Uruguay became an independent nation on **August 25, 1825**. This date marks the declaration of independence from Brazil, which had annexed the region previously known as the **Eastern Province** (or **Cisplatine Province**) in 1821.

The history of Uruguay's independence is tied to the larger context of Latin American independence movements. Here is a brief timeline:

* **1811**: The **Eastern Province** (Uruguay) began its struggle for independence from Spanish rule, led by **José Artigas**.
* **1816**: After the fall of the local revolutionary government, the province came under control of the Portuguese Empire, which later became part of Brazil.
* **1821**: The territory was officially annexed by Brazil.
* **1825**: A group of Uruguayan leaders, known as the **Thirty-Three Orientals**, rebelled against Brazilian rule and declared independence, marking the beginning of the **Cisplatine War** (1825–1828). The war eventually led to recognition of Uruguay's independence.

Uruguay's independence was formally recognized by Brazil through the **Treaty of Montevideo** in **1828**, and it officially became a sovereign nation after years of conflict and diplomatic negotiations.

So, Uruguay's full independence was recognized and celebrated in 1828, though the declaration itself occurred in 1825.

**2007: Tax Changes**

In **2007**, there were reforms to the taxation system, but the tax itself existed earlier, and it applied to the transfer of assets due to inheritance or gifts. The changes in 2007 involved modifications in the rates and thresholds, as well as more detailed regulations.

So, the tax system for inheritance and wealth transfer was already in effect before 2007, with significant adjustments occurring during that year.

The evolution of **wealth, estate, and inheritance taxation in Uruguay** has undergone several key phases. Here's an overview:

**Early History (Pre-20th Century)**

* **Colonial Era**: During the Spanish colonial period, Uruguay did not have a formal system of estate and inheritance taxation. Wealth transfers were subject to local customs and religious duties, typically based on land or goods passed within families.
* **Post-Independence (1830s–1900s)**: Following Uruguay's independence in the 19th century, wealth transfer was still largely informal, with minimal taxation. The state did not actively regulate inheritance or impose taxes on wealth transfers until the early 20th century.

**Early 20th Century (1900s–1930s)**

* The **Uruguayan tax system** began to modernize in the early 20th century, but taxes on estates, wealth, and inheritances were still rudimentary. The focus was mainly on land taxes and tariffs.
* **Wealth taxes** were not a major part of the Uruguayan tax structure during this period, and the state did not have a robust system for taxing estates upon inheritance.

**Mid-20th Century (1940s–1970s)**

* The first **formal inheritance and estate tax** system started to take shape during this period. Uruguay introduced some rudimentary inheritance taxes, which were relatively low in comparison to modern systems.
* The state began to recognize the need to regulate wealth transfers, though the focus was still more on other forms of taxation like income and consumption taxes.

**1980s–1990s: Reform Era**

* The country saw a series of economic and political reforms, which included restructuring the tax system. Uruguay began to **modernize** its tax laws, including those related to inheritance and wealth.
* During this period, Uruguay introduced some **inheritance tax** policies to fund government spending. However, the taxes were not yet a significant source of revenue, and rates remained fairly moderate.

**2000s: Introduction of Wealth Transfer Tax**

* **2007 Reform**: Uruguay's tax system was notably reformed in 2007, with the introduction of a **comprehensive estate, inheritance, and wealth transfer tax**. This reform aimed to create a more progressive taxation system and to address wealth inequality. The inheritance tax was applied to **individuals inheriting wealth**, whether through gifts, inheritance, or transfers.
* The law introduced tax brackets, with progressive rates on the value of the assets inherited or gifted. The inheritance tax was **levied on the net value of the estate**, considering exemptions for family members, but the rates were relatively high compared to previous periods.

**2010s–Present: Continued Adjustments and Enforcement**

* In the last decade, Uruguay has continued refining its inheritance tax policies. The **wealth transfer tax** has become a more substantial revenue source, particularly targeting high-net-worth individuals.
* The country has made efforts to close **loopholes** and improve enforcement, including more stringent requirements on asset declarations during wealth transfers.
* Uruguay’s inheritance tax is **progressive**, with rates depending on the relationship of the inheritor to the deceased (i.e., lower taxes for close relatives like children and spouses).
* Tax rates can range from **0% to 30%** or more for high-value estates, depending on the value of the inheritance.

**Key Features of Modern Inheritance Tax in Uruguay**

* **Progressive Tax Rates**: Higher rates for large estates and distant relatives.
* **Exemptions**: Certain exemptions exist for close family members, like spouses and children, who are taxed at lower rates.
* **Valuation of Estate**: The net value of the estate is taxed, with deductions for debts, administrative costs, and certain exemptions.
* **Inheritance vs. Gift**: The inheritance tax also applies to **gifts**, with different rates depending on the value and the relationship between the donor and recipient.

**Current Trends**

* Uruguay's **inheritance and wealth transfer tax** system continues to evolve, with ongoing adjustments to tax brackets, exemptions, and enforcement to address both **economic inequality** and the demands of **public finances**.
* The government has increasingly focused on ensuring **transparency** and **compliance** in wealth transfers, particularly as **offshore wealth management** practices have become a focus in the global financial landscape.