



Building a better  
working world

# Chile's Investment Guide

# 2022

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# Welcome

## Macarena Navarrete Managing Partner, EY Chile

Welcome to "Doing Business in Chile", which aims to provide key information to help investors make informed decisions when doing business in our country.

In this paper you will find macroeconomic indicators, as well as information related to the tax, legal and labor frameworks and other relevant details to invest in a country that has always kept its doors open to the world.

Chile has traditionally been one of the most attractive emerging markets, being listed first in the region in the main international rankings. The most recent examples are the World Competitiveness Ranking 2021, carried out by the International Institute for Management Development Switzerland (IMD) and the Index of Economic Freedom 2022, by Heritage Foundation, in which the country has the best position in the region. Chile is fully integrated into the world, having free trade agreements with 64 markets, which represent 86.3% of the world's GDP.

International investors recognize the attributes of our market and rely on it to develop their projects. Last year foreign direct investment in Chile doubled and was 62% higher than the average of the last 5 years, despite international uncertainty and internal factors such as the social unrest of 2019 and a year full of political elections. The first figures of 2022 show that this trend continues, reaching US \$1,600 million in January, an increase of 110% compared to the same month of the previous year.

Today Chile is facing a scenario of high uncertainty. In addition to geopolitical factors and the pandemic that continues to generate consequences, Chile's internal processes also add uncertainty, such as the drafting of a new constitution and the plebiscite that will be held to approve or reject the Magna Carta. However, the country has demonstrated its adherence to the rules and is addressing its challenges in an orderly manner and within an institutional framework.

With this guide, we hope to contribute to the deepening of Chile's ties with the world and serve as a starting point for all those who are interested in investing in our country.

Welcome to Chile.



## Why EY?

Because we provide global knowledge and experience tailored to your needs

EY exists to build a better working world, creating long term value for our people, customers and society.

### EY Global

**+312,000**  
people

**+150**  
countries

**+700**  
offices

**\$40b**  
FY21 revenue  
(USD)

### EY Chile

**+1,800**  
people

**+80 years**  
in Chile

**4**  
offices

**+2,500**  
clients



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## Why EY?

Because we are a trusted partner to support you at every stage or challenge of your business

Assurance

Tax

Consulting

Strategy & Transactions

Managed Services

Legal

### Business challenges

#### Assure

In the current context it is vital to protect your company against threats and maintain trust and credibility in the market.

At EY, we help you to build trust, protect and secure your business.

#### Grow

Driving growth for future success.

At EY, we help our clients identify new opportunities for their business and succeed in the market.

#### Transform

The companies that adapt are the ones that prevail.

At EY, we help you plan and implement the changes your business requires to thrive and reach its full potential.

#### Operate

The increasing volume and complexity of operational activities tend to distract leaders from driving their businesses forward.

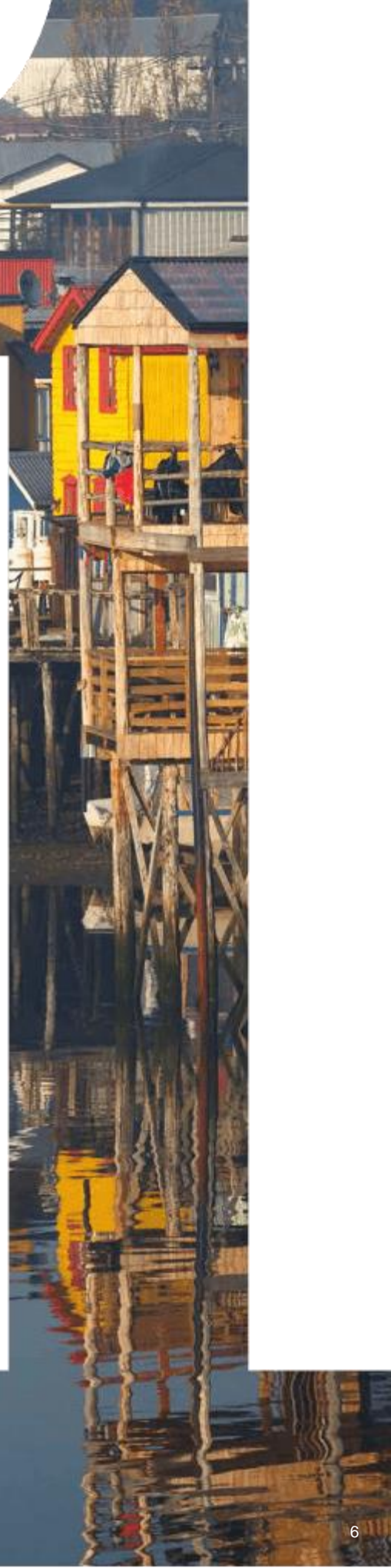
Delegating the operation and management of services to EY allows our clients to lead from the strategy.

