This handbook includes the parameters established by law. However, because of the collective bargaining regime currently in effect in the country every sector of activity can have and in many cases does have more favorable conditions.
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**Introduction**

Human resources in Uruguay are highly competitive due to a combination of several factors, which include the high quality of basic, technical and university training, flexibility and ease of Uruguayan workers to adapt to new production processes or technologies. If necessary, foreign employees can be hired in every activity developed throughout the national territory, with some exceptions where there are limitations.

Uruguay has important job recruitment companies established in the country, which can help you select the most suitable people for your company. Also, the State has programs in place which facilitate training and access to the labor force for different activity sectors. Uruguay XXI is part of these proposals with its Smart Talent and Finishing Schools programs.

Labor relations are individually regulated by detailed laws that constitute one of the bases of Uruguay's rule of law. There is wide trade union freedom - laid down in the Constitution and the laws.

Written employment agreements are not mandatory in Uruguay, although it has become an expanded practice over the last years. Said agreements may be permanent or temporary. There are several wage fixing mechanisms perceived as remuneration: individual negotiation with each worker in his/her employment agreement, bilateral bargaining with the execution of bargaining agreements between company and trade unions or tripartite bargaining where the government takes part together with workers and employers in the fixing of minimum wages by category and biannual readjustments through the Wage Boards (tripartite entities made up of State, workers and employers' delegates).

Workers’ rights include, but are not limited to, limited working hours, leaves, wage supplements and severance pay. Moreover, workers are required to join the social security and health system which cover disability, old age, retirement, disease, industrial accidents, maternity, unemployment, and death risks.
1. Labor relations

1.1 Employee-company relations

Labor relations are individually regulated by detailed laws that constitute one of the bases on which Uruguay’s rule of law is founded. There is wide trade union freedom - laid down in the Constitution and the laws.

1.2 Trade unions

Collective relations are regulated as part of a labor relations system and by explicit provisions set forth in the Constitution. Trade unions have a long history in the country, and collective bargaining is an entrenched practice. There is a trade union confederation which encompasses every federation and trade union in the country.

The union movement consists of grass-roots organizations per sector of activity. Employees’ union membership is voluntary. In Uruguay, there is only one trade union confederation, the PIT - CNT. The membership of employees to this union is voluntary. When wage settlements are made with unions, not only salaries but other aspects such as working conditions, additional benefits, etc. are negotiated as well. The Ministry of Labor and Social Security (www.mtss.gub.uy) plays an important role as mediator whenever there are labor disputes. It is worth mentioning that agreements reached have effects on all workers, whether or not unionized.

1.3 Wage Board

Wage Boards are tripartite integration entities (representatives of businesspeople, workers and the State are part thereof) that fix the minimum wage, categories and other benefits by means of social dialog mechanisms. They are organized at branch level and their provisions affect every company and worker of such branch. They also work as conciliation and mediation bodies whenever collective conflicts arise.

Find information on existing boards and resolutions adopted therein in: http://www.mtss.gub.uy/web/mtss/consejos-de-salarios

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1 For further information visit www.pitcnt.uy
2 Law No. 10,449, of 12 November 1943.
2. Employment relationship

Standard employment agreement

As mentioned, written employment agreements are not mandatory in Uruguay, although it has become an expanded practice in recent years. Any employment relationship involves a personal provision of services economically rewarded, on a subordinate or dependent basis, under the control and surveillance of a third party who manages the activity; whenever these characteristics are met the relationship shall be governed by labor law.

There are two types of employment relationships:

a) **Indefinite term**: in the event that nothing is expressly provided for.

b) **Fixed-term**: seasonal duties, substitutions or specific jobs can be performed through fixed-term employment agreements in writing.

In any of the previous forms, workers can be hired on a monthly, daily or by the task basis. Upon expiry of a definite-term agreement, if services are still being rendered, the relationship could become indefinite. The same happens upon expiry of the term of the agreement, the relationship continues as if it had always been indefinite.

The employer’s condition is not of a personal nature, which means that the employer can be replaced by another employer without affecting the contract, for example when the company is sold.

Special employment agreements

2.1 Recruitment of professionals

University professionals can be hired under a dependency relation by a company or independently, provided that certain conditions are met (Law No. 18,083 and Decree No. 241/007)

2.2 Recruitment of young people, internships and scholarships

There are a series of instruments aimed at promoting the recruitment of young people for their first working experience or the hiring of graduates. There are incentives aimed at employing public and private companies such as subsidies, free employment mediation services and publicity (brand labelling and promotion)

2.2.1 First work experience

First work experience recruitments shall not be shorter than six months or exceed the year. The beneficiary shall be hired under this modality only once. Young people between ages of 15 and 24 who have not had formal work experience for a term which exceeds 90 calendar days shall be eligible for first work experiences.

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In this case benefits are established as partial income subsidies, which can reach 25% calculated on the basis of 13,567 pesos.\footnote{Values at September 2015}

2.2.2 Working practice for graduates (PLE, for its Spanish acronym)

The hiring of graduates shall apply to young people under 29 years of age seeking their first job in relation to the degree they hold. In this case the job shall enable them to apply their theoretical knowledge for a term of between six months and a year; the subsidy shall consist of 15% of the monthly wages.

