

URUGUAY¹

I. Overview of Country

Uruguay is a republic, with a civil code legal system based on the Napoleonic Code. The capital of Uruguay is Montevideo. Uruguay's official language is Spanish.

Uruguay has a democratic government, ranked by Transparency International's Corruption Index in the 21st position.² The government is divided into three political branches; executive, legislative and judiciary. The chief of the state and head of government is the President. Tabaré Vázquez (Broad Front) is the current President of the country since March 1st 2015. The President is elected for a five year term with no possibility of reelection.

The supreme law of Uruguay is the Constitution.³ The constitutionality of laws is determined by the Supreme Court.

Right of Association

The Constitution sets forth in article 39 the right of association. Article 39 establishes that: "All persons have the right to associate, whatever purpose they pursue, with the sole condition that they do not constitute an illicit association as so declared by law"

The country recognizes many different forms of association. In the case of for-profit organizations, the laws recognize corporations, branch offices, limited liability companies, personal companies, economic interest groups, cooperatives and joint ventures. Uruguay also recognizes different forms organizations that might not have a for-profit purpose: civil associations and foundations. Each of these categories will be discussed in further detail below.

¹ The following memorandum was prepared by pro bono counsel for the ABA Center for Human Rights. It is intended as background information only and should not be relied upon as legal advice on a particular case. The views expressed herein have not been approved by the House of Delegates or the Board of Governors of the American Bar Association, and, accordingly, should not be construed as representing the policy of the American Bar Association.

² <http://www.transparency.org/country#URY>

³ The current Uruguayan Constitution was enacted in 1967 and amended in 1989, 1994, 1996 and 2004.

II. Registration Procedures

A. For-Profit Organizations

a. Laws

The law that mandates the process for registration of for-profit organizations is mainly law 16.060 as amended⁴ (hereinafter the "**Corporations Law**") and Decree 3335/990 as amended. Uruguay recognizes multiple different forms of for-profit organizations including corporations, branch offices, limited liability companies, personal companies, economic interest groups, cooperatives and joint ventures. These entities are regulated by the Corporations law with regards to their creation, registration, distinction between different types of organizations, accounting, corporate governance, dissolution, termination amongst other. Companies operating under the Free Zone regime, as instituted by Law 15921 as amended by Law 17.292 have to comply with the regime's special regulations. Entities operating under the Securities Market Law (18.627) have specific obligations under that law.

There are no restrictions on nationality except for very specific situations.⁵ Entities with special purposes – for instance, banking – need special authorizations not mentioned here (for instance, Executive Branch authorizations). According to the World Bank, a for-profit can be set up in less 6.5 days⁶

1. Registration proceedings in for-profit entities

a) Corporations ("Sociedades Anónimas")

⁴ Several amendments by laws 16.871, 18362, 18387, 18083, 19074, 16749, 18627, 18719, 16838, 16736, and 18407. The actualized text of the law, as amended, can be found on <http://www.impo.com.uy/bases/leyes/16060-1989>. The original version of the law can be found on <http://www.impo.com.uy/bases/leyes-originales/16060-1989>

⁵ For instance, Law 19238 prohibits entities owned by foreign states to purchase land for agricultural purposes. In the same sense, regional bus companies have certain nationality requirements.

⁶ <http://www.doingbusiness.org/data/exploreeconomies/uruguay#starting-a-business>

Corporations are entities regulated in Section 244 and onwards of the Corporation Law, and whose capital is divided in shares. Partner's liability is limited to subscribing and integrating their shares.

Partners to the corporation must enter into the bylaws and deposit the minimum capital requirements. There is no minimum for the capital of the Corporation, but the founders must subscribe⁷ at least 25% of that capital and integrate⁸ 50% of the subscribed capital. Bylaws must contain according to articles 6 and following of the Corporation Law:

- a) the names of the people that enter into the bylaws;
- b) an express indication that they are entering into a corporation (article 245 of the Corporations Law);
- c) a name (articles 6 and 12 of the Corporation Law);
- d) purpose of the entity ;
- e) amount of capital (articles 6, 14, 518, 279 and 521 of the Corporation Law);
- f) the use of shares to represent the capital;
- g) domicile (article 13 of the Corporation Law);
- h) term (article 6 and 251 of the Corporation Law);
- i) the administration regime (article 251.3 of the Corporation Law);

After said process is finished the bylaws must be submitted to the control of the Nation's Audit Authority ("Auditoría General de la Nación") that will control the minimum requirement of capital subscription. The entity has 30 days to issue observations, and in case it does issue any observations, they must be cured in 10 days or a small administrative proceeding to decide on the observations will be initiated.

