



Uruguay

Last reviewed - 25 March 2025

Individual - Significant developments

Remote working: Free zone employees

The National Direction of Free Zones (NDFZ) approved the regulations of the home office regime in free zones, in accordance with the provisions of Law Nbr. 19,996 and Decree Nbr. 319/022. Subsequent modifications on these provisions were introduced.

Current regulations provide, among others, that:

- Employees included in the home office regime are also the free zone user's dependent workers, except for those who carry out production, distribution, or logistic activities who will not be able to work remotely.
- The employee and the free zone user must convene, at the beginning or during their work relation, the home office regime in the work contract.
- Home office work should be carried out exclusively from the worker's particular address located in the national territory.
- 90% of the workers enabled to do home office work must work, at a minimum, 60% of the monthly workload on-site. The remaining 10% can choose to work remotely 100% of their time.
- Free zone developers must keep a record where it clearly validates the completion of the conditions and limits required for workers being able to do home office work.

Law Nbr. 20,124: Modifications to income tax on resident individuals (IRPF)

The Uruguayan Parliament approved Law Nbr. 20,124, which introduces amendments on IRPF, with the purpose of granting tax relief to taxpayers by means of the extension of certain deductions applicable to the taxation of employment income, as follows:

- Increase in the annual amount of the deduction for dependent children, from approximately 1,900 to 2,900 United States dollars (USD).
- Increase in the percentage of the tax credit for real estate leasing, from 6% to 8%.
- Increase in the maximum limit of the cost of exclusive and permanent property to make use of the mortgage credit deduction, from approximately USD 120,000 to USD 151,000.

Individual - Taxes on personal income

Individual income tax is levied on income obtained by resident and non-resident individuals. The source principle for levying taxes includes income derived from activities developed in, property located in, or rights economically used within the Uruguayan territory. In specific cases (under certain conditions), income generated outside Uruguay is subject to tax.

Income tax on resident individuals (IRPF)

Income stemming from work (i.e. wages, salaries, etc.) is subject to progressive rates ranging from 10% to 36%. As only a few expenses are allowed as deductions (such as social security contributions and a notional amount corresponding to education, feeding, health, and housing of dependent underage children), almost the whole gross income is subject to this tax.

The income tax rates applicable to resident employees are the following (as of 31 December 2025):

Annual taxable gross income (UYU*)		Tax rate (%)
Over	Up to	
0	552,384	0
552,384	789,120	10
789,120	1,183,680	15

Annual taxable gross income (UYU*)		Tax rate (%)
Over	Up to	
1,183,680	2,367,360	24
2,367,360	3,945,600	25
3,945,600	5,918,400	27
5,918,400	9,074,880	31
9,074,880		36

* Uruguayan pesos

This tax can also be paid as a family unit. The scale of rates to be applied depends on the income of each of the family group's members. If each of the members earns more than 12 minimal salaries (one minimal salary is UYU 23,604), taxable income before deductions must be added together and then the following scale of rates is applied according to the different income brackets (as of 31 December 2025):

Annual taxable gross income (UYU)		Tax rate (%)
Over	Up to	
0	1,104,768	0
1,104,768	1,183,680	15
1,183,680	2,367,360	24
2,367,360	3,945,600	25
3,945,600	5,918,400	27

Annual taxable gross income (UYU)		Tax rate (%)
Over	Up to	
5,918,400	9,074,880	31
9,074,880		36

If one of the members earns less than 12 minimal salaries, taxable income before deductions must be added together and then the following scale of rates is applied according to the different income brackets (as of 31 December 2025):

Annual taxable gross income (UYU)		Tax rate (%)
Over	Up to	
0	631,296	0
631,296	946,944	10
946,944	1,183,680	15
1,183,680	2,367,360	24
2,367,360	3,945,600	25
3,945,600	5,918,400	27
5,918,400	9,074,880	31
9,074,880		36

Remunerations that employees derive from personal services rendered outside Uruguay to local taxpayers are subject to IRPF at progressive rates ranging from 0% to 36%. Additionally, the source principle of IRPF was widened and includes income derived from

technical services. Now advertising services rendered outside Uruguay by self-employed individuals (not included in the company's payroll) will be taxed, provided those services are incurred to generate taxable income for local corporate income tax (CIT) purposes.

Income derived from mediation, leasing, use, transfer of use, or transfer of federative rights, image rights, and similar of athletes registered in resident sports entities, regardless of the registration period or permanence in Uruguay, is also considered Uruguayan sourced.

As of 2017, income derived from derivative financial instruments (DFIs) obtained by resident individuals is also considered Uruguayan sourced.

IRPF's source principle on capital investments was widened since 2011, including income originated on holding movable assets located outside Uruguay (passive income). The tax is levied on capital investments (e.g. interest, rents, royalties, capital gains) at a flat rate of 12%, with some exceptions. This tax is basically levied on gross income.

