



EMPLOYMENT IN URUGUAY



Uruguay is located in Southern South America, north of Argentina and south of Brazil. Uruguay has the most educated workforce in South America and has experienced fast economic growth compared to its neighbours. Uruguay is home to many technology industries such as Fintech and other digital engineering solutions. Employment in Uruguay is governed by the Uruguayan Labour Code as well the International Labour Organisation (ILO). Below is some key information regarding employment in Uruguay, intended to provide a brief overview of employment law in Uruguay. It is not intended as substitute for professional legal advice and counsel.



WORKING TIME AND OVERTIME

The standard working hours in Uruguay are 48 hours per week, or 44 hours per week for retail. Employees are entitled to a 36-hour rest period each week. Overtime is paid at twice the normal salary and two and a half times for non-working days.

ANNUAL LEAVE

Full-time employees are entitled to 20 days annual leave. For every 5 years of service this increases by an additional day. It is common practice that many companies offer their employees more than the legal minimum annual leave. When an employee gets married, they are entitled to an additional 3 days paid leave. There are 5 paid public holidays. Employees are also entitled to study leave; this varies depending on the number of hours worked per week. If under 36 hours per week are worked, the employee is entitled to 6 days per year. Over 36 hours and under 48 hours worked, the employee is entitled to 9 days per year. Working 48 hours per week and above, the employee is entitled to 12 days per year.

TRIAL PERIOD

It is common practice for a probation period to be 3 months in Uruguay.

RESIGNATION AND DISMISSAL

The employee may unilaterally terminate their employment by providing notice in writing. The required notice period will depend upon what has been agreed in the contract of employment. If there is a breach by the employer or conduct that forces an employee to resign that is proven it is classed as indirect dismissal. Terminations in Uruguay with a just cause do not require any severance payment and notice periods will depend upon what has been agreed in the contract of employment. Examples of a just cause are disciplinary dismissal, failure of probation period, objective grounds, performance due to unsuitability of the job role, by mutual agreement, and expiration of a contract. Terminations without a just cause will involve severance payments to the employee, this is usually 3 months salary for each year worked. There maybe additional compensation payments if an employee is dismissed whilst pregnant or on maternity leave, due to illness or within 30 days of returning after an illness, after a work-related accident, and due to union activity.

CONTRACT OF EMPLOYMENT

There is no legal requirement to produce a written contract of employment in Uruguay. However, it is strongly recommended that a written copy is produced. This should include employee personal details, employer details, salary, work location, working hours, probation period, benefits, termination terms, and any other collective agreements. Indefinite employment contracts are most commonly used in Uruguay. Fixed term contracts may also be used, these should generally not exceed one year.



MATERNITY AND PATERNITY LEAVE

Expectant mothers are entitled to 12 weeks of maternity leave, 6 weeks to be taken before the expected due date and 6 weeks after the birth. This is paid by the Banco de Previsión Social (BPS). Fathers are entitled to up to 10 days paternity leave.

SICKNESS LEAVE

An employee is entitled to up to one year of sick leave. The first 2 days sick leave is at full pay which will be paid by their employer. After 2 days this is then paid by the Banco de Previsión Social (BPS) at an average of 70% of earnings. Any sickness leave must be supported by a medical certificate to be entitled for any payments.

SOCIAL SECURITY

Social security contributions in Uruguay are compulsory, are based on employee earnings including any bonuses and commission. When an employee starts it is the employer's responsibility to register them with the social security, Banco de Previsión Social (BPS). Both the employer and employee have mandatory contributions. The contributions cover items such as health insurance, sick pay, unemployment insurance, and maternity leave.

HEALTHCARE AND INSURANCE

Uruguay offers both public and private healthcare. The public healthcare system is known as Administration of State Health Services, Administración de Los Servicios de Salud del Estado (ASSE). Larger ASSE hospitals are located in most cities within Uruguay, and smaller clinics and hospital auxiliaries located in most small towns. The ASSE system runs based on small monthly contributions. The ASSE also serves residents on low incomes who can not afford monthly payments. Those who can afford monthly payments will find the process of enrolling much more straightforward than private healthcare due to there being no age restrictions or restrictions on pre-existing conditions. There are further options for private healthcare. The most common being the Mutualista healthcare option. To be able to use this an application must be made to become a member and a monthly fee is paid. This provides free primary healthcare. Typically, emergency dental work, optometry, and psychologist appointments are not included, and an additional payment will need to be made for these services. The other option would be a private insurer, which most foreign employees choose.



EMPLOYMENT OF FOREIGN NATIONALS

Most foreign nationals will need a visa to work in Uruguay. There is currently one work visa to apply for. The application process will need to begin in the applicant's country of residence with the Uruguayan consulate or embassy.

Required documents include completed visa application form, passport photo, passport with at least 6 months validity, visa fee (this can vary on country), an offer of employment in writing from a company registered in Uruguay which will need to include information about the position and a signature from the companies' legal representative. Most applicants will be required to attend the consulate or embassy for an interview. Following the interview, it can take between 14 - 20 working days for the visa to be processed. Once the applicant has the visa, they are able to travel to Uruguay. The work visa is only valid for 30 days, if the applicant wishes to remain in Uruguay for a longer period of time, they will need to apply for residence as soon as they arrive in the country.





SALARY AND SALARY TAXES

MINIMUM WAGE

The minimum wage in Uruguay is 17,930 Uruguayan Pesos UYU per month.

INCOME TAX

The Uruguayan tax year runs from January to December. It is the employer's responsibility to ensure taxes are paid from salaries before payments are made to employees. The general personal income tax rates are listed below as guidance.



Salary	0 – 409,080	409,080 – 584,400	584,400 – 876,600	876,600 – 1,753,200
Tax %	0%	10%	15%	24%
Salary	1,753,200 – 2,922,000	2,922,00 – 4,383,000	4,383,000 – 6,720,600	6,720,600+
Tax %	25%	27%	31%	36%



SALARY PAYMENTS

Salaries in Uruguay are generally paid on a monthly basis, employees must have received their salary by the 5th day of the following month. A 13th month salary payment (Aguinaldo) is mandatory. This payment is split into two, the first half paid in June and the second half in December.

SOCIAL SECURITY CONTRIBUTIONS

Social security contributions are the responsibility of the employer to deduct from an employee's salary before payment. Both the employer and employee are subject to social security contributions. Below is a guide on approximate contribution rates for employers and employees. However, these can vary.

	Employer Percentage	Employee Percentage
Pension Fund	7.5%	15%
Health Insurance	5%	3 - 8%
Labour Restructuring Fund	0.1%	0.1%
Labour Credit Guarantee Fund	0.025%	N/A



EMERALD TECHNOLOGY

www.emerald-technology.com
info@emerald-technology.com
+44 (0) 870 889 0300

Europe

Somerset House
37 Temple Street
Birmingham
B2 5DP
United Kingdom

Asia Pacific

22 Malacca Street
#03-02
RB Capital Building
Singapore
048980

Middle East

Business Central
Towers
PO BOX 503055 2001A
Dubai Internet City
UAE