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SCHOOL OF PHILANTHROPY
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The 2025 Global Philanthropy Environment Index
Uruguay

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Cooperative, Foundation

Five main social issues addressed by these organizations: Basic Needs, Early Childhood Education through High School, Environment, Housing and Economic Development, Human Rights

Average time established by law to register a philanthropic organization: More than 90 days

Average cost for registering a philanthropic organization: USD 500

Government levels primarily regulating the incorporation of philanthropic organizations: Central/Federal Government

PHILANTHROPIC ENVIRONMENT SCORES

Year	Ease of operating a PO	Tax incentives	Cross-border philanthropic flows	Political environment	Economic environment	Socio-cultural environment	Overall score
2025 GPEI	4.5	3.0	3.5	4.0	4.0	4.0	3.83
2022 GPEI	4.00	3.00	3.00	4.00	4.00	4.00	3.67
2018 GPEI	4.33	3.00	3.50	4.50	NA	4.00	3.87

Source: Indiana University Lilly Family School of Philanthropy, 2025 *Global Philanthropy Environment Index*

[1] Authors of the 2025 GPEI report are providing updated narratives and scores to the 2022 GPEI report.
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KEY FINDINGS

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 4.0

Individuals in Uruguay are free to form organizations, and there are no restrictions on the types or purposes of POs as long as they do not generate profit. The country however lacks a unified legal framework for all POs. Instead, the legal framework is made up of a collection of laws, decrees, and government agencies' internal regulations issued at various times and applying different criteria to a variety of POs, including civil associations, foundations, cooperatives, and trade unions, among others. The regulatory framework emphasizes bureaucratic control over the promotion of civil society activities. The registration process is somewhat demanding, typically requiring a moderate amount of time and resources. Most importantly, these are not established by law, and therefore difficult to predict. Although this means there is room for potential arbitrariness, it has resulted in bureaucratic inconsistencies rather than political favoritism or ideologically based exclusion.

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 4.5

Uruguayan laws (all of which apply nationally) require that certain provisions regarding the operation and governance of a PO be stated in its bylaws. In fact, speedy approval of a civil association's request for legal recognition seems to be dependent upon the use of the existing bylaws template (*estatuto modelo*), which is available online and free of charge. This is not legally mandatory, but according to civil society sources, the state bureaucracy has increasingly relied on the bylaws template to make decisions to approve, reject, or request additional information.

For civil associations and foundations, there are no reporting requirements towards the state, financial or otherwise. As of 2018, however, the Comprehensive Anti-Money Laundering Law (Law 19574) and Decree No. 379/018 defines POs with or without legal status as obliged subjects. Above a certain threshold of income, POs must provide information to the authorities. Annual reporting requirements towards the organization's membership assembly do need to be enshrined in the organization's statutes. No organization can be legally recognized unless their bylaws include this reporting provision. which is generally easy to comply with. The situation is different for cooperatives, which are legally bound to report to state agencies; requirements are clear, consistent, and require moderate resources for completion.

Question Three: To what extent is there government discretion in shutting down POs?

Score: 5

POs' bylaws are required to include provisions for voluntary self-termination. Most organizations typically apply the provisions included in the already mentioned bylaws template. Regarding involuntary termination, Legislative Decree No. 15089 (1980) designates the Ministry of Education and Culture (MEC) as the agency in charge of monitoring civil associations, including their creation, operation, dissolution, and liquidation.

Nevertheless, there has long been discussion among experts regarding which state agency has the prerogative to suspend or withdraw legal recognition. Most recently, the most commonly held opinion has been that as the organizations have been recognized through administrative procedures by state agencies that depend on the executive branch of government, their legal personality can be suspended or withdrawn by the executive. Their final dissolution however can only be determined by the judiciary. To update existing information regarding POs, in 2018 the MEC organized a mandatory census (Law No. 19535, Article 137) for civil associations and foundations.

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 3

Only corporations, not individuals, have access to limited income and wealth tax deductions for their donations to philanthropic organizations. Under legislation modified in 2021, 70 percent of corporate donations to a specific group of philanthropic organizations can be charged as accrued payment for income and wealth taxes. The beneficiary organization must issue receipts that the donating company needs to exchange for credit certificates from the General Taxation Office (Dirección General Impositiva). The remaining 30 percent can be charged for tax purposes as company expenses.