Employees hired under this modality shall be over 15 years of age and shall not exceed 15% of the company’s permanent staff. If they are under 18 years of age special protection is required “from performing any work that is likely to be hazardous, or harmful to their health or physical, spiritual, moral or social development, forbidding any work that does not enable them to enjoy a life of wellbeing in the company of their family or those who are responsible for them or that hinders their educational development.” They shall have a work permit granted by the Uruguayan Institute for Children and Adolescents (INAU).

Limitation: Companies who have less than ten workers can hire a maximum of two people under this regime. This limit may be adapted for companies that are expanding or are in the set up period and creating new employment opportunities, upon prior authorization of the Ministry of Labor and Social Security.

2.2.3 Protected work for young adults

Aimed at young people between 15 and 29 years of age who are unemployed at the time they are hired and who are in a situation of socio-economic vulnerability. The subsidy will cover up to 80% of the monthly salary in the event that women are hired, and up to 60% when they are men. The subsidy will be capped at two national minimum wages for the calculation.

2.2.4 Training practices in companies

This modality is aimed at young people between 15 and 29 years of age who are studying and in the context of the educational proposal being undertaken will conduct training practice. Said practice shall not exceed 60 hours nor account for more than 25% of the course.

2.2.5 Student allowance

This allowance is applicable to all workers, even those who are not covered by the leave law. All workers must have social and State Insurance Administration (BSE) coverage. Subsidies shall be paid through loans to settle current obligations with the Social Security Administration (BPS). These loans must not exceed 100% thereof.
2.3 Outsourcing

Law No. 18,251 sets forth three forms of business decentralization:

a) **Staffing companies.** These companies provide the requesting companies with manpower willing to carry out a job and cover the needs of the requesting companies within a particular period of time. They are defined by law as “companies that render services that consist in hiring workers in order to make them available to a third party, either a natural or legal person (client company), who assigns tasks and supervises their execution”.

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b) **Subcontractors.** Subcontracting takes place when an employer, by reason of a contractual agreement, executes works or renders services on its own account and risk and with workers under a dependency relation for a third legal or natural person, called employer or main company, when said works or services are part of the organization of these third parties or when they are included in the regular primary or ancillary (maintenance, cleaning, safety, or surveillance) operations, within or outside the establishment.

c) **Intermediary.** Is the businessperson who hires or intervenes in the recruitment of workers so that they provide services to a third party. He/she does not deliver the services and works directly to the public, but to an employer or main businessperson.

The law provides that any employer who outsources employees through subcontractors, intermediaries or suppliers of labor is entitled to be informed by them on the amount and fulfilment status of the existing labor and social security obligations as well as obligations related to the prevention of industrial accidents and occupational diseases to which they are subject with regard to their workers.

It also states that if the employer or the main company requests such information, it shall be subsidiarily liable for the responsibilities mentioned in article 1 of Law N°. 18.099, dated 21 January 2007; otherwise, it shall be jointly and severally liable for compliance therewith.

The abovementioned obligations comprise: employment obligations, the payment of social security contributions, insurance premiums on industrial accidents and occupational diseases, sanctions and recoveries owed to the State Insurance Administration (Banco de Seguros Del Estado).

In the case of corporate groups, they are considered single employer, therefore the legal persons that comprise it are jointly and severally liable between themselves. There is a corporate group when there are various legal persons that meet certain characteristics: a) they are organized among themselves; b) there is hierarchy in the group, which allows for unity; c) there is a parent company which controls and dominates the movement of the other companies which are subsidiaries.

### 2.4 Recruitment of foreign labor in Free Zones

In general terms, in Uruguay foreign employees can be hired in every activity developed throughout the national territory, with some few exceptions where limitations apply.

The migration system in Uruguay provides for different forms to enter the country: temporary resident, permanent resident or non-resident. In order to consider the recruitment of a foreigner for employment, the hired person should be a temporary or permanent resident. The competent authority in charge of granting (temporary or permanent) residence is the National Immigration Office.

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According to national law, foreign workers have access to the same rights and obligations that national workers and employers are forced to comply with applicable labor and social security laws in force as if they were national workers.

The law on free trade zones requires them to have at least 75% of national labor. However, the Executive Branch may grant, and it has recently granted, “exceptions” to this rule when it is not possible to cover positions requiring specific qualifications.

3. Wages

In Uruguay, wage means the set of economic advantages received by the worker by reason of the employment agreement. A portion of the wage must always be in cash, and in some cases another portion may be in kind.

3.1 Wage payment methods

In Uruguay, at least a portion of the wage must be in cash, payment of the full amount in kind is forbidden. There are terms for monthly, fortnightly and weekly payments. Every company has to issue a payment receipt and submit a copy to the worker.

   a) The basic element: a fixed sum of cash.
   b) The fringe elements: payment in kind or cash added to the basic element. Payment in kind is sometimes established by law, sometimes prescribed by wage boards, collective bargaining agreements or decrees setting wages, and sometimes they arise out of the terms of the agreement. Example: housing, food, fees.

Time wage: measured by hour, day, week or month units.

