



# COMPANY FORMATION IN URUGUAY

## MAIN FORMS OF COMPANY/BUSINESS IN URUGUAY

Uruguayan positive law gathers practically all society types existent in the world, making it possible to constitute a new legal entity as well as to set up a branch of a foreign society. In the case of constituting a new legal entity, the most commonly used society types are the following:

- Corporations (whose capital may be represented by nominative shares or bearer shares registered in the Central Bank)
- Limited Liability Companies

Other less used society types are:

- Partnerships
- Limited partnerships
- Capital and industry companies
- De facto partnerships
- Cooperatives

Consortia and Economic Interest Groups (GIE) may also be organized, and, in case of individual ventures, sole proprietorships. All the mentioned society types and GIE have legal personality. Consortia and sole proprietorships do not have legal personality.

## SPECIFIC TAX CONCERNS RELATED TO ESTABLISHING A COMPANY

No significant taxes are incurred when establishing a company.

## LEGAL ISSUES RELATED TO ESTABLISHING A COMPANY

Issues to consider include:

1. Signing of the contract of constitution of the company and registration in the Tax Office, Labor Office, etc.
2. Accounting and auditing standards
3. Legal books

All societies shall implement the following legal books or registries, which shall be certified in the Trade Registry:

- Journal - where all the company's operations are registered.
- Book inventory - where all items comprising the company's account statement are detailed at the accounting year's closure.
- Letter book - where all mailing related to the company is copied.
- SAs shall also conduct a minute book of the Board of Directors and Shareholder meetings, as well as a book for the registration of the assistance of shareholders to the meetings. Accounting statements are accompanied by a Certified Public Accountant report.

Central Bank regulations establish the submission of the accounting statements to companies indebted with the financial system according to their indebtedness level. The adequate accounting standards of mandatory application in Uruguay are the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).