After said authorization, the bylaws must also be registered and approved by the National Commerce Registry ("Registro Nacional de Comercio").

When these two authorizations are obtained, the incorporated corporation must be published in two newspapers.

In the case of Corporations that operate in Free Trade Zones, the requirements vary. They are regulated by Law 15921 as amended by Law 17.292 and must be founded by three or more founders that subscribe 50% of the capital and integrate 60% of the subscribed capital. After said

⁷ Subscription of capital is the amount promised by the founder or partner to deposit in the Company. It is a credit of the company against the subscriber.

⁸ Integration is the capital effectively deposited into the entity.

process is credited, it is identical to the process of corporations with the exception of the publications (one publication in the Official Gazette).

In the case of Corporations that administer investment funds under Law 16774, the particularity is that the Corporation must have as a sole purpose the administration of investment funds and require an authorization by the Central Bank of Uruguay.

b) Limited Liability Companies ("Sociedades de Responsabilidad Limitada")

Limited Liability Companies are entities regulated in Section 223 and onwards of the Corporation Law.

Bylaws must contain according to articles 6 and 226 of the Corporation Law:

- a) the names of the people that enter into the bylaws;
- b) an express indication that they are entering into a corporation;
- c) a name;
- d) purpose of the entity ;
- e) amount of capital;
- f) the use of shares to represent the capital;
- g) domicile;
- h) term;
- i) the administration regime;

Partners must register the bylaws at the National Commerce Registry and fulfill the same two publications explained at point a) above. The publications must contain the (i) denomination of the company; (ii) the name of the partners; (iii) the capital and the determination of shares of each partner; (iv) the purpose of the entity; (v) the term; (vi) the domicile of the entity; and (vii) specific information relating to the details of the inscription.

c) Branch offices ("Sucursal")

In the case of entities registered overseas, section 193 of the Corporations Law requires entities to be registered in the National Commerce Registry and fulfill the publication requirement set out above. Foreign entities will be recognized under Uruguayan law if they prove their standing and a corporate resolution to establish themselves in Uruguay.

d) Companies with personal responsibility

Personal Companies are entities in which members are to some extent jointly liable for the company's obligations. They are (i) collective partnerships (sociedades colectivas, section 199); (ii) limited partnerships (sociedad en comandita simple o por acciones, section 212); (iii) and partnerships of capital and industry (sociedades de capital e industria, section 218).

The main characteristics of the different types of companies is that while collective partnerships all partners will be personally liable for the company's obligations, in limited partnerships and partnerships of capital and industry only certain partners will be held liable, while others only to the extent of their capital integration (limited partnerships) or to the extent of their unperceived earnings.

The Contract must be registered in the National Commerce Registry With the provisions of article 6 of the Corporations Law.

e) Economic Interest Groups ("Grupo de Interés Económico")

Section 489 defines Economic Interest Groups as "a contract between two or more individuals or entities in order to facilitate or develop the economic activities or their members". They have standing under Uruguayan law but they are not technically a commercial company.

According to article 490 of the Corporations Law the contract must have (i) a place and date; (ii) name of the parties; (iii) the denomination of Economic Interest Group; (iv) the term; (v) purpose; and (vi) domicile.

To incorporate, the contract must be registered in the National Commerce Registry

f) Cooperatives ("Cooperativas")

Cooperatives are regulated by Law 18407.

The contract must establish (i) a name; (ii) domicile; (iii) primary purpose; (iv) liability; (v) capital; (vi) governance; (vii) partners statute; (viii) other stipulations regarding representation, goods etc..

Incorporation documents must be notarized and registered in the National Commerce Registry. In the case of Credit and Savings Cooperatives, they must be approved by the Executive branch, after seeking advice from the Uruguayan Central Bank. Agrarian Cooperatives must be registered also in the Agriculture and Fishery Ministry. Housing Cooperatives, must be registered at the National Housing Department.

g) Joint Venture ("Consortio")

Under Uruguayan Law, joint ventures have no legal standing. They are regulated in Section 501 and onwards of the Corporation Law.

The Joint Venture Contract must be registered in the National Commerce Registry and be published in the Official Gazette ("Diario Oficial").