### How we help you solve these challenges

Consulting | Strategy | Transactions | Assurance | Tax | Legal |  
Managed Services

Technology

# The Chilean economy





# Introduction to the Chilean economy

Chile is traditionally considered one of the strongest Latin American countries in terms of institutional and fiscal policies. According to the World Bank, it has been one of Latin America's fastest-growing economies in recent decades, allowing the country to significantly reduce poverty.

However, recent years have been complex not only because of the pandemic and the international scenario, but also because of factors specific to the nation.

The country is going through an important process of change. A new constitution is currently being drafted and is being profoundly rethought as Chile understands itself in various aspects, including the economic model. The new Magna Carta will be submitted to a plebiscite in September, at which the population will be able to approve or reject it.

Additionally, in March, Gabriel Boric, a young left-wing politician, assumed as President after a campaign that promised important social changes, but that will have to face a much weaker economy. After 2021, in which the Gross Domestic Product (GDP) grew 11.7%<sup>1</sup>, the expectations for the coming months are much lower. In 2022, an expansion between 1% and 2% is expected, while by 2023 a variation between -0.25% and +0.75%<sup>2</sup> is expected.

Moreover, accumulated inflation has already reached double-digit levels (10.5% in April<sup>3</sup>), something to what Chile is not used to. The main reasons for the sharp rise in prices are the significant boost in spending during 2021 and the global inflation, added to the lack of recovery of global supply chains and the war between Russia and Ukraine. However, experts expect that the economic slowdown will help inflation converge to the 3% target over the next two years<sup>2</sup>.

Likewise, by 2024, macroeconomic imbalances are expected to be resolved and growth to resume its potential rate (between 2.25% and 3.25%)<sup>2</sup>.

In this sense, and despite the significant local uncertainty and international risks, the International Monetary Fund, during its last technical visit in March 2022, considered that "the great solidity of economic fundamentals and public policy frameworks promote Chile's resilience and its capacity to respond to shocks"<sup>4</sup>.

In addition, in another report the international organization said that it expects Chile's GDP per capita to increase and exceed US \$ 30,000 in 2024, being the first country in South America to reach this milestone<sup>5</sup>.

1. National accounting. Central Bank of Chile  
2. Monetary Policy Report March 2022. Central Bank of Chile.  
3. Statistical bulletin, IPC. INE


4. IMF staff conclude their visit to Chile. International Monetary Fund.  
5. Diario Financiero, 19 of April of 2022.



# Geography and Overview of Chile

Chile is a strip of land on the western coast of the Southern Cone of America, with islands in the Pacific Ocean and sovereignty over the Antarctic territory.

According to different economic indicators, Chile is projected to be a leader in the region, positioning itself as a competitive nation with a favorable foreign investment record.



**Population<sup>1</sup>**  
19.828.563  
Urban: 89%  
Rural: 11%



**Land area**  
756.096 km<sup>2</sup>



**Currency**  
Chilean Peso  
US\$1 = CLP 822<sup>2</sup>



**Main language**  
Spanish



**Religion**  
Freedom of religion or belief  
Mainly catholic



**Climate**  
Mediterranean in the central zone, desartic in the north and oceanic in the south



**World Clock<sup>3</sup>**  
Daylight saving time:  
• GMT-3 (continental Chile)  
• GMT-5 (Insular Chile)  
Standard time:  
• GMT-4 (continental Chile)  
• GMT-6 (Insular Chile)



**Natural resources**  
Copper, gold, fishing resources, forestry resources, iodine, lithium, salmon, fruit, among others.



1. Estimated value for 2022. Estimates and projections 2002-2035 base 2017. National Institute of Statistics.  
2. Value as of May 30, 2022. Daily indicators. Central Bank of Chile.  
3. Official time. Hydrographic and oceanographic service of the Chilean Navy.





