

Investor's Guide

Labor Guide

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INTRODUCCIÓN

The labor relations system in Uruguay stands out for its firm recognition and respect of workers' rights. It has been highlighted and referred to as an example by the International Labor Organization.

It is a right that essentially protects the worker's figure and is materialized in a vast set of regulations that establishes minimum working conditions that must be respected and cannot be reduced.

Its regulation can be found in the Constitution, Laws and Decrees, etc., as there is no Labor Code.

In Uruguay, the written employment contract is not mandatory (with exceptions such as remote work, among others), however, it is a practice that has spread in recent years. For the most part, the agreement between the parties is sufficient to initiate an employment relationship. There are several mechanisms to establish the salary, however, in all cases, it is necessary to comply with the established wage for the category within the corresponding group of activity.

Workers' rights include, among others, limitations on working hours, leaves of absence, supplementary wages and severance pay. Workers must also be registered in the social security and healthcare system, which covers the risks of disability, old age, retirement, illness, occupational accidents, maternity, unemployment and death.

In addition, depending on the group of activity to which each company belongs within the scope of the Collective Bargaining Councils, special labor benefits or more beneficial working conditions than those established in general legislation may be applicable.

This guide provides an approach to labor law in Uruguay that will serve as a basic contribution to facilitate decision-making when investing in the country.



LABOR RELATIONS

1.1 EMPLOYEE-COMPANIES RELATIONSHIPS

Labor relations between employees and companies are established in current legislation. The Constitution itself establishes that labor is under the special protection of the law, providing that the law must recognize workers, the independence of their moral and civic conscience, fair pay, limitation of the work day, weekly rest and physical and moral hygiene.

The Constitution also recognizes the freedom of enterprise. This freedom is understood as the right of every person to establish an enterprise, to freely hire workers, to produce products and provide services, among others.

The regulations establish minimum benefits for workers which cannot be waived and must be respected; they are considered a basis of protection. These minimum benefits can be improved through collective bargaining or through individual negotiations between employees and companies.

1.2 BUSINESS CHAMBERS

The business chambers group together the different companies related to the various economic activities with the main purpose of defending their interests. There is a plurality of business chambers and guilds depending on the different activities developed by the companies.

In 2016, the Confederation of Business Chambers was formed, a business organization of inter-sectorial nature, which brings together the different chambers, associations or business guilds, representative of their respective sectors of activity with the purpose of coordinating, representing, promoting and defending the common and general principles and interests determined by its members.

1.3 UNIONS

The Uruguayan legal system recognizes and admits union plurality. However, the union movement is centralized in a nationwide organization called PIT-CNT (Plenario Intersindical de Trabajadores, formerly known as Convención Nacional de Trabajadores). This central labor union brings together most of the unions in Uruguay.

There is a specific legal framework regulating collective labor relations.

The tripartite collective bargaining system by sector of activity is carried out through the Collective Bargaining Councils by branch of activity, with the participation of representatives of the Government's Executive Branch, the business chambers or associations, and the labor unions.

Bipartite bargaining can take place at the sector level between chambers of commerce and unions. In general, if these agreements involve wage adjustments, they are submitted to the corresponding Collective Bargaining Council for a sector-wide validation.

1.4 COLLECTIVE BARGAINING COUNCILS

The implementation of the Collective Bargaining Councils provided for in Laws 10.449 and 18.566, assumes a grouping of economic activities into different activity sectors. In turn, within each group of activity there are subgroups and within these there are usually chapters that apply to smaller areas.

These Councils are tripartite collective bargaining bodies and are made up of representatives of the Government, the business chambers and labor unions. For this purpose, the Government's Executive Branch classified the economic activities into 24 activity groups and designated the respective spokespersons based on proposals of the most representative organizations.

There is a different the Collective Bargaining Council for each activity group. Based on the group a company belongs to, the rules of a specific Collective Bargaining Council will be applicable to its employees, regarding categories, remuneration levels and possibly other working conditions.

Each Collective Bargaining Council is composed of seven members: three appointed by the Government's Executive Branch, two by the employers and two by the workers of the respective activity group.

It is mandatory that all companies must be assigned to one of the 24 activity groups available.