Wage on result: this system is of particular interest to private employers, to encourage individual performance according to their interest, which workers have opposed since it leads to excessive efforts and destroys solidarity among workers.

This form of wage determination comprises: task work, fee, participation, and bonus or incentive.

Wage protection:

1.- Payment in kind is only allowed when it is partial, requiring prior authorization by law, arbitration award or collective agreement and should be based on the worker’s customs or convenience.

2.- Wage payment may be made through a standard check or wire transfer. It cannot be made by dated check or any other document that does not ensure its effectiveness by the mere fact of its presentation at a bank or postal agency.

3.- Upon payment the worker must receive the relevant documentation including the details of the items paid as well as the amount of each item.

4. Payment should be made to the:
   a.- monthly worker: within the first 5 business days, no later than the first 10 calendar days of the following month;
   b.- fortnight worker: within 5 business days;
   c.- weekly worker: by the end of the relevant week.

5. Wages must be paid at the place of work or in the proximity, unless otherwise provided for in a collective agreement.

6. No amount that has not been authorized by law may be deducted from wages. The law must lay down conditions and limits (ILO Convention No. 95).
3.3 Wage fixing mechanisms

Wage boards created by Law No. 10,449 dated 12-Nov-1943 are bodies of a special nature designated mainly to deal with fixing minimum wages for groups or activities. Moreover, and for this purpose, they also define categories and tasks. In the wage fixing stage, basic conditions and formal requirements may be established.

Special minimum wages for the different groups of activity, and within the groups, the minimum wages for each category or job in the sector shall be set by resolutions. The key is that the amount fixed by resolution cannot be under the fixed National Minimum Wage.

Likewise, wage boards will negotiate increments and adjustments that will govern the activity sector involved.

All this does not detract the possibility of collective bargaining in terms of wages, or individual agreements of the parties, always aiming at overcoming the minimum set wage.

3.4 National minimum wage

The national minimum wage is fixed according to ILO International Labor Convention No. 131 and decreed by the Executive Branch in consultation with social stakeholders. It is regularly updated. Although the minimum wage is fixed, it is not widely applied since the vast majority of the sectors fix their minimum wage through collective bargaining.

3.5 Supplementary annual salary

Since 1960 every employer is required to pay a supplementary annual salary (SAC, for its Spanish acronym), name given by the member of parliament to what in Uruguay is known as the thirteenth month pay, amount which equals one-twelfth of the total payments made in cash by the employer.

The amount to be paid monthly is the twelfth part of the total wages and salaries paid in cash by the employer as a result of the work relationship and corresponding to compensation.

It should be paid on an annual basis. However, the Executive Branch may resolve (as in the regular practice) said payment to be made in two installments. The first payment is made in June, for which the amount paid between last December 1st and May 31st is taken into account and the complement is paid before December 24th, taking into account the amount paid between the preceding June 1st and November 30th.

The following shall not be included in the basis for calculation:

1. tips, since they are not paid by the employer
2. payment in kind
3. entitlements
4. beneficiary interests
5. thirteenth month pay
3.6 Vacation pay

The premium destined to improve leave enjoyment or holiday pay is provided for in article 4 of Law No. 16,101 dated 10-Nov-1989 and regulatory decree No. 615/989. It encompasses all workers in the private sector, including domestic and rural workers and non-state public entities.

The minimum amount equals 100% of the net leave wage, which is derived by subtracting the social security and tax contributions made by the worker from the leave wage. It must be paid by the employer before the start of the vacation leave in all cases and in proportion to the duration thereof. This benefit has a salary nature.

3.7 Wage levels

Average wages for job positions that serve as reference in Uruguay are listed below:

<table>
<thead>
<tr>
<th>Positions</th>
<th>Annual sales under US$ 6:</th>
<th>Annual sales between US$ 6 and US$ 19:</th>
<th>Annual sales over US$ 19:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher level</td>
<td>6.259</td>
<td>6.611</td>
<td>6.760</td>
</tr>
<tr>
<td>Medium level</td>
<td>2.993</td>
<td>3.271</td>
<td>3.654</td>
</tr>
<tr>
<td>Level of dependency: Mgmt., finances and staff</td>
<td>1.196</td>
<td>1.422</td>
<td>1.733</td>
</tr>
<tr>
<td>Level of dependency: Trading</td>
<td>1.718</td>
<td>2.010</td>
<td>1.783</td>
</tr>
<tr>
<td>Level of dependency: Production</td>
<td>1.394</td>
<td>1.624</td>
<td>1.862</td>
</tr>
</tbody>
</table>

Source: 2013/2014 Remuneration Survey - PWC - Note: Figures may be subject to changes due to exchange rate variations. Data from the first half of 2015. (www.pwc.com/uy).