# Economic Situation

## Main economic indicators

Indicator	Chile
Gross Domestic Product 2021 (Current prices, USD, million) <sup>1</sup>	\$316.864
Gross Domestic Product 2021 (Current prices, Purchasing power parity, International dollars, million) <sup>1</sup>	\$526.732
Per Capita Gross Domestic Product 2021 (Current prices, Purchasing power parity, International dollars) <sup>2</sup>	\$23.366
International Reserves 2021 (USD, million) <sup>3</sup>	\$51.330
Foreign Debt 2021 (USD, million) <sup>4</sup>	\$239.002
Foreign Debt 2021 (% of GDP) <sup>4</sup>	84,4%
Total Public Debt 2021 (USD, million) <sup>5</sup>	\$45.652
Total Public Debt 2021 (% of GDP) <sup>5</sup>	36,3%
Unemployment Rate (moving quarter of January to March 2022) <sup>6</sup>	7,8%
Population below poverty line 2020 <sup>7</sup>	14,2%
Minimum Monthly Wage (USD) <sup>8</sup>	\$462

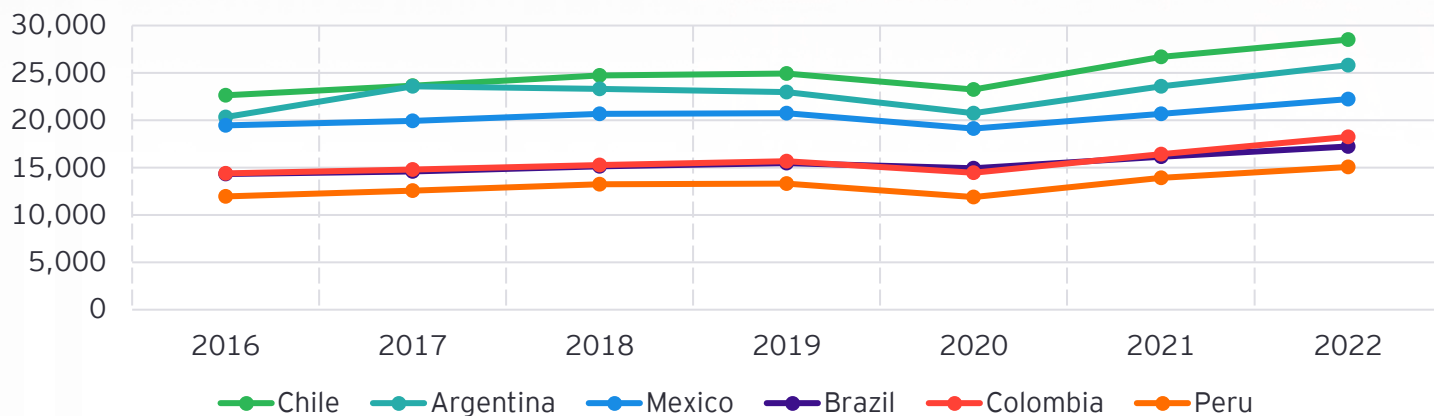
Chile has been the country with the highest GDP per capita in Latin America on a sustained basis in recent years, approaching countries such as Portugal and Croatia. The International Monetary Fund highlights the country's resilience thanks to its very solid economic fundamentals and policies, which have allowed it to recover from recent shocks. Likewise, it highlights that "the country's policy

frameworks are anchored in the inflation target regime, the structural fiscal balance rule, a freely floating exchange rate and a sound financial system backed by effective supervision and regulation"<sup>9</sup>. The United Nations Human Development Index places Chile as 43rd in the world in 2020<sup>10</sup>, being the leader among Latin American countries.

1. World Economic Outlook Database. April 2022. International Monetary Fund.  
 2. Estimated value. World Economic Outlook Database. April 2022. International Monetary Fund.  
 3. Reserve assets. Central Bank of Chile.  
 4. Balance of payments. International investment position and external debt. Results at the end of 2021. Central Bank of Chile.  
 5. External debt at market value. Central Government. Central bank.

6. Statistical bulletin: quarterly employment. National Institute of Statistics.  
 7. Projections of poverty and extreme poverty. Social Panorama of Latin America. ECLAC.  
 8. Senate. Republic of Chile.  
 9. IMF Executive Board Concludes Review of Chile's Flexible Credit Line Performance  
 10. Human Development Report 2020. United Nations Development Programme.

## Per capita gross domestic product. Purchasing power parity. International dollars.



Source: World Economic Outlook Database. April 2022. International Monetary Fund.

After a 2021 in which the economy rebounded growing 11.7%, its largest annual increase since the data has been recorded, a significant slowdown is expected for this year and the next.

The Central Bank of Chile expects that in 2022 GDP expansion will be in a range between 1% and 2% and by 2023 between -0.25% and 0.75%<sup>1</sup>.

This is in line with other estimates of international organizations such as the International Monetary Fund (IMF), which, for the same years, considers a growth of 1.5% and 0.5% respectively<sup>2</sup>.