2

SOCIAL PROTECTION

2.1 SOCIAL SECURITY

Social security comprises benefits in cash and in kind. This set of measures is intended to guarantee protection against certain risks. The social security system covers the risks and social burdens associated with disability, old age, retirement, sickness, occupational accidents, maternity, unemployment, and death. Registration with the system is mandatory, except for foreign workers in the Free Trade Zones, who may opt not to benefit from the social security system and take advantage of treaties subscribed by Uruguay.

In Uruguay, social security is financed by personal contributions from workers, employer contributions from companies and contributions from the State.

The social security agency responsible for collecting these resources and providing services to ensure coverage of social contingencies is the Social Security Authority (BPS), which includes the sectors of industry and commerce, as well as most of the service sector.

Wages are taxed with social security contributions at the following rates:

Table 1 - Social Security Contributions

	Employer Contribution	Employee Contribution
Retirement Contribution	7.5% (*)	15% (*)
FONASA (**)	5%	3%, 4.5% o 6% o 8% ¹
FRL (***)	0.10%	0.10%
FGCL (****)	0.025%	0

* For employees included in the mixed system, the pension contribution is made up to the salary bracket of \$ 202,693 (value as of January 2021).

** FONASA: National Health Fund.

*** FRL: Labor Reconversion Fund.

**** FGCL: Labor Loan Guarantee Fund

Social security contributions are paid monthly. The employee contribution must be withheld by the employer and paid to the BPS.

The salary is also subject to Personal Income Tax (IRPF), which must be withheld by the employer.

Additional employer contributions that may be added depending on the case:

- » **CCM:** If applicable, a health insurance supplement must be paid, which is the difference between the amount of the cost of the health insurance for the number of beneficiary workers and the basic contribution made by the total number of dependent employees.
- » **Employer's Contribution for Bonus Services:** The contribution for bonus services is an employer's contribution rate applied to certain activities that involve risk to life or which affect the physical or mental integrity of the worker. Rates may reach up to 27.5%.

2.2 PENSION BENEFITS

Uruguay's social security system, in force since 1996, is based on a mixed system which is composed of two mandatory elements: a reformed public program, administered by the BPS, based on a universal distribution of benefits, which pays a basic benefit; and an individual capitalization program, administered by the Pension Savings Fund Administrators (AFAPs). Once the employee retires, their savings are transferred to an insurance company, which sets a pension income.

Common retirement grounds are established when the worker is at least 60 years of age and has worked for 30 years.

Disability and old age pensions are also provided for.

For further information see: <https://www.bps.gub.uy/3498/jubilaciones.html>

2.3 GENERAL INFORMATION ABOUT THE HEALTH SYSTEM

Through the National Integrated Health System (SNIS), health protection is a right of all inhabitants residing in the country. There is a contribution to the National Health Fund (FONASA).

The SNIS is administered by the National Health Directorate, a decentralized agency of the Ministry of Public Health (MSP), with the participation of workers, users and representatives of the institutions that provide comprehensive healthcare.

With the resources collected by FONASA, the National Health Directorate pays the health quota set by the BPS to the medical institutions providing healthcare services to members.

3

REGULATIONS APPLICABLE TO YOUTH EMPLOYMENT

Law No. 19.973¹ lists a series of instruments aimed at promoting the hiring of young people between 15 and 29 years of age for their first work experience or for the hiring of graduates, encouraging the improvement of their employability and promoting the compatibility of study and work.

In this sense, there are incentives for public and private hiring companies through subsidies, free labor intermediation service and advertising (labeling and brand diffusion).

Hiring under this Law may not exceed 20% of the company's permanent personnel. Companies employing less than 10 workers may hire a maximum of two people.

Incentives included in this regulatory framework:²

- » **First Job Experience (PEL):** it allows the hiring of young people between 15 and 24 years of age without formal work experience for a term of more than 90 calendar days. The hiring term will be a minimum of 6 months and a maximum of 12 months. The subsidy to be granted will be equivalent to \$6,000 per month (USD 136) for each young person hired on a full-time basis. If a young woman between 15 and 24 years of age is hired, the subsidy will be \$ 7,500 per month (USD 170) for full-time hires. In all cases, if the workday is not full-time, the subsidy will be prorated according to the hours actually worked, with the minimum number of hours to be hired being 20 per week.

The contribution will be granted for a maximum period of 12 months, and will be subject to job retention.