<table>
<thead>
<tr>
<th>Positions</th>
<th>Market general average</th>
<th>National companies average</th>
<th>International companies average</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>12.614</td>
<td>11.977</td>
<td>13.252</td>
</tr>
<tr>
<td>Adm. and Finance Manager</td>
<td>7.727</td>
<td>7.417</td>
<td>7.972</td>
</tr>
<tr>
<td>IT Manager</td>
<td>6.908</td>
<td>6.839</td>
<td>7.005</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>8.088</td>
<td>7.679</td>
<td>8.515</td>
</tr>
<tr>
<td>Production Manager</td>
<td>7.779</td>
<td>7.881</td>
<td>7.699</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>6.741</td>
<td>6.672</td>
<td>6.803</td>
</tr>
</tbody>
</table>

Source: 2013/2014 Remuneration Survey - PWC - Note: Figures may be subject to changes due to exchange rate variations. Data from the second half of 2013. (www.pwc.com/uy)
4. Workday

4.1 Workday

The regulation of the workday in Uruguay is mainly defined by our Constitution, which recognizes the right to limit the workday in article No. 54 and Law No. 5,350 dated 17-Nov-1915.

The law establishes a double limit to the workday:

* Weekly limit: effective work will not last more than 48 weekly hours for every 6 days of work.
* Weekly limit: effective work will not last more than 8 daily hours of effective work.

Special cases

Employment laws in Uruguay have a general system in place for industry and another one for trade, as well as special systems for certain activity sectors. As a general rule, industry workers (factory staff), construction and transportation workers have a workday of 8 daily hours and 48 weekly hours. With respect to commercial activities, the weekly work limit is reduced to 44 hours; however, employers may adjust the closing and opening hours of the establishment, always respecting this work limit timeframe.

For those activities considered to be unhealthy the timeframe is 6 hours a day. Activities are considered to be unhealthy when they impact on the health of workers, or involve the use of or contact with hazardous materials.
### Special systems

#### Scheduled working day

Working days may have more than 8 hours but in total they may not exceed 48 weekly hours; Sundays will not be working days and each day of work cannot exceed 9 hours. This applies to certain sectors such as cold storage plants, pulp mills, and sand dunes, among others.

#### English week system

Whenever a day off is taken on Saturday afternoon and Sunday, the rest of the working hours can be distributed among the remaining days, without exceeding 9 hours per day.

#### 3 week cycle

It provides for workweeks of 48 hours on average and 56 hours on average in the team working system considered during a period of three weeks.

#### Work from Monday to Friday

Extension of the working day from Monday to Friday, Working Saturdays can be distributed among the rest of the workweek, provided the work day does not exceed 8 working hours per day.

#### Activities with special systems

There are some activities with additional particular systems: rural activities, supermarkets, seaside town shops and shops in tourist areas, bakeries, land transportation, employment of the under-aged, unsanitary activities, among others.

### Actual working time

In order to establish a way to take into consideration those periods of activity, it is important to note the concept of actual working time stated in the 1957 decree, which points out that actual working time “is all the time that a worker or employee ceases to freely dispose of his/her own will and is available to serve his/her employer or supervisor.”

In terms of managerial staff, actual working time is calculated based on the time during which the staff under his/her supervision carry out their regular work activities, provided it is done simultaneously.

### 4.2 Overtime

Overtime are those hours that exceed the normal working hours established by law, agreement of the parties, collective bargaining agreement, customary, etc. Overtime is regulated by Law 15,996 of 5-Dec-1988, regulated by Executive Decree 550/989. Overtime should be paid with a surcharge of 100% on the value corresponding to the working hour of a business or regular or working day.

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[^http://www.parlamento.gub.uy/leyes/AccesoTextoLey.asp?Ley=15996&Anchor]
If overtime is on a non-business day, on a day off, etc., the surcharge should be 150% on the value of the business day hour. If overtime does not exceed 30 minutes this time is to be added, and if it exceeds 30 minutes but does not amount to one hour this time is also to be added.

Overtime accrete holiday leave and supplementary amounts. It is also to be considered for the calculation of severance pay.

4.3 Breaks

Workers are entitled to have an intermediate break during the workday and one day off per week.

4.3.1 Meal break

The meal break which workers are entitled to during their workday, its duration can be half an hour or two hours and a half, depending on the activity. Because of how the break is determined we can find continuous or discontinuous work schedules.

The schedule is continuous when it includes a half hour break and it is considered to be worked for the purpose of generating wage. It is a paid break.

The schedule is discontinuous when it is includes a two-hour break in the industry sector and two hours and a half in trade. It can also be one hour for both trade and industry, but it must be agreed between the workers and the employer. In this case the time of the break does not generate wage, it is not paid.

The meal break should be taken by the worker before the fifth hour of work in the industry sector and fourth hour of work in the trade sector.

Note that there are special provisions with regard to breaks during the course of activities attending specific characteristics thereof, for example: call center, cold storage plants, transportation, among others. These have been stipulated by law or collective bargaining agreements.

4.3.2 Weekly day off

The weekly day off is mandatory for all workers, with no exception. The duration of the weekly day off depends on the type of activity.

Industrial activities have two options for rest days:

a) Sunday rest
b) Rotating roster: one day off after five days of work.

As for commercial activities and administrative staff, the day off starts at noon on Saturdays. This is subject to the possibility that in agreement with the workers, Saturday’s hours can be distributed among the rest of the workweek, provided the workday does not exceed 8 working hours per day.

http://www.parlamento.gub.uy/leyes/AccesoTextoLey.asp?Ley=15996&Anchor=
If the worker works during his/her day off, Law 7,318 provides for the option of granting a compensatory day off or compensation, with the worker’s consent. Compensation for working on a day off cannot be lower than double the salary or day wage on a regular day.

