

Tourism

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Invest in
Montevideo

Why Montevideo?

- #1 in LatAm in tourist satisfaction
- Main tourist destination in the country
- More than a million visitors per year, with an average stay of more than five days
- Smart tourism destination
- Best South American cruise destination (World Travel Awards, 2019)





Industry Incentives

Uruguay has a broad regulatory framework that benefits the investor. There are specific incentives for the tourism sector (Decree 175/003) and for condominium hotels (Decree 404/010 and 059/012).

A - Investment promotion regime for the Tourism Sector (Decree 175/003)

The decree classifies tourist activities into two groups, applying different incentives to each one:

a) For tourism projects: accommodation, cultural and commercial service activities for sports, recreational, leisure or health congresses that make up a complex unit conducted to attract tourism demand.

Civil works: VAT is exempted on the import of goods destined for them; a credit is generated of VAT on purchases in the market, along with an exemption from Wealth Tax for eleven years and 50% of the taxes levied on the importation of those goods. For IRAE (Corporate Income Tax) purposes, the investment can be amortized in fifteen years.

Furnishings: VAT is exempted on the import of goods for this purpose; a credit is generated of VAT on purchases in the market, along with an exemption from Wealth Tax for eleven years and 50% of the taxes levied on the importation of those goods. For IRAE purposes, furnishings can be amortized in five years.

b) For hotels, apart-hotels, inns, motels and guest ranches (built or to be built).

Furnishings: VAT is exempted on the import of goods for this purpose; a credit is generated for VAT on purchases in the market, along with an exemption from Net Worth Tax for eleven years and 50% of the taxes levied on the importation of those goods.

B - Specific investment promotion regime for condominium hotels (Decreets 404/010 and 059/012)

The commercial activity of condominium hotels is promoted, thereby granting diverse benefits such as the following:

a. Credit for VAT included in local acquisitions of goods and services destined for construction.

b. Exemption from VAT on imports by the developer of goods destined for construction.

c. Exemption for the developer on imports of materials and goods necessary for construction, with a choice of one of the following regimes: i) 100% of the taxes levied on the aforementioned goods deemed non-competitive to the national industry, while having to pay the entirety of the taxes levied on any competitive goods to the national industry production; ii) 50% of the taxes levied on all of the aforementioned assets.



- **Benefits for Tourists:**
VAT refund on purchases of goods and services related to tourism, for non-resident individuals. Services provided by gastronomic and lodging establishments are included, as well as services for parties and events, and self-drive car rentals.
- Refund of 10.5% of the rental price of real estate for tourist purposes for non-resident individuals. Leases must be made with registered real estate agents and the means of payment used must be a (non-corporate) debit or credit card issued abroad.
- Tax Free Regime: for purchases made in shops adhering to the system.
- Zero VAT in hotels: benefit valid for foreigners submitting an identity document issued abroad.



Related Institutions

- **Mintur: Ministry of Tourism**
www.gub.uy/ministerio-turismo
- **Montevideo Tourism Division**
montevideo.gub.uy/institucional/dependencias/turismo
- **Descubrí Montevideo**
www.descubrimontevideo.uy
- **Montevideo Tourism Observatory**
descubrimontevideo.uy/macrodatos
- **Camtur: Uruguayan Chamber of Tourism**
camtur.com.uy
- **AHRU: Association of Hotels and Restaurants of Uruguay**
ahru.com.uy
- **Audoca: Uruguayan Association of Congress Organizers**
audoca.com
- **Audavi: Uruguayan Association of Travel Agencies**
audavi.com.uy
- **Montevideo Tourism Association**
www.instagram.com/asoturismomvd



Economic characteristics of the Tourism Sector

Tourism is the main foreign exchange generating activity in Uruguay. With revenues in excess of US\$1.8 billion, it generates more foreign currency than the country's traditional export items. Uruguay is the first country in South America in number of tourists received versus its population. Montevideo, its capital, is the main tourist destination in the country, reaching one million visitors per year in the pre-pandemic period. The main origins of tourists to Montevideo are Argentina and Brazil.

Montevideo's tourism has no seasonality; its receptive tourism data shows a marked parity in the four seasons. 15% of the visitors cite professional reasons, Montevideo being the main destination in the country for conference, meeting and business tourism. The 2019 ICCA (International Congress and Convention Association) Ranking placed Montevideo at number seven in Latin America and at 70 overall among more than 1,800 audited cities that host congresses and professional events.

Regarding air connectivity, Montevideo receives direct flights from Argentina, Brazil, Colombia, Chile, Spain, the United States, Panama, Paraguay and Peru.

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