However, the IMF expects that in 2024 Chile's GDP per capita will reach US\$30,000, measured at power parity of purchase (PPP),

making the country the first in South America to reach that figure. The agency advanced this goal by a year, despite the pandemic.

Nevertheless, the consequences of the pandemic, inflationary pressures and geopolitical risks could affect these figures.

Growth at the beginning of the year has been higher than expected by the market. The Monthly Index of Economic Activity for March (IMACEC) grew 7.9%<sup>3</sup>. Despite this, the expected trend for the remainder of the year and what comes in 2023 has not changed due to uncertain factors at the local level and the worsening of the international scenario.

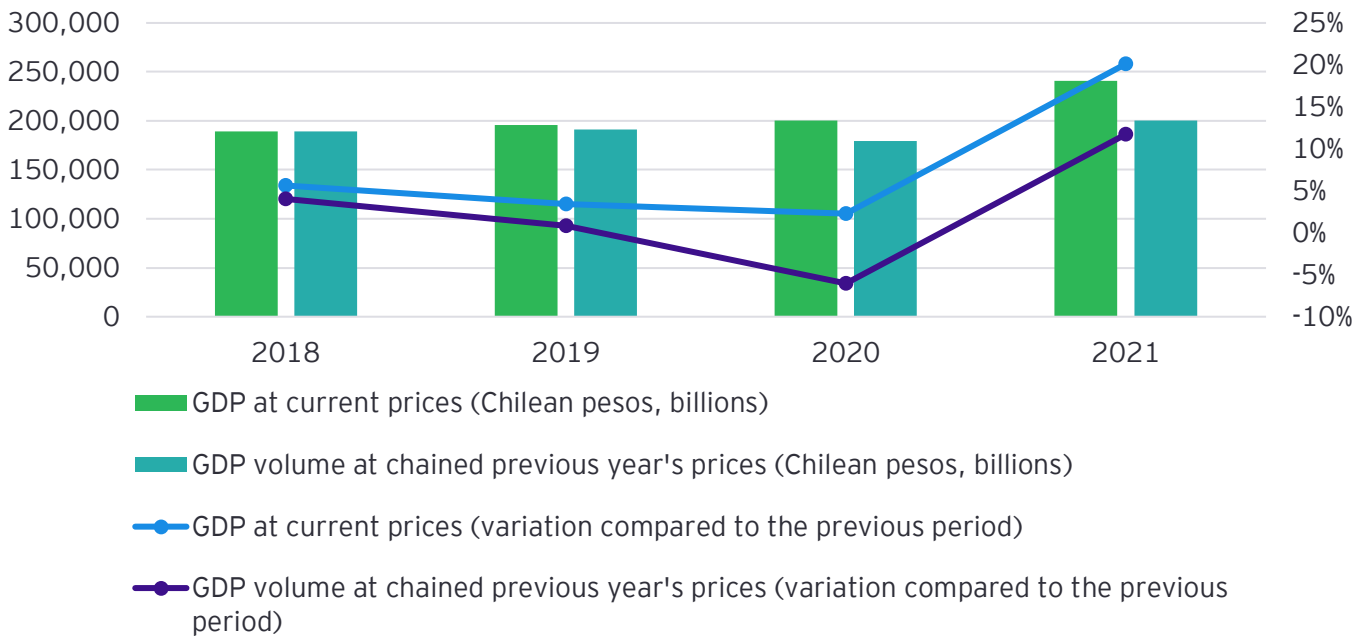
1. Monetary Policy Report March 2022. Central Bank of Chile.  
2. World Economic Outlook Database. April 2022. International Monetary Fund.

