

Tax updates on Uruguayan DMTT under Pillar Two

October 2, 2026

In brief

What happened?

Uruguay published Decree 206/026 in the Official Gazette on September 8, 2026. This decree repeals Decree 325/025, which established the conditions under which Uruguayan Constituent Entities (CEs) of Multinational Enterprise (MNE) Groups covered by a tax stability clause in force when the Domestic Minimum Top-up Tax (DMTT) entered into effect, could qualify for a (full or partial) exemption from the tax.

The new decree replaces the referred exemption regime with a 'compensation' mechanism and sets out the DMTT obligations applicable to these taxpayers.

The migration from an exemption scheme to a tax obligation and subsequent compensation mechanism reflects Uruguay's efforts to ensure that the DMTT complies with and qualifies for OECD rules, while respecting previously assumed tax stability commitments with taxpayers.

Why is it relevant?

In December 2025, in line with the OECD's Pillar Two framework and through Budget Law 2025-2029, Uruguay introduced a DMTT to ensure that large MNE Groups are subject to a minimum effective tax rate of 15% in Uruguay. The DMTT applies to fiscal years ending on or after December 16, 2025. CEs of MNE Groups covered by a tax stability clause in force when the DMTT entered into effect may be eligible for (full or partial) compensation, provided applicable conditions are met.

Under Decree 325/025 (now repealed), qualifying CEs could be fully or partially exempt from the DMTT, provided certain conditions were met. Under the new regime, these CEs must calculate and pay the DMTT and claim compensation, subject to review and approval by the General Tax Office (DGI). However, payment may not be required if the DGI determines the compensation amount and notifies the taxpayer before the DMTT due date.

The overall DMTT regulations are still pending and not published. Key matters expected to be addressed include safe harbor considerations, asymmetric foreign exchange differences treatment, income exclusions, and allocation rules among CEs.

Actions to consider

Qualifying Uruguayan taxpayers (i.e., those covered by a tax stability clause) potentially affected by the DMTT should assess whether they meet the conditions for full or partial compensation and proceed to prepare the supporting information required to initiate the administrative proceeding before the DGI. Where the applicable conditions are met, the compensation mechanism may provide substantial tax relief.

Early assessment and filing of the compensation claim may also allow the compensation amount to be offset against the DMTT liability, thereby avoiding an upfront tax payment followed by a subsequent reimbursement, provided that DGI determines the compensation amount and notifies the taxpayer before the DMTT due date.

In detail

Decree 206/026 sets out DMTT obligations that must be fulfilled by CEs of MNE Groups covered by a tax stability clause in force when the tax entered into effect. The new decree also provides the conditions for accessing the corresponding compensation.

The new regulation repeals Decree 325/025 (approved in late December 2025) and provides that all CEs of a MNE Group within scope of the DMTT must comply with the formal obligations and pay the tax in Uruguay. It also replaces the relief mechanism originally established by Decree 325/025 with a compensation mechanism based on filing an administrative proceeding with the DGI to request compensation for the DMTT paid.

Procedure for requesting compensation

Where a tax stability clause requires the Uruguayan State to compensate for an increase in taxes resulting from a legislative change, including the DMTT, the taxpayer may file an administrative proceeding with the DGI.

The request must include (at least) the following information:

- A request signed by the taxpayer's duly authorized representative.
- Identification of the MNE Group and its complete organizational chart.
- Country-by-Country Report (CbCR).
- Identification of the entities covered by the tax stability clause.

- Identification of entities not located in Uruguay that are subject to the Global Minimum Tax (GMT) or other foreign taxes against which the DMTT may be taken into account or credited.
- Identification and supporting evidence of the tax stability clause invoked.
- Calculation of the MNE Group's DMTT in Uruguay.
- Calculation of the amount claimed as compensation, together with certification by an internationally recognized audit firm, translated, legalized, and apostilled, where applicable.
- A waiver of tax secrecy to allow the DGI to exchange relevant information with the OECD Inclusive Framework.

Tax Office review

Once the administrative proceeding is reviewed, the DGI will notify the taxpayer of the review's outcome and, where appropriate, reimburse the taxpayer under the terms and conditions it determines. The DGI may also request additional information.

Amount and timing of compensation

The compensation amount will be the difference between:

1. The DMTT paid in Uruguay; and
2. The reduction in foreign taxes resulting from the payment of the DMTT in Uruguay.

If the DGI resolves and provides notice of the administrative proceeding described above before the due date of the DMTT liability in Uruguay, the taxpayer may apply the compensation amount to which it is entitled (amount determined in the notice) against the DMTT.

Note that Decree 206/026 does not foresee a time limit for the DGI to review and notify the administrative proceeding outcome.

Covered tax stability clauses

- Free Zone Users whose agreements were signed and authorized before the DMTT entered into effect.
- Taxpayers carrying out forestry activities and owning forests referred to in Article 39 of Law 15,939 (quality timber) that were planted before the DMTT entered into effect.
- MNE Groups with specific agreements with the Uruguayan Government signed before the DMTT entered into effect.

Let's talk

For a deeper discussion of how Uruguay's DMTT updates might affect your business, please contact:

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