In addition, the executive branch has the authority to set ceilings on the amounts allocated to the execution of projects under this tax deductions regime, as well as on individual funds received by each beneficiary entity or groups of similar entities and for donors. The entities receiving subsidies from the national budget need to opt for either these subsidies or the allowed tax benefit. However, the greatest restriction on donors lies in the selection of the recipients of their donations. There are strict criteria defining which specific POs (and not only what type of organizations) can become recipients of these donations. Potential recipients are limited to those included in a list of approved philanthropic entities, mostly in the area of culture, education, and social protection.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 3

POs are exempted from paying value-added tax (VAT) when selling goods or services; they also enjoy discounts of employer's contributions, real estate tax rebates, exemptions from certain municipal taxes, and in some cases, import tax rebates. Regulations are intricate, dispersed, and do not apply equally to all types of POs. Some that do not enjoy any exemptions are taxed as private companies. There are no legal restrictions on funding sources, but the sector is most heavily funded by members' contributions, international cooperation funds, state subsidies, contracts for the implementation of government social programs, individual donations, -and donations from private companies (to a much lesser extent).

The greatest restriction on private companies as donors concerns recipient selection. Private companies are free to donate to any PO of their choice, but they can only claim tax credit for donations to government-approved recipients. There is a substantial tax benefit on donations made by companies paying taxes on patrimony and on income from economic activities: 70 percent of the total amount donated is exchangeable for credit certificates to be used for payment of those taxes, and the remaining 30 percent may be applied as a company expense for all tax purposes (though percentages differ for donations to private universities). But this preferential regime applies only to donations to a limited list of approved beneficiary institutions in two wide categories: education institutions and POs providing social services, such as healthcare, children and adolescents, rehabilitation, and more. Within each category, an exhaustive list of potential recipients is provided. The list includes only a few dozen POs; five private universities and a few tertiary institutes are included in the list of higher education institutions. According to civil society sources, criteria for inclusion in the list of approved recipients are not clear. Inclusion seems to depend mostly on connections and lobbying.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 3

None of the above descriptions clearly apply. The practice of cross-border philanthropy, unlike receiving foreign funding, is not significantly developed in Uruguay, and no incentives have been in place to foster its development. No tax incentives can be obtained for international charitable donations; in fact, as mentioned in the previous section, tax incentives are available only for donations channeled towards a specific group of domestic POs and mostly public domestic education institutions. The process for sending charitable donations abroad is not clear or covered by specific regulations, and is therefore subjected to the same procedures and costs that apply to the export of commercial goods or regular financial transactions. In other words, there is no specific

approval, post-receipt or routing procedure, reporting or foreign exchange requirement, or restriction on the types of activities to be supported by these donations. Custom duties on cross-border philanthropic in-kind donations and financial costs on cross-border philanthropic cash are estimated to be low to moderate. None of the consulted civil society sources recognized this as a common practice or identified costs as an issue.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 3

There are no restrictions on receiving charitable donations from abroad. Any PO can receive foreign funding, and international cooperation, either directly or indirectly through the funding of government social programs, has long been a major philanthropic source for Uruguayan civil society. The process for receiving foreign donations is clear, even though it is not specific to POs. General requirements imposed by anti-money laundering and anti-terrorist legislation apply. Assurances regarding the origin of the funds are required when these exceed USD 9,999.

According to interviewed civil society leaders, occasionally, steep bank fees are the only costs associated with receiving cross-border philanthropic cash; no additional costs or taxes apply. In-kind donations are viewed as more problematic, although the problems identified do not seem to be specific to philanthropic donations but common to all traffic of goods, including customs costs, red tape, delays, inefficient handling, and even corruption (the latter being a common perception rather than the reflection of actual experience). In any case, reception of in-kind foreign donations appears to be uncommon.