3. IMACEC March 2022. Central Bank of Chile



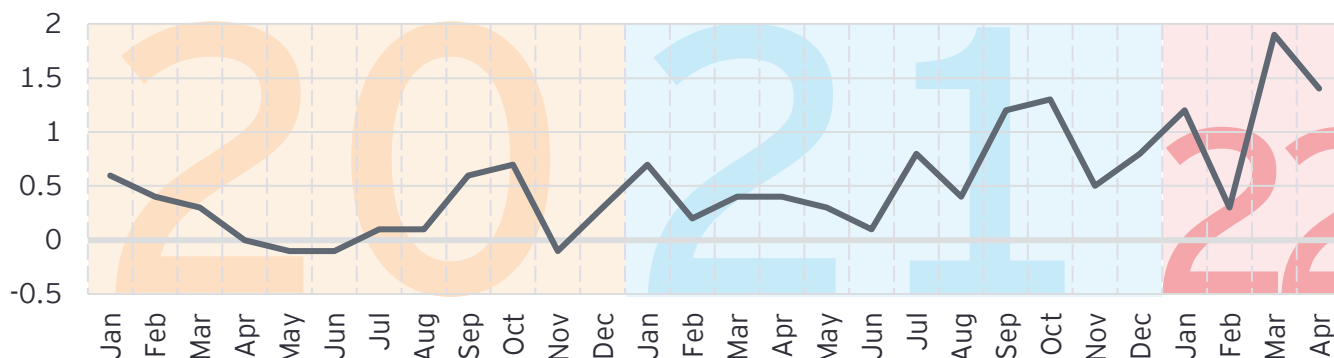
# Economic Records

### Gross Domestic Product, Levels and Growth



Source: National accounting, Central Bank of Chile

## General CPI 2018 = 100. Monthly Variation



Source: CPI and underlying measures, Central Bank of Chile.

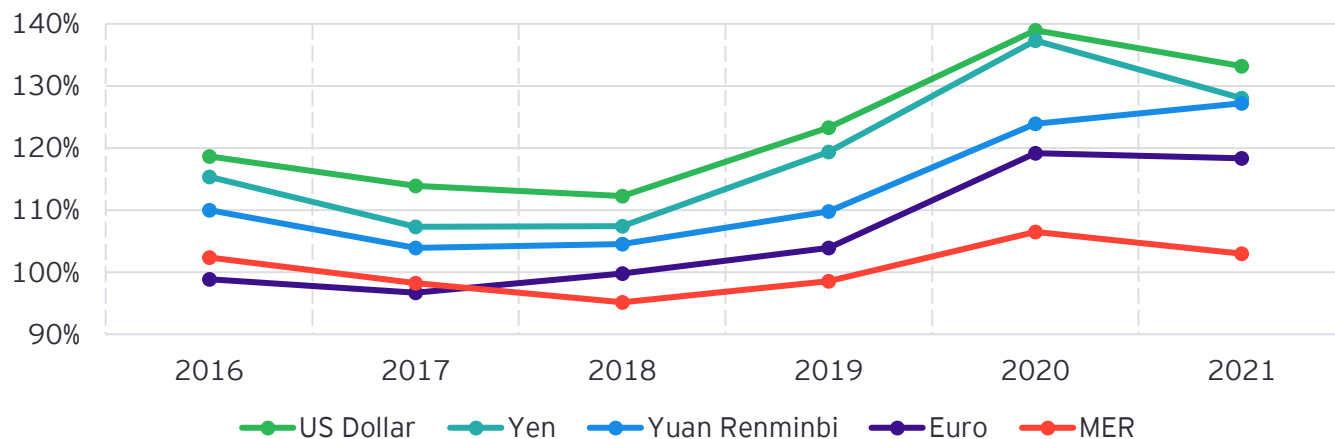
In Chile, the Central Bank is the agency in charge of ensuring low and stable inflation over time. It structures its monetary policy within a conceptual framework of targets and uses instruments to ensure that the annual variation in inflation is around 3% annually with a tolerance range of one percentage point. This policy is complemented by a flexible exchange rate regime.

The country closed 2021 with an annual inflation of 7.2%<sup>1</sup>, the highest in 15 years, driven by domestic demand. The rise in prices has continued its trend reaching double digits: 10.5% annual inflation in April<sup>2</sup>, its highest level since August 1994. Inflationary pressures of domestic origin have worsened with the international scenario. Given this, the Central Bank raised the monetary policy interest rate (MPR) by 125 basis points, which in May reached 8.25%<sup>3</sup>.

## Multilateral Exchange Rate (MER<sup>4</sup>) and Foreign Currencies<sup>5</sup>

Currency	2017	2018	2019	2020	2021
US Dollar	649.33	640.29	702.63	792.22	759.27
Euro	732.44	755.74	786.35	902.68	897.37
Yen	5.79	5.8	6.45	7.42	6.91
Yuan Renminbi	96.15	96.86	101.61	114.72	117.74
MER	106.11	102.68	106.4	114.95	111.16

