried out by COMAP	<ul style="list-style-type: none"><li><u>60</u> working days</li></ul>	<ul style="list-style-type: none"><li><u>90</u> working days</li></ul>
Loss of benefits	<ul style="list-style-type: none"><li>Reliquidation related to non-compliance in the investment execution with <u>finés and surcharges</u> in all cases <u>regardless of compliance with project objective</u></li><li>Non-compliance with indicators is assessed annually <u>as of the 2nd year and by the end of indicators schedule</u>. Each case may result in reliquidations.</li></ul>	<ul style="list-style-type: none"><li>Allows <u>UI-updated return when taxpayer complies with the project objectives without having executed the full promoted amount</u></li><li>Non-compliance with indicators is assessed <u>by the end of indicators schedule</u> and at that time there may be a tax return if applicable. By the end of the schedule, taxpayer may ask for an adjustment of benefits.</li></ul>



## Main changes

### ➤ MAIN CHANGES

CONCEPT	DECREE 143/018 REGIME	DECREE 268/020 REGIME
Tolerance range on indicators commitment	<ul style="list-style-type: none"><li>• <u>10%</u> on matrix total score applicable <u>in each fiscal year of the compliance schedule and by the end of such year</u></li></ul>	<ul style="list-style-type: none"><li>• <u>20%</u> on matrix total score applicable <u>by the end of the compliance schedule</u></li></ul>
Extensions	<ul style="list-style-type: none"><li>• <u>1 extension request for up to 20% of the original project with proportional increase of committed indicators</u></li><li>• <u>Submission by the second fiscal year following the granting of the Promotional Resolution</u></li></ul>	<ul style="list-style-type: none"><li>• <u>1 extension request for up to 30% of the original project without indicators increase</u></li><li>• <u>Extension between 30% and for up to 50% of the original project with indicators increase</u></li><li>• <u>Submission within the term of use of the IRAE benefit granted by Promotional Resolution</u></li></ul>
Benefit on IRAE	<ul style="list-style-type: none"><li>• The exempted tax in each fiscal year may not exceed:<ul style="list-style-type: none"><li>⇒ <u>the exemption % according to Promotional Resolution of the amount actually invested</u></li><li>⇒ <u>60%</u> of the payable tax (80% for new companies)</li></ul></li></ul>	<ul style="list-style-type: none"><li>• The exempted tax in each fiscal year may not exceed:<ul style="list-style-type: none"><li>⇒ <u>100%</u> of the amount actually invested</li><li>⇒ <u>90%</u> of the payable tax</li></ul></li></ul>



## Main changes

### ➤ MAIN CHANGES

CONCEPT	DECREE 143/018 REGIME	DECREE 268/020 REGIME
Benefit on IRAE	<ul style="list-style-type: none"><li>Minimum exemption: <u>20% in 3 years</u> if a minimum of 1 point is reached in the matrix total and 0.5 points without considering the Decentralization score</li></ul>	<ul style="list-style-type: none"><li>Minimum exemption according to general matrix: <u>30% in 4 years</u> if a minimum of 1 point is reached in the matrix total <u>without considering the Decentralization score</u>. Change in the calculation formula for the term of use extending the resulting terms</li><li>Minimum exemption according to <u>Simplified Matrix</u>: 42% in 5 years</li></ul>
Other exemptions		<ul style="list-style-type: none"><li>Addition of <u>VAT exemption for domestic purchases of personal property intended for the investment project</u></li></ul>
Additional benefit for S&MEs	<ul style="list-style-type: none"><li>Increase of <u>20%</u> of IRAE percentage and 1-year term extension</li></ul>	<ul style="list-style-type: none"><li><u>10%</u> increase on the IRAE percentage and 1-year term extension</li></ul>



## Contacts

### ➤ **TO CONTACT US**

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### **SIMULATOR OF POTENTIAL EXEMPTION TO BE REACHED**

[http://comap.mef.gub.uy/29446/7/areas/simuladores-dec-268\\_020.html](http://comap.mef.gub.uy/29446/7/areas/simuladores-dec-268_020.html)



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