

Acquisition of a Uruguayan Corporation

ACQUISITION OF AN URUGUAYAN CORPORATION

1. Buying a Corporation.

A corporation can be acquired off the shelf and available to start operations within 72 hours from the time the decision to buy is taken.

In order to determine the characteristics and designate the authorities of the company, the following issues should be considered:

1.1 Directors.

A minimum of one person and a maximum of seven members can compose the Board of Directors. They can be residents or non-residents and can be of any nationality. They do not need to be shareholders. The directors must come to Uruguay to sign the company's documents, which must have their signature certified by public notary in Uruguay.

The following information is required from the directors:

- Position (President, Vice-president, or Director)
- Complete name
- Nationality
- Home address
- Telephone number and fax
- I. D. (send a copy scanned or by fax)
- Marital status (in case of being married, the name of the spouse must be included)

The board of directors will meet with half plus one of its members. Simple majority of votes of directors present will take the decisions. The board of directors can meet in Uruguay or abroad.

According to the Articles of Incorporation, the President or Vice-president can represent the company indistinctively, or two Directors acting together. This can be modified by amending the articles of incorporation and powers of attorney can be granted to a single person if desired.

A power of attorney can be granted by the Company to an individual to facilitate the operation of the Company. Our firm can provide directors for the Company if necessary.

1.2 Shareholders.

The company will have one shareholder as minimum, and can be an individual or legal entity, resident or non-resident and of any nationality.

Although it is not necessary to register the names of the shareholders at the moment of acquiring the company, the following information is required:

- Name (in case it is a legal entity the name of agent)
- Address
- Telephone and fax
- Participation (%)

The shares of the company can be nominative or bearer, and in this later case, information about the owners of the shares must be filed with the Central Bank of Uruguay.

Shareholder meetings must be held in Uruguay. Shareholder can attend personally or by proxy.

1.3 Off the Shelf Companies.

Off the Shelf Companies have the characteristics mentioned above and a wide purpose, which allows them to develop almost any type of activity. The Articles of Incorporation can be amended at any moment to adapt to the requirements of the shareholders. As an example, the following items can be modified:

- Name of the company
- Capital
- Type of shares (bearer or nominative, ordinary or preferred)
- Value of each share
- Purpose
- Representation by the directors.

1.4 Opening of a Bank Account.

In order for the corporation to open a bank account in Uruguay, it is necessary for the director to personally come to the bank to sign the necessary documentation.

The following documents must also be provided:

- Copy of the ID of the director.

- Copy of a receipt of a public utility bill to justify his domicile.
- Two bank references of the director.

If the bank you work abroad operates in Uruguay, we recommend the opening of the bank account with that bank. If there is a direct recommendation or reference from the bank abroad, the process is much easier.

Banks open accounts if they understand how the company will be used and no entrance and exit of the deposits are done on a regular basis, because this is suspicious under money laundering laws.

2. Annual Maintenance.

The annual maintenance of the Company includes, among other issues:

- Corporate Issues: shareholders meetings, board of directors meetings, and compliance of the requirements that the law establishes for this kind of companies.
- Accounting Issues: preparation of the balance sheet.
- Tax Issues: preparation of the affidavit and payment of taxes.
- Other issues: address of the company, reception of mail, etc.

2.1 Taxes.

The following taxes must be paid by a Corporation:

- a) Control tax on corporations, which is of USD 500 per year approximately.
- b) Net Worth Tax, levied on any assets located in Uruguay on the fiscal year of the corporation, at a rate of 1.5%. This means that if the corporation has an account in a Uruguay bank, the funds deposited in that account will be subject to this tax. If the funds are transferred abroad before the fiscal year end or collected abroad, this tax will not be levied.
- c) Income tax on services or goods traded abroad, taxed at a rate of 1% on the difference between the price the goods or services are bought and sold.

3. Our services.

Our firm can assist with the acquisition of the company as well with its annual maintenance of all legal, corporate, accounting and tax issues according to Uruguayan laws. Please request information about acquisition costs and our fees if necessary.