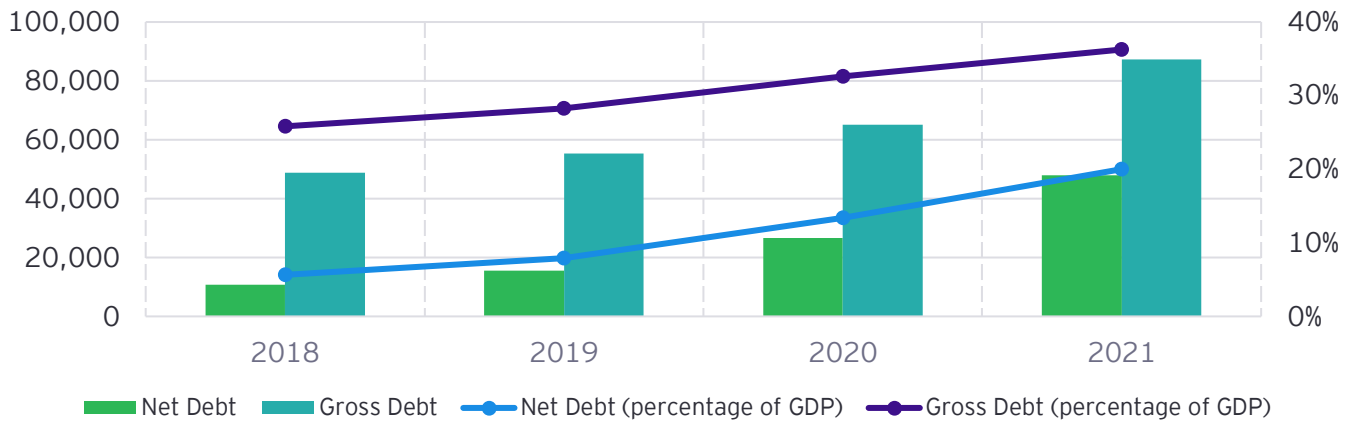
## Evolution of Multilateral Exchange Rate (MER<sup>4</sup>) and International Currencies<sup>5</sup> (baseline 2014=100)



1. Consumer price index, INE  
2. Statistical bulletin, CPI, INE  
3. Monetary Policy Meeting, Central Bank of Chile.

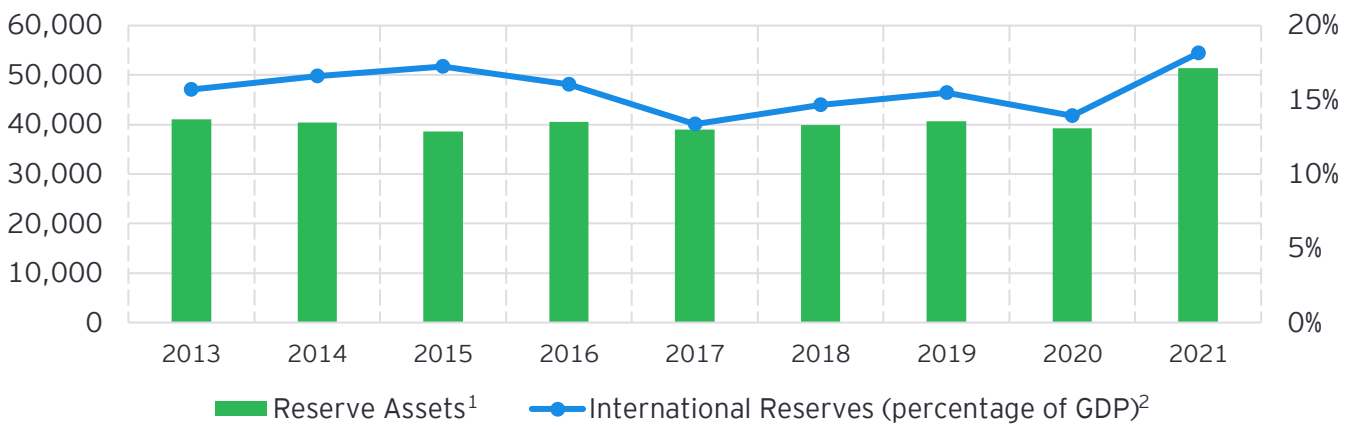
4. Nominal exchange rate (pesos per unit of foreign currency), Central Bank of Chile.  
5. Multilateral exchange rate Chile, Central Bank of Chile.

