

Ratification of the Convention on Mutual Administrative Assistance in Tax Matters

Act No. 19.428 ratified the Convention on Mutual Administrative Assistance in Tax Matters with the declarations, reservations and notifications made by Uruguay

Last August 29th the Uruguayan Parliament enacted Act No. 19.428 which ratified the Convention on Mutual Administrative Assistance in Tax Matters (hereinafter “the Convention”), signed by Uruguay in Paris last June 1st, 2016.

See the text of the Convention and also the declarations, reservations and notifications made by Uruguay in the following link: [\[CLICK HERE\]](#)

The Convention is the most complete and comprehensive legal instrument at international level for the mutual assistance between Tax Authorities, considering its forms of assistance and also its multilateral scope.

Such characters turn the Convention into the underlying legal instrument that, in general terms, will allow the automatic exchange of information on income from financial source, in accordance with the projected rules contained in the Bill on International Tax Transparency that was analyzed in our last *InfoTax* (in order to access to such report, please click in the following link: [\[CLICK HERE\]](#)).

I. Multilateral scope

The Convention has a multilateral scope, binding Uruguay, in principle and

simultaneously, with more than one hundred jurisdictions which are its participating parties.

See the list of jurisdictions participating in the Convention and also a detail of the current status of ratifications in the following link: [\[CLICK HERE\]](#)

II. Taxes covered

The Convention applies in Uruguay to the following taxes:

- (i) Tax on Business' Income (Tax on Income from Economic Activities – *Impuesto a las Rentas de las Actividades Económicas [IRAE]*),
- (ii) Personal Income Tax (Resident Income Tax – *Impuesto a las Rentas de las Personas Físicas [IRPF]*),
- (iii) Non-Resident Income Tax (*Impuesto a las Rentas de los No Residentes [IRNR]*),
- (iv) Tax for the assistance to the Social Security (*Impuesto de Asistencia a la Seguridad Social [IASS]*),
- (v) Net-Worth Tax (*Impuesto al Patrimonio [IP]*),
- (vi) Value Added Tax (*Impuesto al Valor Agregado [IVA]*),
- (vii) Excise Tax (*Impuesto Específico Interno [IMESI]*).

III. Taxes regarding which Uruguay has reserved the right not to grant assistance

Uruguay has reserved the right not to grant assistance in relation to taxes of other jurisdictions included in the following categories:

- (i) taxes on income, profits, capital gains or net wealth which are imposed on behalf of political subdivisions or local authorities,
- (ii) compulsory social security contributions payable to general government or to social security institutions established under Public Law,
- (iii) estate, inheritance or gift taxes,
- (iv) taxes on immovable property,
- (v) Taxes on the use or ownership of motor vehicles,
- (vi) taxes on the use or ownership of movable property other than motor vehicles,
- (vi) any other taxes,
- (vii) taxes in categories other than the aforementioned which are imposed on behalf of political subdivisions or local authorities of a Party.

IV. Forms of assistance set forth in the Convention and accepted by Uruguay

The Convention provides for the following forms of assistance:

- (i) Exchange of information:
 - (a) Upon request,
 - (b) Automatic,
 - (c) Spontaneous,
- (ii) Simultaneous tax audits,
- (iii) Tax audits abroad,
- (iv) Assistance in the collection and precautionary measures,

- (v) Service of documents.

With respect to such forms of assistance, Uruguay:

- (i) has declared its intention not to accept, as a general rule, the requests for tax audits abroad,
- (ii) has reserved the right not to provide assistance in the recovery of a tax claim or administrative fine, for all taxes,
- (iii) has reserved the right not to provide assistance in respect of any tax claim, which is in existence at the date of entry into force of the Convention or, where a reservation has previously been made (as Uruguayan case), at the date of withdrawal of such reservation in relation to taxes in the category in question,
- (iv) has reserved the right not to provide assistance in the services of documents for all taxes,
- (v) has reserved the right not to permit the notification or service of documents through the post.

V. Entry into force and validity

In case of Uruguay, the Convention shall enter into force next December 1st, 2016.

According to the its provisions, the Convention shall have effect for administrative assistance related to taxable periods beginning on or after January 1st of the year following the one in which the Convention entered into force, or where there is no taxable period, for administrative assistance related to charges to tax arising on or after January 1st of the year following the one in which the Convention entered into force. Notwithstanding the aforementioned, the Parties are entitled to mutually agree that the Convention shall have effect for administrative assistance related to earlier taxable periods or charges to tax.

In case of Uruguay, the provisions of the Convention shall have effect from January 1st. 2017.

Notwithstanding the above, the Convention provides that for tax matters involving intentional conduct which is liable to prosecution under the criminal laws of the requesting State, the provisions of the Convention shall have effect from the date of entry into force in relation to earlier taxable periods or charges to tax.

However, Uruguay has reserved the right to apply such rule exclusively for:

- (i) administrative assistance related to taxable periods beginning on or after January 1st of the third year preceding the one in which the Convention entered into force in Uruguay, or
- (ii) where there is no taxable period, for administrative assistance related to charges to tax arising on or after January 1st of the third year preceding the one in which the Convention entered into force in Uruguay.

For further information contact:



Cr. Miguel Rocca
mrocca@hughes.com.uy



Dr. Fernando Barrios
fbarrios@hughes.com.uy

HUGHES & HUGHES

HUGHES & HUGHES

25 de Mayo 455
11000 Montevideo - Uruguay
Tel: (598) 2916 0988 - Fax: (598) 2916 1003
Email: h&h@hughes.com.uy
<http://www.hughes.com.uy>

HUGHES & HUGHES International Consulting

Ruta 8, Km. 17.500
Zonamerica Edificio @ 1, Suite 112
Montevideo - Uruguay
Tel: (598) 2518 5890 - Fax: (598) 2518 5891
Email: h&h@hughes.com.uy
<http://www.hughes.com.uy>