- » **Protected Youth Employment (TPJ):** it involves the hiring of young people up to 29 years of age, unemployed and from households with income below the poverty line set by the National Institute of Statistics (INE). The term foreseen for these hires cannot be less than 6 months or more than 1 year. A partial subsidy will be granted on the young person's salary, of up to 80% of the monthly salary and taxed by special social security contributions. The subsidy is capped at 80% of the amount corresponding to two national minimum wages.

¹ <https://www.impo.com.uy/bases/leyes/19973-2021>

² Exchange rate to 12/1/21 is \$44 Uruguayan pesos, 1 dollar is equivalent to \$44 Uruguayan pesos.

- » **Internship for Graduates (PLE):** aimed at hiring young graduates without previous experience related to their professional training. The maximum hiring period is 12 months. The young person must have graduated from public or private technical, commercial, agricultural or service education centers. Companies hiring young people in this modality will be granted a 15% subsidy on the worker's monthly remunerations which are taxable for special social security contributions. The subsidy is capped at 15% calculated on the basis of 2 minimum wages.
- » **Training internships in companies:** aimed at young people who are currently studying. The internships may be paid or unpaid and must be related to the field in which the person receives training. Companies that hire young people in this modality will be granted a subsidy of up to 50% of the worker's salary. The subsidy cap will be calculated on the basis of 75% of the minimum salary of the category applicable to the worker, according to the provisions for the corresponding group of activity.
- » **Subsidies for unemployed young people:** In this hiring modality, the Ministry of Labor and Social Security (MTSS) will grant a temporary subsidy to companies that hire as new workers young people between 15 and 29 years of age who are unemployed continuously for more than 12 months, or discontinuously for more than 15 months in the 24 months prior to hiring. The contracted time must be at least 20 hours per week. The subsidy will be granted for 12 months.

The subsidies will be paid in the form of credit to be used towards current obligations with the Social Security Authority (BPS).



EMPLOYMENT CONTRACT³

In Uruguay, written employment contracts are not mandatory, although they have more frequent in recent years. The existence of an employment relationship implies the rendering of a personal service, paid economically and under subordination or dependence, at the disposal of a third party that orders, supervises and directs the activity. When these characteristics are met, labor law will govern.

The employment relationship may be of two types:

1. **Indefinite duration:** in the event that it does not expressly establish the duration.
2. **Temporary duration:** seasonal tasks, substitutions or specific jobs that can be performed under this type of contract, which must be in writing and must establish a term.

In any of the above formats, workers may be hired on a monthly basis, as day laborers or on a piecework basis. Upon expiration of the term of a fixed-term contract, if the employee continues to render services, the relationship could become a permanent relationship, i.e. an indefinite contract. The same happens at the expiration of the term of the contract, the relationship continues as if it had been born indefinite.

There are, legally, 3 temporary contracts in Uruguay:

1. Law No. 19.973 provides that a trial period may be established in the contract, which will vary according to the term of the contract of the modalities provided therein (45, 60 and 90 days).
2. Construction contracts, a sector that has a special regime.
3. Housekeeping.

Generally, case law has admitted that termination within the first 90 days of employment does not generate indemnification to the employee subject to a trial period.

The status of employer is not personal, as a consequence of which, he may be replaced by another employer without the contract being altered, for example when the company is sold to another employer.

³ In this section we refer to the general regime. Keep in mind that there may be special regimes and/or exceptions depending on the sector of activity.

4.1 HIRING OF UNIVERSITY PROFESSIONALS

University professionals may be hired as employees of the company or as independent professionals. In the case of being hired as dependent employees of the company, the general labor regime will be applied in its entirety. In the case of being hired as independent professionals, certain conditions set forth in the regulations in force (Law 18.083⁴ and Decree No. 241/007⁵) must be complied with.

4.2 OUTSOURCED WORK

Laws 18.099⁶ and 18.251⁷ establish the responsibility of the main company in case of outsourcing.

Law 18.251 defines subcontracting, intermediation and labor supply.

» Subcontracting: it takes place when an employer, by reason of a contractual agreement, undertakes to perform works or services, at its own risk and with workers under its dependence, for a third individual or legal entity, called employer or main company, when such works or services are integrated in the organization of the latter or when they are part of the normal or specific activity of the establishment, main or accessory (maintenance, cleaning, security or surveillance), whether they are performed inside or outside the establishment.