### Public debt, billions of Chilean pesos

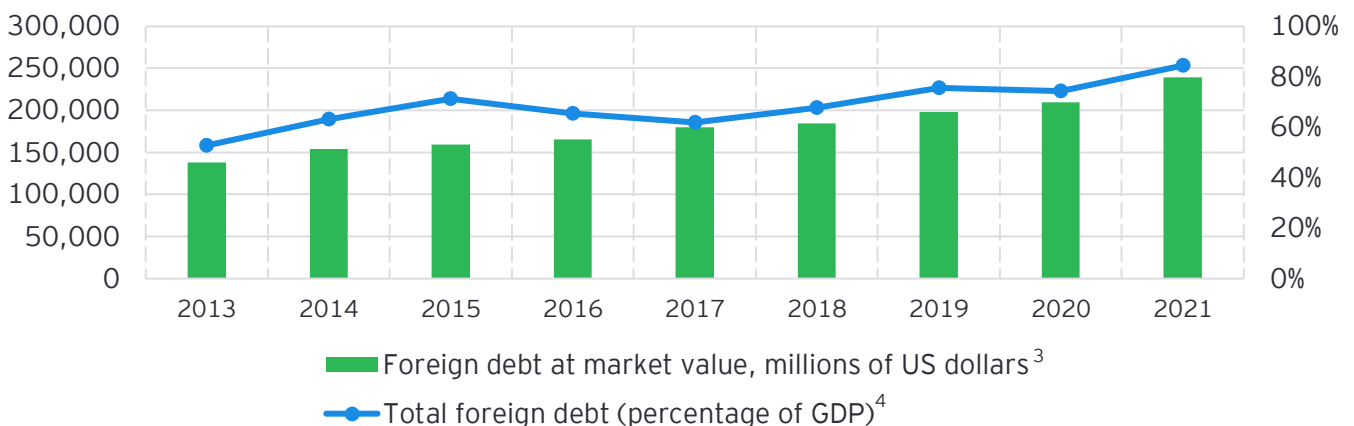


Source: World Economic Outlook Database, April 2022, International Monetary Fund.

### International reserves, millions of US dollars



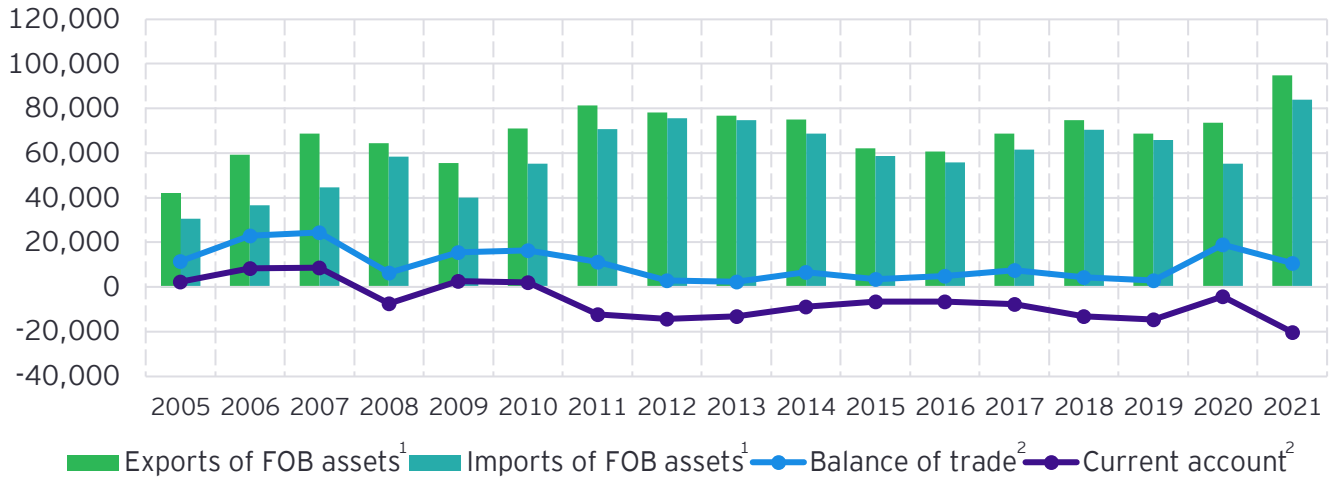
### Foreign debt at market value, millions of US dollars