4.5 Night work

Night work has been the subject of recent regulation. The law lays down two conditions in order to be entitled to compensation for night work: work must be carried out between 10:00 pm and 06:00 am and for a minimum of five continuous hours.

This law sets out the minimum conditions applicable to night work. In several sectors agreements have been reached on the conditions and remuneration to workers for hours of night work. In this case the regulation which is more favorable to the employee shall apply.

4.5.1 Compensation or surcharge for night shift

The general regulation for night work sets the “surcharge” for night work at 20% of the normal wage, but does not specify on which items it is to be calculated, it shall apply to all items concerning wages.

4.5.2 Reduced working hours

Compensation can be paid in cash or its equivalent in reduced working hours, without loss of wages, the option is voiced by the employer.

4.5.3 Pregnant woman or worker who has given birth

Pregnant workers or workers who have given birth have the possibility of requesting their night shift to be changed to day shift, without involving any loss of compensation (either of the two forms of compensation, 20% in cash or in reduced hours). The only requirement is the existence of the pregnancy or birth, and the desire of the female worker, therefore, the possibility of the employer refusing to change the shift has not been contemplated.

4.6 Holidays

Paid holidays are expressly provided for by law. These are: January 1st, May 1st, July 18th, August 25th and December 25th. These days are paid although they are not worked and if any activity is performed on these days, the wage will be doubled.

In the case of working or common holidays, most private sectors, except for some service sectors such as banking and education, perform their activities on a regular basis.

If the worker is a day laborer, he/she will receive the usual day’s wage if he/she works, but will not receive any wage if he/she does not work that day. With respect to a monthly worker, he/she will receive the regular salary (without extra pays or discounts), whether he/she works or not during the regular holiday.

Some activities do not interrupt their service or course on paid holidays such as, passenger transport.

1 For further information visit: http://www.parlamento.gub.uy/leyes/AccesoTextoLey.asp?Ley=19313&Anchor=
5. Leave

5.1 Vacation leave

Workers are entitled to paid annual leave. Paid vacations are calculated based on consecutive business days. The minimum is 20 days of leave after a year of work has been completed.

The law also provides an increase in leave days based on seniority at the rate of 1 day every 4 years of work, with the peculiarity that the first day shall be granted after five years of work have elapsed.

Workers with less than one year in their position are entitled to take a leave proportionally to the time worked.

Leaves for every expired year must be fully taken within the following year, counted as of the expiry of the latest work period in which the leave was generated.

The 20-day leave should be taken uninterruptedly, without considering public holidays or Sundays in the calculation of the leave period.

Through collective agreements, leaves may be divided into two periods of not less than 10 days as an exception to this system (Law No. 13,556, article 1).

Workers cannot waive their annual holiday or their compensation in money.

5.2 Special leave

Special leave pertains to all workers who adhere to the set prerequisites and are additional to annual vacation leave. It cannot be substituted by wage or supplementary items, it does not generate vacation leave, and it may be possible to agree benefits that exceed the minimum established by law.
<table>
<thead>
<tr>
<th>Reason</th>
<th>Requirements</th>
<th>Number of days</th>
<th>Proof</th>
<th>Sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studies</td>
<td>6 months of employment.</td>
<td>Minimum per year 6.36 h a week</td>
<td>Proof of having taken the exam.</td>
<td>If it is not submitted within a year the worker cannot claim the benefit. The workday will be deducted as if it had been an absence without notice. In the following years the worker must prove that a course has been attained.</td>
</tr>
<tr>
<td>Adoption and legitimation by adoption</td>
<td>The birth of a child, adoption or legitimation by adoption.</td>
<td>3 days. The date of birth plus the 2 following days.</td>
<td>Within 20 days of the event.</td>
<td>The workday will be deducted as if it had been an absence without notice.</td>
</tr>
<tr>
<td>Marriage</td>
<td>Getting married.</td>
<td>3 days, wedding day included.</td>
<td>Notice should be given 30 days before the wedding day and it should be proven within the following 30 days.</td>
<td>The workday will be deducted as if it had been an absence without notice.</td>
</tr>
<tr>
<td>Mourning</td>
<td>Father, mother, adoptive parents, son, daughter, adopted son/daughter, spouse, partner and siblings</td>
<td>3 days</td>
<td>Proof should be furnished within 30 days of the event.</td>
<td>The workday will be deducted as if it had been an absence without notice.</td>
</tr>
<tr>
<td>Paternity</td>
<td>The birth of a child, adoption or legitimation by adoption.</td>
<td>7 days. The date of birth plus the 6 following days.</td>
<td>Within 20 days of the event.</td>
<td>The workday will be deducted as if it had been an absence without notice.</td>
</tr>
</tbody>
</table>
5.3 Maternal and parental leave

This financial assistance is provided to the worker during the period in which the worker is on pre and post natal leave, covering 6 weeks before the expected date of delivery (42 days before) up to 8 weeks after childbirth (56 days after).