2. De- Registration proceedings in for-profit entities

Under Section 159 of the Corporations Law, for-profits regulated under said Law will be dissolved after:

- a) a decision of the partners;
- b) the expiration of the term;
- c) the fulfillment of the condition precedent for the dissolution;
- d) obtaining the purpose of the entity or when it is impossible to obtain it;
- e) a judicial decision to liquidate the assets of the entity;
- f) losses that reduce the capital of the entity to a fourth of the paid up capital of the entity;
- g) merger or withdrawal in the cases foreseen by the Law;
- h) a reduction of the number of partners to one;
- i) deadlock or inactivity of its officers;
- j) the continued performance of an illicit or prohibited activity or for performing an illegal act so grave that the social purpose has been blurred according to a judge's declaration;
- k) other cases established by law

After the entity is dissolved, it will need to be liquidated. Once the liquidators draft a declaration foreclosing the entity's activities and file it before the Uruguayan Tax Authority ("Dirección General Impositiva") and the Social Welfare Bank ("Banco de Previsión Social"), the shares – if applicable – must be destroyed. Once this is performed, the Registry Department ("Dirección General de Registros") will be informed of the cancellation of the entity.

In the case of Cooperatives, dissolution and liquidation follows almost the same approach.⁹

B. Not-For-profit Organizations

a. Laws

Uruguay recognizes different forms organizations for not for-profit purposes: civil associations and foundations.

There is no unified legal framework for the work of not for-profit entities in Uruguay. In this sense, Civil Associations ("Asociaciones Civiles") are regulated by Section 21 of the Uruguayan Civil Code ("Código Civil")¹⁰ and Law 15089. Foundations ("Fundaciones") on the other hand are regulated by Law 17163.

The main difference between Civil Associations and Foundations is that while Civil Associations have as a central element of the entity its members (it requires a minimum amount of members, certain positions to be filled etc...), Foundations require assets (members are just third parties that administer those assets).

The activities of not for-profit entities with regards to social volunteering are regulated by Law 17885 that has the purpose of "recognizing, defining, regulating, promoting and facilitating the solidarity participation of volunteering individuals in public institutions, directly or through not for-profit private entities either national or foreign"¹¹.

⁹ For details, please see Law 18407 Section 93 and onwards.

¹⁰ Article 21, second line of the Uruguayan Civil Code reads: "The State, the Tax Authority, the Municipality, the Church and the corporations, establishments and associations recognized by the public authority are considered legal entities. ("Se consideran personas jurídicas y por consiguiente capaces de derechos y obligaciones civiles, el Estado, el Fisco, el Municipio, la Iglesia y las corporaciones, establecimientos y asociaciones reconocidas por la autoridad pública")

¹¹ Article 1, Law 17885

1. Registration proceedings in not for-profit entities

a) Civil Associations

Civil Associations must be registered before the Ministry of Education and Culture ("Ministerio de Educación y Cultura") by registering the bylaws (which the Ministry provides a model bylaw approved ¹²by a resolution of the Executive Branch dated September 21st, 1993). Decree 608/973 regulates the powers of the Executive Branch with regards to the names of the Civil Associations so that they do not induce to error with regards to other Associations. In the case of Civil Associations related to sports, the Ministry of Sport and Youth must be informed of the requested recognition under article 427 of Law 17296¹³

b) Foundations

In the case of Foundations, they can either be constituted (i) by a disposition in a will regarding the estate; or (ii) a public deed.

In both cases, the founders must establish precisely the assets and the destination of said assets in the Foundation.

In order to obtain recognition by the State, the will or public deed must be filed in the Ministry of Education and Culture alongside the detail of the assets and a draft of the bylaws that must include (i) name and domicile of the Foundation; (ii) the determination of the purpose of the Foundation; (iii) the initial capital and future resources; (iv) term and conditions; (v) organization of the Administrative Council; (vi) a procedure to reform the bylaws; (vii) end of each tax year; (viii) dissolution and liquidation dispositions; (ix) names of the first Administrative Council. In the case of Foundations related to sports, the Ministry of Sport and Youth must be authorized under article 427 of Law 17296.

¹² The model bylaw is not a legal requirement but rather, reflects the Ministry's concept of what a Civil Association must be. The model bylaw can be found in https://www.dgr.gub.uy/requisitos/estatuto_asoc_civiles.htm and require (i) name and domicile; (ii) purpose; (iii) rules regarding the kind of members; (iv) rights of the members; (v) sanctions; (vi) authorities, (vii) other dispositions.

¹³ The Ministry has 45 days to decide, and if it does not, then it is considered as an implied authorization.