Certain restrictions apply to in-kind donations to POs. As stated in various Uruguayan consular websites, some categories of goods are not allowed to enter the country as donations, except when destined to the Ministry of Public Health (medicines, vaccines, medical equipment, and supplies), the Ministry of Livestock, Agriculture and Fisheries (machinery and agricultural inputs for livestock farming) and other state agencies in the social area (clothing and shoes). In other words, POs are not allowed to receive cross-border donations that include a wide variety of items. Inquiries about other categories of objects need to be directed to the Donations Unit of the Uruguayan Agency for International Cooperation (AUCI).

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 4

Since 2005, when center-left Frente Amplio (FA) was elected to the presidency, spaces for collaboration between government and civil society have proliferated, particularly within the Ministry of Social Development (MIDES), its various decentralized agencies and services, and municipal

governments. For 15 years, POs were publicly recognized as valuable agents of social change, and the government maintained numerous spaces for dialogue and collaboration with a wide range of POs in policy-related processes. However, PO involvement disproportionately focused on policy implementation rather than policy design and was concentrated on the provision of social services.

When Uruguay became middle-income country in the 1990's, international cooperation significantly receded, and state funding became a major source of income for POs. Dependence from the state reduced the autonomy of civil society, as it rewarded POs that adjusted their roles to provide social services and implement public policy, to the detriment of more vocal advocacy POs. The prevalence of project-based funding strategies neglected institutional strengthening and capacity building needs. Additionally, because of heavy administrative requirements, funding tended to flow disproportionately towards bigger, more experienced, and better-connected POs. This relationship could also imply somewhat opaque allocation criteria and ideological discrimination. After a center-right government was inaugurated in March 2020, changes were made to agreements between the state and POs implementing public policy alongside MIDES. Several agreements with POs that worked with the previous government were revised and terminated, while some POs that did not previously have access to state contracts were now able to access them.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 4

Over the past 15 years, the government in Uruguay has actively promoted philanthropy, volunteering, PO participation in policymaking, and particularly in social program implementation. Notably, however, legislation meant to encourage volunteering has been applied to foster citizen engagement with government agencies in the social sector rather than with POs. Additionally, although no obstacles are imposed on POs willing to participate in the myriad of existing consultative and collaborative spaces, material conditions are not always guaranteed so that POs are effectively able to play a role.

Funders in Uruguay and abroad are free to support any philanthropic cause or PO without government pressure; though as mentioned, tax incentives do not favor the whole sector equally but benefit a rather small subgroup of POs. AUCI plays a coordinating role in supporting philanthropic activities by putting together and disseminating information from third parties regarding funding and other opportunities for POs.

Several institutional voids have been identified regarding government funding of POs. First, no competitive grant funds are available, and no specific regulations have been laid out for POs executing state contracts, as a result of which these receive the same treatment as private state contractors and are forced to compete with these for-profit companies. Second, every state agency that contracts services with POs uses their own criteria and applies wide discretion. Although corruption scandals are not frequent, civil society informants do complain about limited transparency. Third, there are no programs focused on the strengthening of POs; on top of this, many state agencies impose submission and reporting requirements that many small POs cannot fulfill, and therefore discriminate in favor of bigger POs with a longer history of collaboration with the state. Newcomers increasingly feel there is no place for them in the system.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 4

Classified by the World Bank as a high-income economy, for several years Uruguay has exhibited moderate economic growth and considerable stability, both favorable for the success of philanthropy. Its economy is based on exports of commodities and is closely linked to those of its bigger neighbors, Argentina and Brazil, so it is subject to external shocks when major regional economies experience crisis or recession. The tax burden is moderate and property rights are respected, and so are labor laws, which are relatively progressive and sustained by the activity of a powerful union movement. Markets are free to operate within the boundaries set by price controls for certain goods and services, including electricity, fuel, medicines, and water. The judiciary is characterized by high levels of transparency and independence, although it is usually criticized for being slow. There is a low level of corruption and good control mechanisms are in place; in fact, Transparency International's 2023 Corruption Perception Index ranks Uruguay 16th out of 180 countries, with a score of 73/100. This positions Uruguay as the most transparent and least-corrupt country in Latin America and the second in the Americas, behind only Canada.