**Period concerned**

Starts: 6 weeks before the expected date of delivery (42 days prior to childbirth)
Until: 8 weeks after the birth of the child (56 days after childbirth)
Premature Labor - Postpartum leave is extended until completing 14 weeks.
Overdue Labor - Postpartum leave will NOT be reduced.

**Parental subsidy for care of the newborn**

THE FATHER as well as THE MOTHER can benefit from this subsidy with the possibility of alternating its use. During the period in which the work schedule is reduced, 50% of the subsidy is paid to the entitled parent; payment is made on a monthly basis. This option begins from the day following completion of the Maternity Subsidy term and until the baby reaches the age of 4 months.

5.4 Special leave due to adoption

Every dependent worker in the private sector who adopts one or more under-aged children shall be entitled to special leave for 6 continuous weeks (42 days). In addition they are entitled to have their work schedule reduced by 50% for a 6 month term (Law No. 17,292).

5.5 Pap test leave

Female workers are entitled to one day a year of paid special leave in order to facilitate their attendance to Pap tests and/or breast X-rays. Proof of said tests must be reliably provided.

5.6 Trade union leave

Subject to agreement in the collective bargaining of the sector.
6. Health protection

6.1 General information. Health system

The National Integrated Health System provides universal access to all residents in the country; it is composed of the public and private sector. Public health services are run by the State Health Services Administration (ASSE, for its Spanish acronym). Public services are supplemented by Collective Medical Care Institutions (IAMC, for its Spanish acronym), which are private establishments.

6.2 Health insurance

There are seven private institutions that offer health insurance, through which comprehensive health care is provided. It is a varied offer, from basic medical care to specialists and surgeries of immediate coordination. It is regulated by the Ministry of Public Health.
7. Social security

General information. Social Security System

Social security comprises cash benefits and services; this set of measures intends to ensure protection against certain risks.

In Uruguay Social Security is funded with worker, employer and State contributions. The system is currently made up of several public agencies. The main ones being: Ministry of Labor and Social Security, Social Security Administration (BPS, for its Spanish acronym) and Social Security Savings Fund (AFAP, for its Spanish acronym).

The BPS is responsible for collecting practically all the contributions made by companies and employees and for keeping the work record of every member up to date. Specifically, the BPS is an autonomous body whose basic task is to coordinate social welfare services and organize social security.

The social security system covers social security contributions and disability, elder, retirement, disease, industrial accident, maternity, unemployment and death risks. Registration with such entity is mandatory, with the exception of foreign workers who hold positions in Duty Free Zones. Furthermore, some foreign workers may waive their inclusion in the social security system, under the protection of international treaties executed by Uruguay.

7.1 Welfare contributions

7.1.1. Retirement contributions

<table>
<thead>
<tr>
<th>Personal contribution (Montepio)</th>
<th>Employer contribution (Since 1-Jul-07)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement contribution</td>
<td>15 %</td>
</tr>
<tr>
<td></td>
<td>7.5 % (*)</td>
</tr>
</tbody>
</table>

- Contribution caps

In order to determine pension contributions to be made by employers and employees, there is a contribution cap for dependent and non-dependent workers under the new pension system (AFAP).

- Contributions on payments made under article No. 167 Law No. 16,713 of 3-Sep-95.

The amounts corresponding to payments made for food, medical, insurance and transport expenses are only taxed with employer pension contributions at a rate of 7.5%.

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12 www.mtss.gub.uy
13 www.bps.gub.uy
14 Sura AFAP, Integración AFAP, República AFAP, Unión Capital AFAP.
15 Source: http://www.bps.gub.uy/835/regimen_general.html
For further information: http://www.bcu.gub.uy/Servicios-Financieros-SSF/Paginas/afaps.aspx
7.1.2 National Health Insurance Contributions (SNS, for its Spanish acronym)

**Basic and additional rates**

<table>
<thead>
<tr>
<th></th>
<th>Personal contribution</th>
<th>Employer contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic rate</td>
<td>3 %</td>
<td>5 %</td>
</tr>
<tr>
<td>Additional rates</td>
<td>Variable</td>
<td></td>
</tr>
</tbody>
</table>

**Differentiation of personal rates**

<table>
<thead>
<tr>
<th></th>
<th>Compensation</th>
<th>Up to 2.5 base units for benefits and withholding</th>
<th>Above 2.5 base units for benefits and withholding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic contribution</td>
<td>Additional contribution</td>
<td>Total</td>
</tr>
<tr>
<td>No spouse or partner</td>
<td>3%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Children</td>
<td>3%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>No spouse or partner (*)</td>
<td>3%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Children</td>
<td>3%</td>
<td>2%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note that additional contribution for dependent children varies according to the worker’s remuneration; however, the additional contribution made by the spouse or partner in charge is not conditioned on income.
Social Security Complement (Employer contribution)

There is a difference between the amount of the social security installments by the number of workers who are beneficiaries and the basic contribution of the total dependent staff.

\[ CCM = \left( \frac{\text{# of beneficiaries} \times \text{Value of the social security installment}}{3\% \text{ basic personal contribution} + 5\% \text{ employer contribution}} \right) \]

7.1.3 Employer contribution for subsidized services

Employers hiring workers in activities involving health risks and that have been classified as subsidized for the purposes of calculating retirement (age and service), shall pay, if applicable, a special contribution.