2. De- Registration proceedings in not for-profit entities

There is no express proceedings for de-registration. In the case of Civil Associations, the Bylaws will determine the method of dissolution with the control of the Ministry of Education and Culture. The Ministry could sanction a civil association with its dissolution in case there is a violation of the law, regulations or statutes under article 2 of Decree Law 15089 .

In the case of Foundations, the Law states the following causes for dissolution:

- (i) the end of the term;
- (ii) the impossibility of achieving the purpose of the Foundation and it is not modifiable;
- (iii) if the assets are manifestly insufficient to achieve the purpose of the Foundation;
- (iv) court cancellation of the standing of the entity
- (v) any other reason stated by the founder.

C. Analytical comparison of the legal process of registration

From the information discussed above, the major differences are the following:

- (i) There is an almost unified legal framework for for-profits, but a disperse and atomized framework when it comes to not for-profits;
- (ii) For-profits have a variety of different vehicles that can be chosen from, while not for-profits only have two;
- (iii) Publicity requirements for not for-profits are nonexistent while they are stringent when it comes for for-profits;
- (iv) There is a clearer legal method for constituting a for-profit than a non for-profit.

As for similarities:

- (i) Both systems allow for vehicles more focused on assets than on the individuals;
- (ii) Both systems require government intervention.

III. Tax Laws

A. For-Profit Organizations

a. Laws

The main tax that burdens corporations is the Corporate Tax ("Impuesto a las Rentas de las Actividades Económicas" or "IRAE"). IRAE taxes income with Uruguayan source from all entities that reside in Uruguay, even if they are being liquidated¹⁴ or if they do not possess standing (for example, joint ventures, even if said joint venture is formed by a resident company and a foreign entity¹⁵).

IRAE's taxable amount is 25% over the fiscal net rent. Certain expenses are deductible, to an extent: (i) salaries; (ii) health contributions to the staff; (iii) training; (iv) bank interests; (v) certain transportation costs; (vi) extraordinary losses not covered by insurance; (vii) certain credits that cannot be recovered; (viii) some expenses; (ix) other limited scenarios.

IRAE also has specific carry forward and transfer pricing regulations that apply to corporations.

In the event that the entity is not a resident in Uruguay, but is doing business with a permanent establishment ("establecimiento permanente") according to Law, the Non Resident Income Tax ("Impuesto a la Renta de los No Residentes" or "IRNR") shall apply.

IRNR has different taxable amounts depending on the activities. For example: (i) interests in pesos for more than a year is 3%; interests for less than a year 5%; other rents 12%.

¹⁴ Texto Ordenado, artículo 4, título 4.

¹⁵ DGI consultations,

<http://www.dgi.gub.uy/gxpsites1/hgxpp001?5,7,21,O,S,0,PAG;CONC;116;1;D;13860;1;PAG;MNU;E;1;6;6;2;47;2;34;1;MNU;>

In case the entity has assets in Uruguay, the Asset Tax shall apply ("Impuesto al Patrimonio" or "IP"). IP taxes the net worth of companies, branches, investment funds and generally all entities that have to pay IRAE.

The taxable amount is set on 1,5%, and is deductible up to 50% of the IP paid when paying IRAE.

In order to calculate the net worth of the assets, certain assets are exonerated as: (i) industrial machinery and installations; (ii) assets dedicated to certain agricultural developments; (iii) certain assets in Free Trade Zones. Also, certain debts are deductible.

Other taxes can affect companies in a more general term: (i) VAT; (ii) Financial System Control Tax; (iii) Asset Transmittal Tax ("ITP"); (iv) Specific Internal Tax ("IMESI"); etc..

As for benefits, the Investment Law 16906 as regulated by decree 455/07, as amended, grants exemptions on up to 40% of IRAE according to certain percentages of the investment and its destination. The net rent will vary the amount of the exemption as well as its term. The Application Commission ("Comisión de Aplicación" or "COMAP") analyses the documentation and recommends the promotion of the investment to the Executive Branch between 30 and 60 days.

The Investment Law also provides for exemptions on the IP of movable assets directed to the productive cycle and for the electronic processing of data. As for VAT and IMESI, it can also provide an exemption for the purchase of said movable assets.

In the case of Free Trade Zones ("Zonas Francas") all assets that enter or leave the Zona Franca from or to a third country are not subject to any kind of customs tax. This exemption is generic to all present or future taxes that tax Uruguayan or foreign entities regarding activities performed in the Zonas Francas, with the exception of Social Security taxes regarding Uruguayan personnel.

Lastly there are certain exemptions for companies that act in the Uruguayan stock market, as an exemption of the utilities received, and certain percentage of the IP.

