

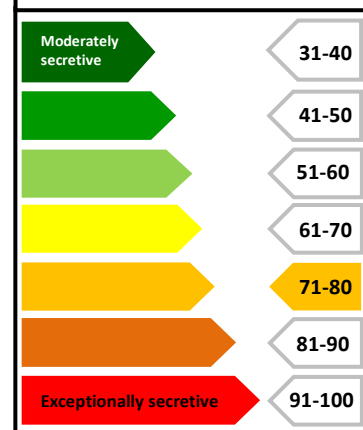
## Narrative Report on Uruguay

Uruguay is ranked at 30th position on the 2013 Financial Secrecy Index. This ranking is based on a combination of its secrecy score and a scale weighting based on its share of the global market for offshore financial services.

Uruguay has been assessed with 72 secrecy points out of a potential 100, which places it towards the top end of the secrecy scale (see chart 1).

Uruguay accounts for less than 1 per cent of the global market for offshore financial services, making it a tiny player compared with other secrecy jurisdictions (see chart 2).

**Chart 1 - How Secretive?**



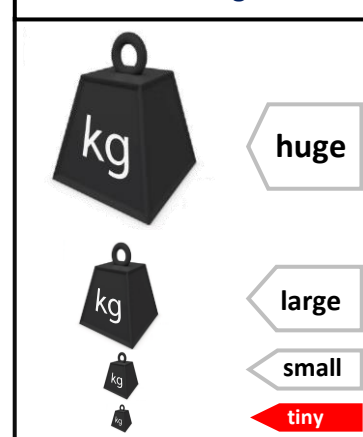
### Part 1: Telling the Story

#### 31 October 2013

Uruguay's economy relies strongly on export-oriented agriculture, but it also offers an offshore financial centre catering to Latin American clients, especially to middle class Argentinians across the river. 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 – not just by wealthy individuals, but also by many middle class people who can simply take the boat to Uruguay with suitcases of cash. This helps explain why over 60 percent of non-resident accounts in Uruguayan banks hold less than US\$ 20,000. In fact, only 12 percent of deposits are in excess of US\$ 100,000.

**Chart 2 - How Big?**



Uruguay's banking secrecy continues to raise concerns. Uruguay does not engage in automatic exchange of information, so foreign authorities seeking information about 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.

Uruguay's offshore financial centre has recently been thrown into turmoil by the investigations of an Argentine judge which involved Uruguayan authorities [raiding](#) the Royal Bank of Canada's office in Zonamérica (one of Uruguay's free trade zones) in June 2013, following an Argentinian judicial request. This resulted in RBC, and other international banks, deciding to close their doors and leave the country, highlighting once again that these financial institutions know they are facilitating tax-evading and other illegal activities. Unlike some tax evasion schemes where Uruguay is involved in triangular commodities trade (see [here](#), for example), this involved football related-money laundering. 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.

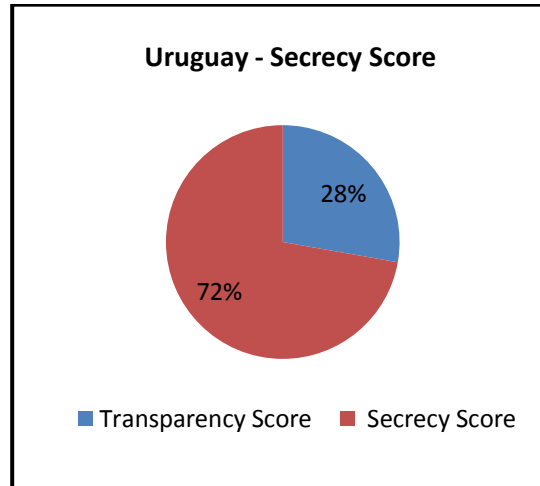
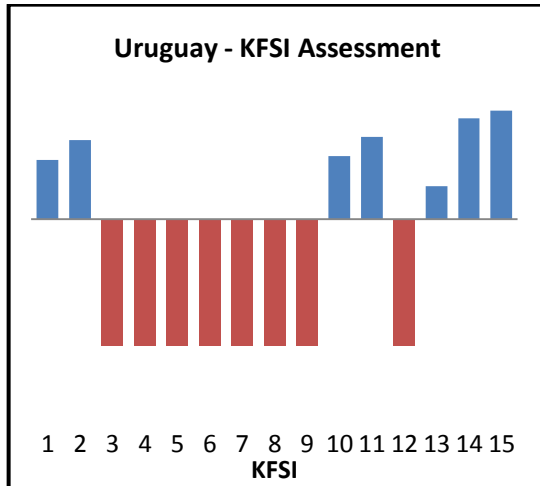
Uruguay was also implicated in an [investigation](#) into Argentine football star Lionel Messi by Spanish authorities for evading €4.2 million in taxes. According to court documents, Belize and Uruguay companies were used to receive payments under sponsorship deals.

### Next steps for Uruguay

Uruguay's 72 per cent secrecy score shows that it must still make major progress in offering satisfactory financial transparency. If it wishes to play a full part in the modern financial community and to impede and deter illicit financial flows, including flows originating from tax evasion, aggressive tax avoidance practices, corrupt practices and criminal activities, it should take action on the points noted where it falls short of acceptable international standards. See part 2 below for details of Uruguay's shortcomings on transparency. See this link <http://www.financialsecrecyindex.com/kfsi> for an overview of how each of these shortcomings can be fixed.