Applicable rates vary between 6.9% and 27.5% depending on the activity and the established calculation, according to the life risk involved in its undertaking or how it affects the physical or mental integrity of the affiliated member.

7.1.4 Labor Reconversion Fund

<table>
<thead>
<tr>
<th></th>
<th>Personal contribution</th>
<th>Employer contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependents</td>
<td>0.125 %</td>
<td>0.125 %</td>
</tr>
<tr>
<td>No dependents</td>
<td>0.125 %</td>
<td>---</td>
</tr>
</tbody>
</table>

Not applicable to public servants of the Civil Sector.

7.2 Welfare benefits

7.2.1 Unemployment benefit

Workers who have been on the payroll of a company for at least six months in the twelve months preceding the application are entitled to unemployment benefit.

The subsidy is for a maximum of six months, admitting exceptions granted on substantial grounds by the Executive Branch.
7.2.2 Common illness subsidy

Workers who are on medical grounds unable to work, either due to disease or accident, can make use of the health subsidy. BPS may grant up to 1 year coverage for a worker’s disease, with an additional year maximum as extension, or 2 alternate years within the last 4 years for the same disease.

7.3 Pension benefits

Uruguay has a mixed system, consisting of two complementary contribution brackets: the BPS solidarity regime and individual savings administered by an AFAP.

Common grounds – 60 years of age is a minimum requirement together with 30 years of work which must be duly recorded as work history.

Old age grounds – These grounds apply as of 65 years of age. The number of work years required varies depending on the age of the person applying for retirement.

Partial retirement due to savings: It is possible to retire at 65 years of age through an AFAP, and it is not necessary to have a minimum number of years of contribution.

Women are computed an additional year of work for each child with a maximum of five. The required minimum age does not vary; it is 60 years.

<table>
<thead>
<tr>
<th>Age</th>
<th>Years of work</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>25</td>
</tr>
<tr>
<td>66</td>
<td>23</td>
</tr>
<tr>
<td>67</td>
<td>21</td>
</tr>
<tr>
<td>69</td>
<td>17</td>
</tr>
<tr>
<td>70</td>
<td>15</td>
</tr>
</tbody>
</table>
8. Dismissal

The employer is entitled to make his employees redundant provided they receive redundancy pay. Dismissals may be direct, when the employer expressly or implicitly notifies his/her intention to terminate the employment relation; or indirect, when the employer breaches the employment agreement in that the worker is deemed dismissed and ceases to work.

The redundancy system is based on a set rate. It is a unilateral act by the employer, which generates the obligation to compensate the worker in accordance with the time the employee has served the company.

Workers who have shown a serious misconduct - defined as a form of wrongdoing serious enough to have the employment agreement terminated -, are not entitled to redundancy pay.

Some forms of agreements with non-permanent, temporary, etc. terms, whose regulation is part of a whole category of atypical agreements that exceed the scope of this handbook are also excluded.

8.1 Redundancy pay

Rules applicable to the estimation of the amount of the redundancy pay (IPD, for its Spanish acronym) differ in the case of monthly workers or day workers (Law No. 10,489 of 6-Jun-1944, No. 10,542 of 20-Oct-1944 and No. 10,570 of 15-Dec-1944).

The basis of calculation will depend on recruitment, the day’s wage or monthly pay. Said base will increase according to the wage benefits said worker is entitled to.

Upon estimation of the unit, the worker with monthly remuneration will be entitled to one unit for every year or fraction of activity, with a ceiling of 6 monthly salaries.

In the case of the day worker the length of service for the purpose of determining the amount of days he/she has accrued as compensation is calculated taking into account the day of the dismissal backwards, year after year, the amount of days worked in each of the years throughout the period worked. The compensation cap in all cases is 150 days.

8.2 Special dismissals

There are special schemes in our legislation that take into account worker’s special circumstances (illness, industrial accidents and occupational disease, maternity, etc.) whose amounts are higher than those established in the general scheme and are provided for in special laws that focus on those situations.
9. Recruitment and professional training

According to Latin American standards, labor force in Uruguay is among the most trained and qualified ones. The availability of qualified labor force is not a restriction for new investment projects.

In Uruguay there are national and international consulting firms dedicated to detecting and selecting personnel for many business segments, featuring specialized recruitment offices.

There are currently over 30 employment websites specialized in various business segments which facilitate the search and selection of talents.

Also, the State has programs in place which facilitate access to the labor force for different activity sectors.

- The National Youth Institute (INJU, for its Spanish acronym) of the Ministry of Social Development, conducts various mediation programs and career counseling to young people in coordination with other government agencies and the private sector, among which the following stand out: “Nexo” Program; First Work Experience (Primera Experiencia Laboral); Youth Network (Jóvenes en Redes); I study and work (Yo estudio y trabajo).

- The National Directorate of Employment (DINAE, for its Spanish acronym) and the National Institute of Training for Employment (INEFOP, for its Spanish acronym) together run a platform called “Vía Trabajo”: rendering services related to information, counseling, training and job placement through the Public Employment Center (CePE, for its Spanish acronym) present throughout the country.