Income tax on non-residents individuals (IRNR)

IRNR is levied on Uruguayan gross income at rates that vary from 7% to 25%. Income obtained by entities resident, domiciled, or located in low-or-no-tax jurisdictions (LNTJs) is taxed at 25%. This tax is mainly collected by way of withholding.

If the non-resident individual obtains income from a Uruguayan source of any kind, then the local CIT payer must withhold IRNR on the corresponding payment.

Also, the general rule for IRNR is that it follows the source principle. As mentioned above, technical services rendered by non-residents (not under a dependency relationship) outside Uruguay, but associated to taxable income for CIT purposes, are deemed to be Uruguayan sourced and subject to IRNR at a rate of 12% or 25% (in case of being from LNTJs). However, it is also stated that when the taxable income for CIT obtained by the local user of said service does not exceed 10% of its total income, then only 5% of the service fee paid or credited abroad will be subject to IRNR. In these cases, the effective tax rate is 0.6% (5% x 12%), or 1.25% if the recipient individual is from an LNTJ on the amount paid or credited abroad. In those cases where the company receiving the service does not obtain income subject to CIT, the service received will be entirely associated with foreign-source income and thus not subject to IRNR.

The following will also be considered Uruguayan-sourced income:

- Advertising services rendered from outside Uruguay by independent service suppliers to CIT payers.
- Mediation, leasing, use, transfer of use, or transfer of federative rights, image rights, and similar of athletes registered in resident sports entities, regardless of the registration period or permanence in Uruguay.

Individual - Residence

Residence rules for income tax purposes are set out in the Law. An individual is considered resident when at least one of the following conditions is met:

- Presence in the country for more than 183 days (formal criterion). For determining such period, sporadic absences will be counted.
- The base of its activities, or economic or vital interests, is settled in Uruguayan territory (substantial criteria). The legislation presumes that this condition is met when one's spouse and dependent under-age children habitually reside in Uruguay. Furthermore, it will be considered that the individual has one's base of activities in the country when one derives from Uruguay more income than in any other country (this does not apply when one derives exclusively passive income from the country).
- Regulations establish that if the individual has an investment in Uruguay that complies with one of the following conditions, the individual will be considered resident for tax purposes (presence of economic interests in the country), unless one proves one's fiscal residence in another country:
 - More than 15 million 'Indexed Units' (approximately USD 2.2 million) in properties located in Uruguayan territory.
 - More than 45 million 'Indexed Units' (approximately USD 7.4 million) in a company with projects or activities promoted by the Investment Law, directly or indirectly.
 - More than 3.5 million 'Indexed Units' (approximately USD 520,000), in real estate property, provided that it is carried out from 1 July 2020, and the individual is present in Uruguay for at least 60 days. If no new acquisitions are made, the updated fiscal cost will be considered for each property.
 - More than 15 million 'Indexed Units' (approximately USD 2.2 million), in a company, provided that it is carried out from 1 July 2020 and at least 15 new full-time jobs in dependent relationship are created (during the civil year). New jobs are those generated from 1 July 2020 and are not related to a reduction of jobs in a related party.

Individual - Other taxes

Social security contributions

The Uruguayan social security system is comprehensive, covering retirement pensions, health insurance, sick pay, and unemployment insurance. Social security contributions are compulsory, based on the salary earned, including bonuses and commissions, and are borne by the employer and the employee.

The employer contributes an amount equivalent to 12.625% and withholds 18.1% to 23.1% from the employee, as follows:

Contributions	Employer contributions (%)	Employee contributions (%)
Retirement (1)	7.5	15
Health insurance	5	3 to 8 (2)
Labour Restructuring Fund	0.1	0.1
Labour Credit Guarantee Fund	0.025	0
Total contributions	12.625	18.1 to 23.1

Notes

- Both employer and employee retirement contribution rates are applicable up to a monthly amount of UYU 272,564 until 31 December 2025 (the exceeding amount is exempt).
- There is no health insurance contribution for Corporate Directors. These rates are applicable to employees, as follows:
 - 3% for remunerations not exceeding 2.5 BPC monthly (UYU 16,440).
 - 4.5% for remunerations exceeding 2.5 BPC monthly and employees with no spouse or concubine in charge and no dependent under-age children.
 - 5% for remunerations not exceeding 2.5 BPC and employees with spouse or concubine in charge (with or without children).
 - 6% for remunerations exceeding 2.5 BPC monthly and employees with no spouse or concubine in charge with dependent under-age children.
 - 6.5% for remunerations exceeding 2.5 BPC monthly and employees with spouse or concubine in charge with no dependent under-age children.

- 8% for remunerations exceeding 2.5 BPC monthly and employees with a spouse or concubine in charge and one or more dependent under-age children.
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Value-added tax (VAT)

Uruguayan VAT is levied at a general rate of 22% on the provision of services and on the circulation of goods within the limits of the Uruguayan territory. *See the **Other taxes** section in the Corporate tax summary for more information.*

Excise tax

In general, excise tax applies on the first transaction effected in the domestic market by manufacturers or importers of goods. Exports are not taxable.

