PART 1: TELLING THE STORY

Uruguay offers an offshore financial centre catering to Latin American clients, especially to middle class Argentinians. According to media reports, over 60 percent of non-resident account holders in June 2013 were Argentinian.

Uruguay’s offshore centre is centred on two main pillars: the country’s economic stability, and its secrecy provisions. Proximity to Argentina and limited requirements for opening a bank account make it widely used by individuals. The ease of access from Argentina where people can simply take the boat to Uruguay with suitcases of cash, mean that it is a financial centre used by people of both higher and middling incomes. This helps explain why over 60 percent of non-resident accounts in Uruguayan banks hold less than US$ 20,000. Only 12 percent of deposits are in excess of US$ 100,000. Media reports explain that two new laws on financial inclusion and anti-money laundering have not stopped this tendency. On the contrary, deposits in Uruguay held by non-residents increased by US$ 400 million since March of 2014, reaching US$ 4.4 billion.

Uruguay’s banking secrecy continues to raise concerns. Uruguay does not engage in automatic exchange of information (as of July 2015, it has merely committed to implement in 2018 the OECD’s Common Reporting Standard for automatic exchange of financial account information, but has not yet signed the Multilateral Competent Authority Agreement, unlike 61 other jurisdictions). Therefore, foreign authorities seeking information on their residents’ undeclared bank accounts cannot easily discover evidence of malfeasance: they may only seek “confirmation” from Uruguay after a specific taxpayer and a related bank account have already been identified.

Although the OECD Global Forum has noted some improvements in relation to access to bank information for exchange purposes, problems persist. For instance, any individual subject to an information exchange request will be notified before the request is answered – with no exceptions, even if such notification could jeopardise the investigation. Furthermore, no access is available for information sourced before January 2011, even if it is currently relevant. This obstruction to exchange of information has been experienced, especially by Argentina. The Global Forum described that between July of 2010 and 2013, Uruguay rejected 75% of requests of information related to its Tax Information Exchange Agreement (TIEA) with Argentina, based on an interpretation (which only applies to the TIEA with Argentina, but not to other jurisdictions) that the Global Forum considered against the international standard. It appears that Uruguay has not corrected this practice. According to news reports, since

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**Chart 1 - How Secretive?**

<table>
<thead>
<tr>
<th>Secrecy Score</th>
<th>Rank</th>
</tr>
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<tbody>
<tr>
<td>31-40</td>
<td>28</td>
</tr>
<tr>
<td>41-50</td>
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<tr>
<td>51-60</td>
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<td>61-70</td>
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<td>71-80</td>
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<tr>
<td>81-90</td>
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<tr>
<td>91-100</td>
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**Chart 2 - How Big?**

Uruguay accounts for less than 0.1 per cent of the global market for offshore financial services, making it a tiny player compared with other secrecy jurisdictions.

The ranking is based on a combination of its secrecy score and scale weighting.

Read more
- Full data
- Uruguay on TIN Blog
- Full Methodology

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April 2013, Argentina’s tax authorities made 108 requests of information, many of which were rejected by Uruguay. These requests may have been related to the Swiss-Leaks, media reports have described that 25% of accounts held by Argentines in the HSBC were triangulated via Uruguayan entities.

Regarding secrecy provisions, the Global Forum described improvements in relation to bearer shares. While the previous law of 2012 allowed bearer shares to be transferred without detection, Law 19288 of 2014 should allow the ownership identification of all bearer shares in circulation in Uruguay, as this targets both non-compliant entities and non-compliant shareholders (by replacing the penalty of suspension of the shareholder’s right by an extinction of such shareholder’s right).

Uruguay’s offshore financial centre has recently been thrown into turmoil by the investigations of an Argentine judge into money laundering. At the request of the judge Uruguayan authorities raided the Royal Bank of Canada’s office in Zonamérica (one of Uruguay’s free trade zones) in June 2013. This resulted in RBC, and other international banks, deciding to close their doors and leave the country.

Industry lobbyists have demanded measures to prevent future cases like this from happening again, and a bill is being considered to have Uruguay’s Central Bank intervene whenever a request to access bank information is received.

Uruguay was also implicated in an investigation into Argentine football star Lionel Messi by Spanish authorities for evading €4.2 million in taxes. According to court documents, Belize and Uruguayan companies were used to receive payments under sponsorship deals.