» Intermediary: an employer who hires or intervenes in the hiring of workers to provide services to a third party. He does not deliver the services or works directly to the public, but to another employer or main entrepreneur.

» Labor supplying company: a company that provides services consisting of employing workers in order to place them at the disposal of a third party (user company), which determines their tasks and supervises their execution.

The main company will be responsible for labor and social security obligations in case it uses subcontractors, intermediaries and labor suppliers.

In principle, the responsibility is joint and several. However, if the main company monitors the subcontractor's, intermediary's or supplier's compliance with its labor and social security obligations, the responsibility becomes subsidiary.

⁴ <https://www.impo.com.uy/bases/leyes/18083-2006>

⁵ <https://www.impo.com.uy/bases/decretos/241-2007/1>

⁶ <https://www.impo.com.uy/bases/leyes/18099-2007>

⁷ <https://www.impo.com.uy/bases/leyes/18251-2008>

4.3 MIGRANT LABOR

In order to work in Uruguay, foreign workers must have a regular immigration status, i.e., they must not be in Uruguay as tourists, but must have at least a residency application in process before the National Directorate of Migration.

There are different types of authorization to enter the country. For more information on entry requirements, see the [Chapter on Entry Requirements](#)⁸.

Uruguay joined the international movement to provide social protection to local workers moving abroad. Within this framework, numerous bilateral and multilateral social security agreements have been signed which apply to persons who are or have been subject to the legislation of one or more States Parties or have rendered services.

Migrants are covered for Disability, Old Age and Survivorship risks and the principle of equal treatment is observed in the same conditions as nationals of our country.

4.4 HIRING OF FOREIGN LABOR IN FREE TRADE ZONES⁹

Companies using Free Trade Zones may hire foreign personnel, however, they must consider that, in order to maintain the tax benefits of the regime, foreigners may not represent more than 25% of the total number of workers hired.

It is important to mention that obtaining legal residency does not change the condition of foreigner, therefore, unless legal citizenship is acquired, the foreign employee with legal residency continues to be counted towards the maximum limit of 25%.

However, under special situations¹⁰ it is possible to request the authorities an increase of the cap.

⁸ <https://www.uruguayxxi.gub.uy/en/invest/investors-guide/entry-requirements/>

⁹ <https://www.impo.com.uy/bases/leyes/15921-1987>

¹⁰ Special situations may depend on the special characteristics of the activity to be carried out, situations of initiation or expansion of activities, reasons of general interest, etc.

5

SALARIES¹¹

5.1 WAGE PAYMENT METHODS

Salaries must be paid in cash, and payment in kind is prohibited. There is no obligation to pay salaries in Uruguayan pesos; however, even if the salary is paid in dollars, it may be increased regardless the variation of the dollar, in case the growth of the dollar is lower than that corresponding to the salary increase percentage.

Two types of remuneration can be distinguished: the basic element consisting of a sum of money and the marginal elements (benefits in money or in kind that are added to the basic element, for example: commissions, food, transportation).

The salary can be set by time worked (fixed methods of remuneration based on hours, days or months of work), by production (variable methods of remuneration such as piecework, commissions, shares) or by a mixed system.

Employees' salaries may be paid in cash or through bank accounts or electronic money, which must be agreed between the employee and the company.

Current law establishes the possibility of making certain withholdings on workers' salaries. Laws 17.829¹² and 19.210¹³ (art. 32) specifically provide which withholdings are allowed and their order of priority.

¹¹ In this section we refer to the general regime. Keep in mind that there may be special regimes and/or exceptions depending on the sector of activity.

¹² <https://www.impo.com.uy/bases/leyes/17829-2004>

¹³ <https://www.impo.com.uy/bases/leyes/19210-2014>

5.2 SALARY PROTECTION

Wages enjoy special protection under the law.

- » Wages may not be garnished or assigned except in the manner and within the limits fixed by national law. Wages shall be protected against garnishment or assignment to the extent deemed necessary to ensure the support of the worker and his family.
- » It is not possible to make deductions that are not expressly authorized by law, which must determine the conditions and limits.
- » There are deadlines for the payment of wages:
 - » Monthly workers: within the first 5 working days and never after the first 10 working days of the following month.
 - » Workers who are paid on a biweekly basis: within 5 working days after the end of the biweekly period.
 - » Workers paid on a weekly basis: at the end of the respective week.
- » The employer is obliged to issue the pay slip detailing the items and amounts paid. It may be issued in electronic format with the same content as the paper receipt.