B. Not-For-profit Organizations

a. Laws

Article 69 of the Constitution states that cultural and educational institutions are exempted from all national and municipal taxes. Foundations and Civil Associations that have a cultural destination under Article 69 are those that relate to any religion, libraries, sporting federations, and other institutions devoted to the promotion of culture. Hospitals are also included if they do not pursue profit.

Foundations and Civil Associations are taxed IRAE only with regards to those activities not directly pursue the abovementioned cultural purpose. Also, certain levies and taxes directed t the improvement of towns are not exempted.

The Executive Branch needs to register not for-profits that require exemptions.

Assets dedicated exclusively for activities to certain political party as defined under Law 18485 are exempted of all taxes, as well as taxes affecting their bank accounts.

C. Analytical comparison

From the information discussed above, the major differences are the following:

- (i) Exemptions are specific in for-profits, while much more available and universal regarding not for-profits;
- (ii) Some taxes, specifically designed for certain companies as Banking companies, will never be applicable to not for-profits;

As for similarities:

- (i) Both systems allow for exemptions based on authorizations by the Executive Branch;
- (ii) Both systems require government intervention.

IV. Financial Transaction Laws

A. For-Profit Organizations

a. Laws

i. Foreign Investment/Foreign Funding Laws

The Investment Law declares the protection of national and foreign investors as national interest. It enshrines national and fair treatment to the Investments, as well as free transfer of capitals and utilities. Please see above for a detailed analysis on the Investment Law.

As for limitations on foreign owned entities, restrictions are very limited and apply for example (i) regional bus transportation of passengers (within Uruguayan territorial circumscriptions or "departamentos"); (ii) radio stations; (iii) tv stations; (iv) national airlines that require a majority of Uruguayan capital.

ii. Political Contribution Laws

Political parties must be registered before the Electoral Court and are regulated under Law 18485. Donations to political parties cannot exceed per donator 300.000 Indexed Units per year. Donations must be accounted for in the parties' accounting, and donators must be identified¹⁶.

Concessionaries for public services can only donate 10.000 Indexed Unites per year.

B. Not-For-profit Organizations

a. Laws

i. Foreign Investment/Foreign Funding Laws

See above.

¹⁶ Section 45 indicates that anonymous donations cannot exceed 4.000 UI, and the sum of them cannot exceed 15% of the party's declared income.

ii. Political Contribution Laws

See above

C. Analytical Comparison

There are no sizeable differences between the two groups.

V. Auditing/Reporting Requirements

A. For-Profit Organizations

a. Laws

Entities that have shares or other kinds of securities that represent a part of the capital of the entity are required to present a declaration to the Central Bank of Uruguay ("Banco Central del Uruguay" or "BCU") representing the identities of the holders under Law 18930. This must be notified every time there is a modification

In the event that the holder is a person, the entity must determine the name, whether the person is married or not, the name of the eventual spouse, whether the shares are common property with the spouse, real and constituted domicile duly reported to the Tax Authority, nationality and value and place where the shares are kept.

In the event the holder is an entity, it must report the real and fictitious name of the entity, date and place of incorporation, domicile, seat, constituted and tax domicile, tax identification number, value of the shares and place of where they are kept.

This declaration must be filed within 15 days of each modification.

In the specific case of Corporations that act in stock ("Sociedades Anónimas Abiertas"), the Auditoría Interna de la Nación audits the financial statements yearly and requires them to be published in the Oficial Gazette and another news paper according to Section 409 and onwards of the Corporation Law.

Also, under article 97 BIS of the Corporations Law, Corporations with assets of more than 1.000 Indexed Units or a net income of more than 3.000 Indexed Units must file their financial statements in the Auditoría Interna de la Nación in the term of 180 days of closing each exercise.

Under Law 18.930 entities that are not subject to the Central Bank of Uruguay with an income not taxed by IRAE or personal Income Tax ("Impuesto a la Renta de las Personas Físicas" or "IRPF") of more than 4.000.000 UI must register in the same sense as above.

Modifications to the bylaws and capitals of corporations, amongst other important modifications must also be authorized by the Auditoría Interna de la Nación and in some cases published.

Entities that relate to the financial system, insurance, retirement funds and stock market, amongst others, may have special reporting and auditing requirements with the Uruguayan Central Bank.

B. Not-For-profit Organizations

a. Laws

Under Law 18485 political parties must file to the Electoral Court within 120 days of the end of each civil year a financial statements.

Foundations need to file to the Ministry of Culture an annual memorandum under Article 26 of the Foundations Law.