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 4

Uruguay has a philanthropic tradition dating back to its origins as a nation, when faith-based POs and hospital support commissions were established. A boost came in the early 20th century with the foundation of the first cooperatives and unions. Nongovernmental organizations originated in the mid-20th century and consolidated in the early 1980s, as the 1973–1985 dictatorship came to an end. As democracy consolidated and international cooperation fluxes shifted, so did POs' profiles and links with the state. Civil society's impact on social issues is perceived as being relatively high by a wide range of external observers. Among the general population, trust of women's, charitable, and environmental POs appears to be highest. Although donations from individuals still make up a minor proportion of the resources available to civil society, there is evidence of a gradual increase in willingness to donate, particularly in the context of emergencies or in yearly fundraising campaigns run by well-known POs such as the Teletón Foundation.

Volunteering energies are partly absorbed by public institutions, notably through the MIDES' National Program for Volunteering and Solidarity Practices in Public Organizations, which is open to residents 16 years old and above and offers a wide range of opportunities to volunteer in public programs. But more effective mechanisms have also developed over the past few years to match volunteers with POs, such as the volunteering and donations platform Involucrate. Many religious POs have long run their own volunteering programs, often appealing to youth and mixing evangelization and community service. A rare organization that is largely based on the volunteer work of young people and has done a lot to popularize volunteering among youth is TECHO en Uruguay, a nonprofit that builds housing in informal settlements through the joint work of dwellers and young volunteers.

VII. Recommendations for Philanthropy

These questions are used to provide a general picture of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Three key recommendations to improve the environment for philanthropy

- Systematize, unify and update legislation: The current regime is a collection of partial regulations passed at various time in history, which apply different criteria to different subgroups of POs in quite arbitrary ways rather than in ways that show a proper understanding of the different requirements that would be reasonable to apply to organizations of various sizes or with disparate resources. In order not just to survive but also to prosper as an effective actor of democracy and development, the philanthropic sector needs a comprehensive, sector-wide law based on recognized best practices regarding registration and recognition procedures, establishing impartial and uniform criteria for all organizations, and focused on the promotion of the sector and the fulfillment of constitutional rights rather than on merely punitive control.
- Establish uniform and transparent criteria for state funding and provide support services to POs: On top of recognizing their importance and opening spaces for collaboration with them, the state needs to pave the way for POs to be able to realize their full potential as watchdogs and development actors. At the very least, this requires the simplification of procedures, including a one-stop shop for all paperwork concerning POs; the adoption of uniform and transparent criteria to be impartially applied to guarantee equal access of POs to state contracts and other resources; the inclusion of provisions regarding PO transparency, accountability, and long-term sustainability in state contracts with POs; and the distribution of adequate material resources for POs to be able to take their seat at the table in each state-civil society collaborative mechanism.
- Amend tax provisions to encourage private funding from a wider range of sources to a wider range of recipients: legislation should allow individuals and not just corporations to make tax-deductible donations to POs and should allow donors greater freedom to choose their donations' recipients in order to allow funding to reach a wider range of POs.

Lasting innovation or impacts in the nonprofit sector and philanthropy in response to the COVID-19 pandemic

- Online/digital giving
- Virtual or hybrid workplace

Issues or trends are emerging as significant to the nonprofit sector and philanthropy

- Gender equity
- Increase of organized religion
- Professionalization of the nonprofit sector
- Other (Reduced collaboration between government and civil society)

For a decade and a half prior to 2020, civil society participated in a number of institutionalized consultative spaces (such as councils, advisory commissions, and coordinating bodies) within

various state agencies, particularly in areas responsible for implementing social programs. Even after the change of government, a mapping exercise conducted in 2022–2023 identified 57 such spaces, 46 of which were actually active. However, since the new government took office in early 2020, civil society has been concerned that social policy is becoming less of a priority. Initial cuts in public spending affecting a wide range of social programs—which were typically implemented in partnership with civil society, if not entirely delegated to POs—continued even in the context of the COVID-19 pandemic. The Urgent Consideration Law (UCL), passed in July 2020, introduced changes that are likely to make MIDES' contracting process with POs less transparent. Article 314 of this law allows for direct purchases, regardless of the amount of the operation, in some exceptional cases.

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