- In addition, the National Directorate of Employment runs the “Objetivo Empleo” Program which through job placement seeks to generate opportunities for people that need and wish to work in the formal labor market.

- Instituto Uruguay XXI, through its Global Export Service Program, is developing a Portal called “Smart Talent” as the meeting point for companies, the education sector and any persons interested in growing in the service industry. This will enable the promotion, accessibility and development of human talent competitiveness.

9.1 Staff recruitment

In Uruguay there are national and international consulting firms dedicated to detecting and selecting talents and personnel who are key to many business segments.
9.2 Professional training programs

The General Law on Education No.18,437, defines the country’s National Educational System [SNE, for its Spanish acronym] as a set of integrated and articulated educational proposals for all the population throughout their lives, expressly incorporating non-formal education.

Additionally, Uruguayan features an important and heterogeneous supply of non-formal education, public and private, aimed at young and adult people, and independent and parallel to conventional education.

The following programs are the most significant:

- National Programme for Education and Work offered at the Training and Production Educational Centers [CECAP, for its Spanish acronym]19

- Professional and vocational training of the Board of Professional Technical Education [CEPT, for its Spanish acronym] (Uruguay’s technical College) [UTU, for its Spanish acronym]20 and the National Institute of Employment and Vocational Training [INEFOP, for its Spanish acronym]21.

- Adult Literacy Program of the Directorate for Adult Education [DSEA, for its Spanish acronym] (National Administration of Public Education) [ANEP, for its Spanish acronym]22.

- Courses of the Always Learning Program (Ministry of Education and Culture)23

- Uruguay Studies Program (interinstitutional)24

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20 http://www.utu.edu.uy/webnew/
21 http://www.inefop.org.uy/
24 http://www.pwc.com.uy/es/index.jhtml
- Courses and educational activities of the institutions registered with the National Council for Non-formal Education [CONENFOR, for its Spanish acronym]²⁵

- Courses of the Council for Vocational Training [COCAP, for its Spanish acronym]²⁶

- Courses of the Civil Service School (National Civil Service Office)²⁷

- Non tertiary university courses

With regard to programs that specifically focus on vocational and professional training, the following stand out:

- National Institute of Employment and Vocational Training (INEFOP)²⁸

There are many programs that focus on vocational training, the following stand out: Job Training Program for young people, Job Training Program for people with disabilities, Company Support Program (Support to Micro and Small Companies; Uruguay undertakes: Program to support the creation of micro and small enterprises; Entrepreneur Training Program), among others.

- Training Program for Micro, Small and Medium Enterprises (National Directorate for Art Crafts and Small and Medium Enterprises – Ministry of Industry, Energy and Mining)²⁹

Aims at improving competitiveness of MSEs through the provision of training to professionalize management, awarding grants per course hour for up to a maximum of 20 horas per course.

**Instituto Uruguay XXI – Global Exports Service Program**

It includes a tool called "Finishing Schools", which targets companies who need to hire people, to set up in the country or expand their export of services operations from Uruguay, through subsidies for the development of tailor-made courses of up to 70% of the total cost.

Uruguay XXI subsidizes up to 50% of the total price of courses related to foreign trade, in any of the certified institutions chosen by the entrepreneur. Applicable topics range from basic foreign trade courses, trade logistics, obtaining certificates of origin or international marketing.

²⁵http://www.anep.edu.uy/anep/index.php/direccion-sectorial-de-educacion-de-adultos
²⁶http://educacion.mec.gub.uy/innovaportal/v/1142/5/mecweb/pas_programa_aprender_siempre?3colid=584
²⁷http://www.pue.edu.uy/
²⁸http://www.conenfor.edu.uy/
²⁹http://www.cocap.edu.uy/
³⁰http://www.onsc.gub.uy/onsc1/
³¹http://www.inefop.org.uy/
³²http://www.dinapyme.gub.uy/-/programa-de-capacitacion-para-micro-pequenas-y-medianas-empresas
Finally, it is worth mentioning the promotion of activities for the training of human resources in the field of research and development. ANII manages national and international postgraduate fellowships, mobility grants, in addition to a fellowship program that promotes teaching practice in laboratories, among other instruments created for this purpose.

http://www.anii.org.uy/web/
About us

Uruguay XXI is the Uruguayan investment and export promotion agency. Uruguay XXI provides free support to foreign investors, both to those who are in the process of assessing where to make their investments and those who have been operating in Uruguay for a long time.

Our Investor Services

• Macro and sector-based information. Uruguay XXI regularly prepares research on Uruguay and several sectors of economy.

• Tailor-made information. We prepare personalized information to answer your specific inquiries, such as macroeconomic data, labor market, taxes and legal aspects, investment-promotion programs, location and costs.

• Contact with main players. We generate contacts with governmental entities, industrial stakeholders, financial institutions, research & development centers and prospective partners, amongst others.

• Promotion. We provide investment opportunities in strategic events, missions and business networking meetings.

• Arrangement of visits to the country by foreign investors, including the setting of meeting agendas with, for instance, public authorities, suppliers, potential partners and chambers of commerce.

• Support in setting-up operations and expansion. We assist you in the process of setting-up your business in the country and provide support for you to consolidate business growth in Uruguay.