Excise tax rates vary for each item, and they are generally fixed by the government within maximum parameters established by law.

*See the **Other taxes** section in the Corporate tax summary for more information.*

Net wealth tax (NWT)

NWT is not only levied on corporate taxpayers but also on the net wealth of individuals (resident or not) located in Uruguay at the end of each civil year at a progressive scale of rates that will depend on their residence. In this sense, while resident individuals and non-resident individuals subject to IRNR will be subject to NWT at a rate of 0.1%, non-residents individuals will be subject to a scale of rates from 0.7% to 1.5%.

Different rules for asset valuation, liabilities, and deductions are applicable to this category of taxpayers.

Furthermore, there is a threshold under which the local net wealth of the individual is considered exempt (for 2024, it amounts to approximately USD 143,000). This tax can be paid as a family unit, and, in such cases, the threshold is doubled.

Individual - Income determination

Employment income

See the *Taxes on personal income* section for a description of the taxation of employment income.

Capital gains

Capital gains obtained by individuals (resident or non-resident) upon disposal of shares/quotas in Uruguayan CIT payers are subject to individual taxation at a 12% rate (IRPF or IRNR, respectively). The transfers of titles issued by Uruguayan entities are subject to an effective capital gains tax rate of 2.4% on the transfer price (12% applied to a notional 20% of the transfer price or 20% of market value of the titles transferred if there is no price). The effective rate is of 7.5% when the transferor is resident, domiciled, or located in LNTJs (25% applied to a notional 30% of the transfer price or 30% of market value of the titles transferred if there is no price).

Income derived from the transfer of shares or participations in entities from LNTJs whose assets located in Uruguay exceed 50% of their total investments is deemed to be Uruguayan sourced (thus taxable) for tax purposes.

Dividend income

Dividends or profits paid or credited by CIT payers to non-resident shareholders are not subject to IRNR when they derive from non-taxable income for CIT purposes (i.e. foreign-source income). In other cases, 7% withholding IRNR will be applicable. Under certain circumstances, non-distributed earnings will also be subject to 7% withholding after three years of being generated.

The same tax treatment is applicable to IRPF, except for dividends or profits paid out of foreign-source income derived from holding movable capital. In this last case, a 12% withholding IRPF rate is applicable.

Interest income

Loan interests are exempt from IRNR if at least 90% of the CIT payer (debtor) assets generate non-taxable income for CIT purposes. Therefore, interests paid or credited by local entities whose assets are located abroad and exceed 90% of their total assets are free of withholding tax (WHT).

Individual - Deductions

Employment expenses

Social security contributions and a notional amount corresponding to education, feeding, health, and housing of dependent under-age children are deductible, under certain conditions, from employee gross income when applying a flat rate of either 14% or 8%, depending on the taxpayer's level of income. Those taxpayers with a monthly income lower than 15 BPC (USD 2,300) will be able to deduct 14% of the deductions, while the individuals whose income is greater than 15 BPC will only be able to deduct an 8% rate of the total deductions.

Self-employment deductions

Self-employed individuals can reduce business income by 30% for expenses calculated on a notional basis.

Capital investments deductions

Bad debts (under certain conditions), intermediary commissions, renewal and subscription fees, real estate tax, and contributions are deductible from real estate income originated in real estate leases.

Other deductions

Other deductions may be available depending on the type of income.

Individual - Foreign tax relief and tax treaties

Foreign tax relief

Individuals who have been taxed abroad on passive income derived from non-resident entities are able to credit the tax paid in the foreign jurisdiction against the IRPF (with a limit of 12%, which is the applicable rate in Uruguay on this type of income).

Tax treaties

Uruguay has entered into a number of double tax treaties (DTTs). See the *Other issues* section of the Corporate tax summary for a list of countries with which Uruguay has DTTs.

Individual - Other tax credits and incentives

There are no other significant tax credits or incentives for individuals in Uruguay.

Individual - Tax administration

Tax returns

Monthly tax returns are required to be filed by employers with the tax authorities, exposing the employee income withheld from one's monthly payroll compensation. Otherwise, each taxpayer is required to file an annual tax return for individuals.

As regards due dates, residents must file the tax return between June and August; while non-residents must file it in May.

Payment of tax

Advance and withholding payments are assessable on individuals on a calendar-monthly basis stated by the tax authority.

Self-employed workers must register with the tax authorities and are required to make advance payments on account of their income tax liability for the current year. In cases where self-employed income derived from rendering of services will be higher than approximately UYU 62,000, certain previously defined taxpayers must withhold at a rate of 7% on gross income.

There is also income tax withholding from salaries. Employers are required to withhold at the appropriate personal rate applied to net taxable remuneration of each employee.

Definitive personal income tax for residents is made in instalments, and the first payment is due towards the end of August. In case of non-residents, final payment is in May.

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