5.3 FORMS OF SALARY FIXING

The Collective Bargaining Councils (created by Law 10.449¹⁴) are tripartite integration bodies which, through the social dialogue mechanism, establish minimum wages, categories and other benefits.

Minimum wages and wage adjustments are determined by the Collective Bargaining Councils. These will then be included in a collective bargaining agreement that will be binding to all the companies in the sector of activity.

5.4 NATIONAL MINIMUM SALARY

The national minimum wage is set by the Government's Executive Branch and its value as of January 1, 2022 is \$ 19,364 Uruguayan pesos which is equivalent to USD 461 (four hundred and thirty two US dollars)¹⁵. It should be borne in mind that since minimum wages are set by sector and subsector of activity in the Collective Bargaining Councils, the vast majority of minimum wages are set through collective bargaining, and exceed the national minimum wage.

¹⁴ <https://www.impo.com.uy/bases/leyes/10449-1943>

¹⁵ Exchange rate as of 28/2/22 is \$42 Uruguayan pesos, 1 dollar is equivalent to \$42 Uruguayan pesos.

5.5 SUPPLEMENTARY ANNUAL SALARY

This benefit consists of one twelfth of the annual cash remuneration received by the employee, within the framework of an employment relationship.

The payment of the Christmas bonus is divided into two parts: one twelfth of the amount earned between December 1 and the following May 31, which is paid during the month of June, and one twelfth of the amount earned between June 1 and November 30, which is paid before December 20 of each year.

5.6 VACATION SALARY

The vacation salary is an amount paid to the employee for the better enjoyment of his leave and must be paid prior to the beginning of the leave. The amount of this benefit is equal to 100% of the net daily salary of the leave and is calculated in proportion to the vacation days to be enjoyed by the employee.

6

WORK DAY¹⁶

6.1 WORK DAY

The regulations establish the maximum limit of the work day and the breaks (intermediate and weekly) to be granted to employees, depending on whether it is a commercial or industrial establishment.

The work day is set at 8 hours per day and 44 hours per week for commercial establishments and offices. The work day for industrial establishments is set at 8 hours per day and 48 hours per week (except for administrative personnel in industry who are also limited to 44 hours per week).

Given that the legislation does not expressly establish the limit of the work day for the service sector, and that in general these services differ from industrial activity, they are similar to commerce and therefore it is understood that the same work day limit applies to this sector.

6.2 OVERTIME

Overtime hours are considered to be those worked by the employee in excess of his or her daily working hours.

Overtime worked on working days is paid at a 100% surcharge applied to the employee's hourly wage. If they are worked on non-working days - holidays and breaks during which the employee does not normally work - they are paid at a 150% surcharge on the employee's hourly wage.

Employees may not work more than 8 hours of overtime per week.

In accordance with Decree 611/80¹⁷, certain employees do not have limited working hours, and therefore are not entitled to overtime. This category of employees includes, among others: senior personnel of commercial, industrial and service establishments, highly specialized university professionals and qualified professionals, travelers and salesmen, etc.

¹⁶ In this section we refer to the general regime. Keep in mind that there may be special regimes and/or exceptions depending on the sector of activity.

¹⁷ <http://www.impo.com.uy/bases/decretos/611-1980/1>

6.3 BREAKS

» Intermediate Rest

In the case of commercial establishments (applicable to the service sector as explained in the previous point), employees must rest during the course of the workday and no later than the fourth hour of work.

If the working day is continuous, the break will be of half an hour, and will be considered as time worked and paid accordingly. If the workday is discontinuous, the rest period is two hours and thirty minutes with the possibility of reducing it to one hour by written agreement between the company and the employee. In this case, the break is not considered as time worked and therefore is not paid.

» Weekly Rest

All employees must have weekly rest time.

In the case of a company engaged in commerce and office work, the weekly rest period is thirty-six consecutive hours (one and a half days). By agreement between the company and the personnel, the working hours corresponding to the half day of the sixth day may be redistributed to the remaining days of the week, without exceeding the daily limit of 9 hours of actual work. In this way, the weekly rest may be extended for two continuous days.

If the employee works during his or her day off, that day will be remunerated with a surcharge of 100% over the value of an ordinary work day. In lieu of remuneration, the employee may opt for a compensatory rest day to be taken on another day of the following week.