C. Analytical Comparison

With the exception of foundations and political parties, there does not seem to be stringent auditing or reporting requirements on not for-profit entities.

VI. Penalties for Non-Compliance

A. For-Profit Organizations

a. Laws

Penalties for non compliance with the abovementioned regulations differ greatly depending on the subject matter.

i. Civil

Civil penalties vary from fines to loss of privileges. For instance, violations for the Free Trade Regime under Law 15291 results in fines and loss of privileges. Violations regarding the financial system might also result in loss of governmental authorization.¹⁷

As for the reform of corporations, there are fines if the required reforms are not presented within a certain term to the Auditoría General de la Nación for approval. If corporations that need to comply with Law 18930 do not do it in time, they might be dissolved *ipso iure*.

ii. Criminal

There are several criminal penalties depending on the offense. For instance:

(i) Forgery of public documents documents to be filed in order to incorporate an entity can result in a prison sentence of 2 to 6 years under Section 237 of the Penal Code ("Código Penal")¹⁸.

(ii) Specifically regarding corporations, fraudulent insolvency is punished under article 5 of Law 14095 with 12 months of prison to 10 years.

(ii) Tax provisions have civil and criminal liabilities. Criminal violations for tax evasion and fraud reach up to 6 years

B. Not-For-profit Organizations

a. Laws

i. Civil

See above. Law 15089 awards the Executive Branch power to intervene the Civil Association when the Ministry considers that the Civil Association (i) committed grave acts; (ii)

¹⁷ Law 15322, Section 20.

¹⁸ The felony does not refer to documents in order to incorporate; it only prohibits forgery of a public document by a private person.

it is necessary to safeguard public wellbeing; (iii) when it is necessary to preserve the assets. Said intervention can only last for 6 months, and be prorogated once. The Ministry can also sanction with fines or cancelling the Civil Association's registration. As it is an administrative proceeding, an interested party might challenge it administratively or before the Administrative Contentious Tribunal ("TCA")

Violations to Political Party funding under section 46 and following of Law 18485 are severely sanctioned with fines.

ii. Criminal

See above.

C. Analytical comparison

There seems to be more discretion given to the executive with regards to non profits, whereas corporate behavior violations are more clearly stated, with less discretion.

OVERVIEW CHART

Although not exhaustive of all the similarities and differences discussed in the above sections, this is to help highlight some of the biggest differences or similarities.

Please identify 3-4 of the main issues discussed above for each category.

| Issue | For-Profit Organizations | Not-For-profit Organizations | Similarities |
|----------------------------|--|--|--|
| Registration Procedures | <ul style="list-style-type: none"> • Depends on the type of vehicle selected. • May require additional authorization depending on the purpose of the vehicle. • The legal framework is usually concentrated and easy to identify. | <ul style="list-style-type: none"> • Depends on the type of vehicle selected. • No specifics depending on the purpose unless some exceptions. • The legal framework is disperse and hard to identify. | <ul style="list-style-type: none"> • Proceedings depend on the vehicle selected. |
| Tax Laws | <ul style="list-style-type: none"> • Multiplicity of taxes. • Certain activities might merit exemptions. | <ul style="list-style-type: none"> • Not all taxes are applicable. • Most activities exempted. | <ul style="list-style-type: none"> • Multiplicity of possible taxes. |
| Financial Transaction Laws | <ul style="list-style-type: none"> • There are limitations on the amount of donations to political parties. | <ul style="list-style-type: none"> • There are limitations on the amount of donations to political parties. | <ul style="list-style-type: none"> • Political donations are very much regulated. |

| | | | |
|--|---|--|---|
| | <ul style="list-style-type: none"> • There are limitations on the kind of donators to political parties. • Investors have a particular set of rights. | <ul style="list-style-type: none"> • There are limitations on the kind of donators to political parties. • No specific investment promotion rights for not for-profit. | |
| Auditing/ Reporting Requirements | <ul style="list-style-type: none"> • Requirements depend on the activity performed. | <ul style="list-style-type: none"> • Requirements depend on the activity performed. | <ul style="list-style-type: none"> • Requirements depend on the activity performed |
| Penalties | <ul style="list-style-type: none"> • Stringent penalties vary from civil liability to criminal offenses resulting in prison sentences. | <ul style="list-style-type: none"> • There are no specific penalties for not for-profit other than intervening Civil Associations. | <ul style="list-style-type: none"> • Stringent penalties vary from civil liability to criminal offenses resulting in prison sentences. |