Another scandal involved a corruption case against the Spaniard Luis Bárcenas, treasurer of Spain’s Popular Party. Judge Néstor Valetti and prosecutor Gilberto Rodríguez are investigating the money trail left by Bárcenas through different companies and bank accounts. The allegations are that Bárcenas used Uruguayan banks to launder the proceeds of corruption. Because Uruguay law recognises corruption as a predicate offence authorities have been able to take action.

In contrast, Uruguayan authorities cannot do anything about Messi, because tax evasion, while a crime under Uruguayan law, was not recognized as a predicate offence in the 2009 Anti-Money Laundering Law. Member of Parliament, Gonzalo Mujica, explained that it was the fear of a bank-run by non-resident depositors (mainly from Argentina) similar to that of 2002 that delayed the incorporation of tax evasion to the list of predicate offences. “Back then, we had to balance the advances in anti-money laundering, with the protection of the [Uruguayan] financial market”. Carlos Diaz, the Anti-Money Laundering National Secretary, hopes that this will be fixed soon.

Read more
- Full data for Uruguay
- Uruguay on TJN Blog
- Full Methodology

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cuentas-suiza-triangulaban-traves-uruguay-n297962; 28.10.2015.


PART 2: URUGUAY’S SECRECY SCORE

TRANSPARENCY OF BENEFICIAL OWNERSHIP – Uruguay

1. Banking Secrecy: Does the jurisdiction have banking secrecy?
   Uruguay partly curtails banking secrecy

2. Trust and Foundations Register: Is there a public register of trusts/foundations, or are trusts/ foundations prevented?
   Uruguay partly discloses or prevents trusts and private foundations

3. Recorded Company Ownership: Does the relevant authority obtain and keep updated details of the beneficial ownership of companies?
   Uruguay does not maintain company ownership details in official records

KEY ASPECTS OF CORPORATE TRANSPARENCY REGULATION – Uruguay

4. Public Company Ownership: Does the relevant authority make details of ownership of companies available on public record online for free, or for less than US$10/€10?
   Uruguay does not require that company ownership details are publicly available online

5. Public Company Accounts: Does the relevant authority require that company accounts are made available for inspection by anyone for free, or for less than US$10/€10?
   Uruguay does not require that company accounts be available on public record

6. Country-by-Country Reporting: Are all companies required to publish country-by-country financial reports?
   Uruguay does not require public country-by-country financial reporting by companies

EFFICIENCY OF TAX AND FINANCIAL REGULATION – Uruguay

7. Fit for Information Exchange: Are resident paying agents required to report to the domestic tax administration information on payments to non-residents?
   Uruguay does not require resident paying agents to tell the domestic tax authorities about payments to non-residents

8. Efficiency of Tax Administration: Does the tax administration use taxpayer identifiers for analysing information efficiently, and is there a large taxpayer unit?
   Uruguay does not use appropriate tools for efficiently analysing tax related information

9. Avoids Promoting Tax Evasion: Does the jurisdiction grant unilateral tax credits for foreign tax payments?
   Uruguay does not avoid promoting tax evasion via a tax credit system

10. Harmful Legal Vehicles: Does the jurisdiction allow cell companies and trusts with flee clauses?
    Uruguay partly allows harmful legal vehicles

INTERNATIONAL STANDARDS AND COOPERATION – Uruguay

11. Anti-Money Laundering: Does the jurisdiction comply with the FATF recommendations?
    Uruguay partly complies with international anti-money laundering standards

12. Automatic Information Exchange: Does the jurisdiction participate fully in multilateral Automatic Information Exchange via the Common Reporting Standard?
    Uruguay partly participates in Automatic Information Exchange

13. Bilateral Treaties: Does the jurisdiction have at least 53 bilateral treaties providing for information exchange upon request, or is it part of the European Council/OECD convention?
    As of 31 May, 2015, Uruguay had less than 53 tax information sharing agreements complying with basic OECD requirements

14. International Transparency Commitments: Has the jurisdiction ratified the five most relevant international treaties relating to financial transparency?
    Uruguay has ratified less than five of the most relevant international treaties relating to financial transparency

15. International Judicial Cooperation: Does the jurisdiction cooperate with other states on money laundering and other criminal issues?
    Uruguay partly cooperates with other states on money laundering and other criminal issues