6.4 NIGHT WORK

Night work is defined as work performed between 10:00 p.m. and 6:00 a.m. the following day. If an employee works during these hours for at least five consecutive hours, he/she is entitled to an hourly surcharge of 20% of the nominal salary, which is calculated based on the basic salary.

This standard sets the minimum conditions for night work. In several sectors there are agreements on the conditions and remuneration to be received by employees for night work. In this case, the regulation that is more beneficial to the worker will be applied.

6.5 HOLIDAYS

There is no prohibition to work on holidays.

There are five paid holidays provided by law on which employees do not render services and are still paid as if they worked. These holidays are: January 1, May 1, July 18, August 25, and December 25.

If an employee works on these holidays, he/she must receive double pay. There are also paid holidays on the days of the National Population and Housing Census and on March 1, when it coincides with the transfer of presidential power (every 5 years).

On the other hand, January 6, Carnival Monday and Tuesday, April 19, May 18, June 19, October 12, November 2 and Easter Week are called simple or common holidays. In these cases, monthly employees will receive their normal salary, whether or not they have worked the common holiday. This is due to the fact that such employees are paid a determined amount per month (for 30 days), which includes the payment of all holidays and breaks.

7

LEAVES OF ABSENCE¹⁸

7.1 VACATION LEAVE

All employees are entitled to an annual paid leave. The vacation leave is calculated in proportion to the time worked between January 1 and December 31 of each year and is taken in the following year.

In principle, for each full year of work, employees are entitled to 20 days of leave.

Employees who started working after January 1 are entitled to a leave for a number of days proportional to the time worked.

An employee acquires the right to an additional day of leave for every four years of work at a company, starting on the fifth year of work, i.e., at the 5th year an additional leave day is earned, at the 8th year another additional day is earned, and so on.

Leave days must be taken on a continuous basis and do not include holidays or Sundays.

The general regulations allow, through agreements, two exceptions to the general regime to be agreed between the companies and their employees:

1. division of the leave: it may be agreed to split the leave into two periods of 10 days, which must also be continuous.
2. counting of holidays: it may be established that the so-called "red days" are counted as part of the leave.

In our country there is an obligation to take the leave within the corresponding year. It cannot be postponed or replaced by money. Only in the event of termination of the employment contract by decision of either of the parties, the employee must be paid for the leave days generated.

¹⁸ In this section we refer to the general regime. Keep in mind that there may be special regimes and/or exceptions depending on the sector of activity.

7.2 SPECIAL LEAVES

Uruguayan law establishes leaves of absence for special circumstances:

» Sick leave:

In case of illness the Social Security Authority (BPS) pays the employer an allowance in lieu of salary to the sick worker and provides medical assistance.

It is paid from the fourth day of illness unless the employee is hospitalized, in which case it is paid from the first day and for a maximum term of one year, which may be extended for another year.

» Occupational accident/ illness:

In case of an occupational accident, the State Insurance Agency pays an allowance during the period of incapacity and provides medical assistance.

» Study Leave:

Workers with a minimum of 6 months of seniority who are studying in Basic Secondary Schools, Higher Technical Schools, Colleges, Teacher Schools and other similar public or private schools, are authorized by the Ministry of Education and Culture, are entitled to this benefit.

The duration of the study leave will depend on the number of weekly working hours of the employee: 6 days for workers up to 36 hours/week, 9 days for workers from 36 to 48 hours/week and 12 days for workers with 48 hours/week. The study leave may be split in periods of 3 days maximum per test or exam, including such day.

» Marriage Leave

Marriage leave shall be for 3 days, one of which must coincide with the date of the actual wedding.

There are also other special leaves such as leave for mothers or fathers of severely disabled children, for parents with disabled children, for disabled or terminally ill family members, for disabled employees, for bereavement, for violence, and blood donation, among others.

7.3 MATERNAL AND PATERNAL LEAVE

» Maternity leave:

Female employees who are expecting mothers are entitled to a maternity leave of 14 weeks, to be distributed in a period prior to delivery (at least 15 days) and in the period after delivery, as determined by the doctor in each case. This special leave is paid to the worker by the Social Security Authority.

» Paternity leave:

Employees are entitled to a special paid paternity leave which will include the day of birth and the following two days, and must prove such circumstance within a maximum term of 20 working days.