## Part 2: Secrecy Scores

The secrecy score of 72 per cent for Uruguay has been computed by assessing the jurisdiction's performance on the 15 Key Financial Secrecy Indicators, listed below.



The numbers on the horizontal axis of the bar chart on the left refer to the Key Financial Secrecy Indicators (KFSI). The presence of a blue bar indicates a positive answer, as does blue text in the KFSI list below. The presence of a red bar indicates a negative answer as does red text in the KFSI list. Where the jurisdiction’s performance partly, but not fully complies with a Key Financial Secrecy Indicator, the text is coloured violet (combination of red and blue).

This paper draws on key data collected on Uruguay. Our data sources include regulatory reports, legislation, regulation and news available at 31.12.2012<sup>1</sup>. The full data set is available [here](#)<sup>2</sup>. Our assessment is based on the 15 Key Financial Secrecy Indicators (KFSIs, below), reflecting the legal and financial arrangements of Uruguay. Details of these indicators are noted in the following table and all background data can be found on the [Financial Secrecy Index website](#)<sup>3</sup>.

**The Key Financial Secrecy Indicators and the performance of Uruguay are:**

| TRANSPARENCY OF BENEFICIAL OWNERSHIP – Uruguay |  |
|--|--|
| 1.   | Banking Secrecy: Does the jurisdiction have banking secrecy?<br><br><b>Uruguay does not adequately curtail banking secrecy</b>   |
| 2.   | Trust and Foundations Register: Is there a public register of trusts/foundations, or are trusts/foundations prevented?<br><br><b>Uruguay partly discloses or prevents trusts and private foundations</b> |

|   |   |
|---|---|
| 3.  | Recorded Company Ownership: Does the relevant authority obtain and keep updated details of the beneficial ownership of companies?<br><br><b>Uruguay does not maintain company ownership details in official records</b>   |
| <b>KEY ASPECTS OF CORPORATE TRANSPARENCY REGULATION – Uruguay</b> |   |
| 4.  | Public Company Ownership: Does the relevant authority make details of ownership of companies available on public record online for less than US\$10/€10?<br><br><b>Uruguay does not require that company ownership details are publicly available online</b>                                |
| 5.  | Public Company Accounts: Does the relevant authority require that company accounts are made available for inspection by anyone for a fee of less than US\$10/€10?<br><br><b>Uruguay does not require that company accounts be available on public record</b>                                |
| 6.  | Country-by-Country Reporting: Are all companies required to comply with country-by-country financial reporting?<br><br><b>Uruguay does not require country-by-country financial reporting by all companies</b>  |
| <b>EFFICIENCY OF TAX AND FINANCIAL REGULATION – Uruguay</b>       |   |
| 7.  | Fit for Information Exchange: Are resident paying agents required to report to the domestic tax administration information on payments to non-residents?<br><br><b>Uruguay does not require resident paying agents to tell the domestic tax authorities about payments to non-residents</b> |
| 8.  | Efficiency of Tax Administration: Does the tax administration use taxpayer identifiers for analysing information efficiently, and is there a large taxpayer unit?<br><br><b>Uruguay does not use appropriate tools for efficiently analysing tax related information</b>                    |
| 9.  | Avoids Promoting Tax Evasion: Does the jurisdiction grant unilateral tax credits for foreign tax payments?<br><br><b>Uruguay does not avoid promoting tax evasion via a tax credit system</b>   |
| 10.   | Harmful Legal Vehicles: Does the jurisdiction allow cell companies and trusts with flee clauses?<br><br><b>Uruguay partly allows harmful legal vehicles</b>   |

| <b>INTERNATIONAL STANDARDS AND COOPERATION – Uruguay</b> |   |
|--|---|
| 11.  | <p>Anti-Money Laundering: Does the jurisdiction comply with the FATF recommendations?</p> <p><b>Uruguay partly complies with international anti-money laundering standards</b></p>  |
| 12.  | <p>Automatic Information Exchange: Does the jurisdiction participate fully in Automatic Information Exchange such as the European Savings Tax Directive?</p> <p><b>Uruguay does not participate fully in Automatic Information Exchange</b></p>   |
| 13.  | <p>Bilateral Treaties: Does the jurisdiction have at least 46 bilateral treaties providing for information exchange upon request, or is it part of the European Council/OECD convention?</p> <p><b>As of 31 May, 2012, Uruguay had less than 46 tax information sharing agreements complying with basic OECD requirements</b></p> |
| 14.  | <p>International Transparency Commitments: Has the jurisdiction ratified the five most relevant international treaties relating to financial transparency?</p> <p><b>Uruguay has partly ratified relevant international treaties relating to financial transparency</b></p>   |
| 15.  | <p>International Judicial Cooperation: Does the jurisdiction cooperate with other states on money laundering and other criminal issues?</p> <p><b>Uruguay partly cooperates with other states on money laundering and other criminal issues</b></p>   |

<sup>1</sup> With the exception of KFSI 13 for which the cut-off date is 31.05.2013. For more details, look at the endnote number 2 in the corresponding KFSI-paper here:

<http://www.financialsecrecyindex.com/PDF/13-Bilateral-Treaties.pdf>.

<sup>2</sup> That data is available here: <http://www.financialsecrecyindex.com/database/menu.xml>.

<sup>3</sup> <http://www.financialsecrecyindex.com>.