



## LAW Nr. 11.073

June 24, 1948

Article 1.- Joint-stock Companies, the principal activity of which is to invest abroad, directly or indirectly, on their own behalf or on that of others or on account of others, in bonds, shares, drafts, debentures, goods and chattels or real estate property, will not be allowed to:

- a) Issue shares through public subscription or have them quoted in the stock exchange within the country.
- b) Resort to public saving or effect banking, mutual credit or capitalization operations.
- c) Form their assets with shares, debentures, social parts or other commercial papers, issued by national concerns which are not also companies comprised within this law.
- d) Form their assets with national real estate. This prohibition does not comprise all the operations effected prior to the publication of this law.
- e) Purchase public debt as an investment of their assets, for a nominal amount exceeding 20% of its capital. 2

Article 2.- These Companies will not be allowed either to effect the following operations:

- a) To take part on their own behalf or on that of others in public or private biddings.
- b) To Conclude on their own behalf or on that of others, stock market operations on stocks which, because of their nature, cannot form part of their assets.
- c) To bring annually funds into the country as income derived from their direct investments, in a percentage exceeding 5% of their integrated capital, plus their reserve funds.
- d) To bring into the country funds derived from the conversion of their foreign assets.
- e) To sell in public, public debt certificates, shares, debentures or other commercial papers.<sup>2</sup>
- f) To participate in the financing of companies to render public services in the country, regardless of the nationality or residence of the concessionary of these services.
- g) To effect any loans whatsoever to the Central Administration, Municipalities and Autonomous Departments.
- h) And, in general, to effect any loans or investments involving the establishment of control over Uruguayan companies.

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2 Revoked on May 11, 1993

Article 3.- The companies governed by this law will not be allowed to hold for more than one fiscal years shares in two or more foreign companies engaging in the same industrial activity in the country in which they are established if those shares represent more than 30% of the capital of each of those companies.

Article 4.- The Inspectorate of Finance, Banks and Joint- Stock Companies, in effecting the supervision incumbent on it, will be responsible for the strict enforcement of the articles of this law, reporting to the Ministry of Finance any infringements it detects.

Article 5.- Breaches off the regulations in articles 1 and 2 are punishable by fines ranging from \$ 1.000.- to \$ 10.000.-, to be applied by the Executive Authority, which may also cancel the legal personality of the company concerned

Article 6.- Pending the establishment of a court to settle administrative disputes all cases falling under Articles 270 ff of the Constitution will be heard by the judges competent to hear administrative cases in Montevideo.

The suit will be to obtain the reversal of the decision impugned, the payment of suitable damages, or both, at the choice of the party concerned. It must be brought at the latest within twenty days after the said decision has been notified, and the procedure will be that followed in the ordinary lower courts. The judge in the case will have power to order, at any time, the suspension of a decision when it might cause irreparable damage.

There is full right appeal against the sentence of the lower court to the Court of Appeal, whose judgement will be final.

Article 7.- Companies governed by this law whose only assets within the territory of Uruguay are shares of other companies of the same type, balances in current account of less than 10% of their assets and/or national public debt, mortgage bonds, and municipal bonds of a nominal value not exceeding 10% of their assets, will pay as tax, duty or contribution the Tax in Lieu of Death Duties, which will be estimated as 3 0/00 of heir capital and reserves but no other.

To calculate the capital liable to tax the amount of the funds administered on behalf of others which exceed double the total the capital issued in shares and debentures and reserves, and all uncalled-up capital will be added to the capital issued as shares, debentures and bonds plus the reserves.

These companies may consolidate their fiscal contribution to the State paying the said tax of 0.3°% for a term of as much as fifteen years. In this case the company and the holders of the securities issued by it will be exempt from the modifications of the fiscal regulations which might be sanctioned during the term for which they have consolidated.

The State may require companies which consolidate their fiscal contribution to pay in foreign currency. In this case, it will come to an agreement with the companies

concerned regarding the foreign currency in which the payment is to be effected, and which will be estimated at the free market sale rate of exchange fixed by the Banco de la República (Present text with the modifications introduced by article 7 of Law Nr. 12776 of February 10, 1956)

Article 8.- If during the term established in the previous article the amount subject to taxation increases the additional amount which the company has to pay, in each case will be settled on the basis of the consolidated percentage rate and in proportion to the term of the advance, as from the fiscal year of the increase.

If the amount subject to taxation decreases during the term of the consolidation, or the company is dissolved before the end of the said term, the tax paid will be considered as accruing to the State.

Article 9.- Companies created to the effect stated in this law must state in their statutes that they are subject to its regulations.

Companies created to the effect stated in this law must adjust their statutes to the regulations established by it, within a hundred and eighty days after its publication and will be given a term of sixty days from the approval of the reform of this statutes for ordering their assets to comply with the conditions stated therein.

Article 10.- The shares of this type of corporation cannot be left as security or guarantee of credits granted to their holders.

Article 11.- The produce of the tax of 0.3% paid by companies covered by this law go to general income.

Article 12.- The Executive Authority will issue directions for the execution of the present law.