Additionally, they are entitled to a special leave of 10 calendar days during which they will receive a subsidy from the Social Security Authority, and they must inform their employer of the probable date of birth at least two weeks in advance.

Likewise, the employee must make the relevant communication to the Social Security Authority in order to collect the corresponding subsidy.

7.4 CARE LEAVE

A half work day is granted to the father or the mother for up to 6 months of the child, counted from the end of maternity leave.

This benefit may be used indistinctly and alternately by the father and the mother.

7.5 ADOPTION LEAVE

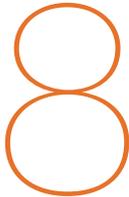
In the case of adoption, the leave will be of 6 continuous weeks (for the father or mother) from the time the child joins the family and a reduction of the working day (up to half) for 6 months. The other person will be entitled to ten working days of leave. This allowance is paid by the Social Security Authority.

7.6 PAP SMEAR OR MAMMOGRAPHY LEAVE

Female employees are entitled to one day a year of special paid leave to facilitate their appointment for a Papanicolaou smear and/or a breast x-ray examination, which must be proven in a reliable manner.

7.7 UNION LEAVE

The Law establishes the existence of paid union leave, which is regulated in the collective bargaining agreements of each sector of activity.



LAYOFFS¹⁹

Layoffs (unilateral act of the employer to terminate the employment relationship) are free, so that a company may dismiss an employee at any time, without invoking the causes that justify it, without prejudice to which it may not be due to discriminatory or abusive causes.

8.1 COMPENSATION

The Law has established that in the event of dismissal of a permanent employee, the employer must pay him/her an indemnity for dismissal (IPD) calculated based on seniority and taking as a basis the last remuneration.

The regulation establishes that all employees hired for an indefinite period of time are entitled to receive severance pay in the event of dismissal. This right does not apply to employees hired for a fixed term (seasonal, fixed-term, piecework, temporary, etc.).

For the calculation of the indemnity, the seniority and the salary received by the employee are considered, up to 6 monthly payments in the case of a monthly employee.

If the employee is paid on a monthly basis, he/she is entitled to the equivalent of a month pay for each year or fraction thereof of seniority in the company, with the limit above indicated.

In the case of employees paid on a daily basis (day laborers), the severance indemnity is calculated based on the number of days worked, with a maximum limit of 150 days.

The company is not required to pay severance pay if the employee has engaged in gross misconduct.

¹⁹ In this section we refer to the general regime. Keep in mind that there may be special regimes and/or exceptions depending on the sector of activity.

The indemnity for legal dismissal is not taxable for special social security contributions, since it is not of a salary nature. It is also not subject to Personal Income Tax (IRPF), as long as an amount equal to the legal minimum is paid.

8.2 SPECIAL DISMISSALS

The legislation provides for special indemnities when the dismissal coincides with situations of common disease, occupational disease, work accident, pregnancy, sexual harassment, union reasons, as retaliation after a complaint filed with the BPS, disabled workers and workers who are victims of gender violence, among others. In these cases, the indemnities are higher than those established in the general regime.



WHO WE ARE

We are the agency responsible for the promotion of exports, investment and country brand. We work to enhance the export capacity and competitiveness of Uruguayan companies, promote the country as an attractive destination for productive investments and promote the country brand Uruguay Natural in the world.

Together with other institutions, we are part of the National System of Productive Transformation and Competitiveness (Transforma Uruguay) that works to promote the productive and innovative economic development of the country, with sustainability, social equity and environmental and territorial balance.



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OUR SERVICES FOR INVESTORS

- Macro and sectorial information. Periodically, Uruguay XXI prepares studies on Uruguay and the various sectors of the economy.
- Tailor-made information. We prepare personalized information to answer your specific questions, such as macroeconomic data, labor market information, tax and legal aspects, investment incentive programs, location, and costs.
- Contact with the main actors. We generate contacts with government entities, industrial actors, financial institutions, R&D centers and potential partners, among others.
- Promotion. We promote investment opportunities in strategic events, missions and business rounds.
- Facilitation of visits to the country of foreign investors, including organization of agenda of meetings with, for example, public authorities, suppliers, potential partners and business chambers.
- Support in establishment and expansion. We facilitate your establishment in the country and support you to achieve the growth of your business in Uruguay.





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