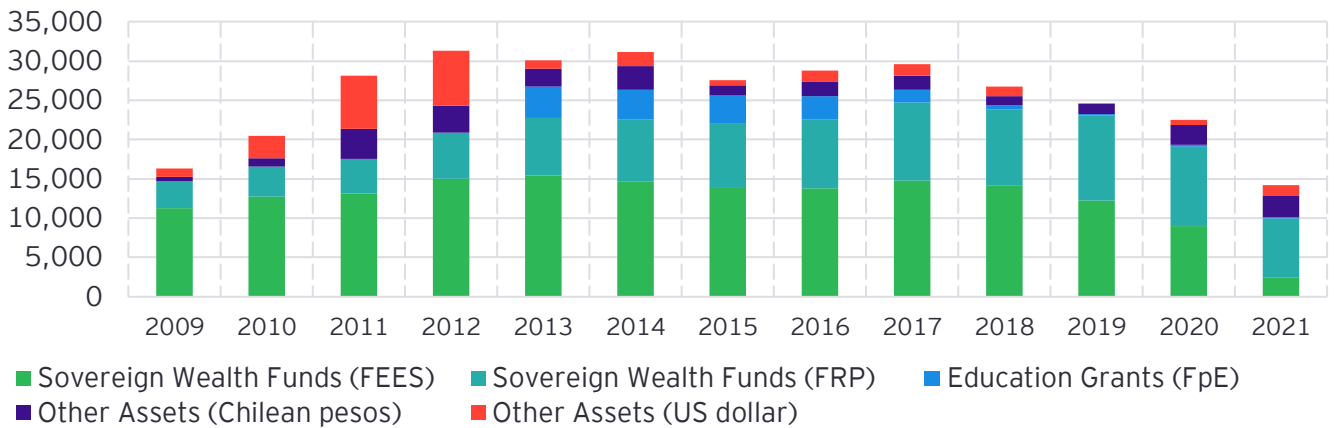
1. Reserve assets, Central Bank of Chile.  
 2. International Reserves, Central Bank of Chile.  
 3. External debt at market value, Central Bank of Chile.

4. Total external debt, Central Bank of Chile.

### Balance of payments and current account, millions of US dollars



### Consolidated assets, millions of US dollars<sup>3</sup>



1. Exports and imports of goods FOB. Central Bank of Chile.  
 2. Balance of trade and current account. Central Bank of Chile.  
 3. Total consolidated assets. Central Bank of Chile.



# Economic Sectors and Balance of Trade

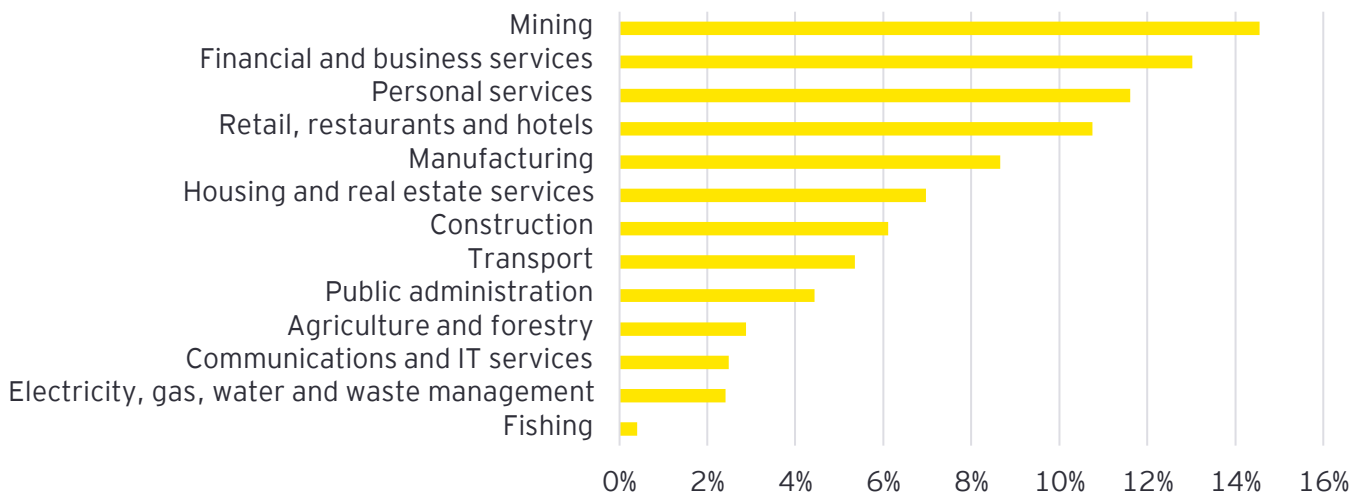
In 2021 all economic sectors had a positive performance with the exception of mining (-0.7%)<sup>1</sup>. The biggest contributors to GDP growth were trade and personal services, due to the reopening following health restrictions and strong domestic demand.

Preliminary figures as of March 2022<sup>2</sup> continue to exhibit a similar behavior. While growth has moderated, the same sectors continue to drive it.

In 2021, Chile's commercial exchange reached US\$ 186,548 million, achieving a growth of 41% compared to 2020, according to the Office of the International Economic Relations Undersecretary (Subrei)<sup>3</sup>.

The growth trend has remained steady since in the first quarter of 2022, Chile's commercial exchange reached US\$ 51,241 million, increasing by 23% compared to the first quarter of 2021. Exports reached US\$ 25,748 million, with a growth of 15%<sup>3</sup>.

GDP by economic sector, 2021, percentage of GDP<sup>4</sup>



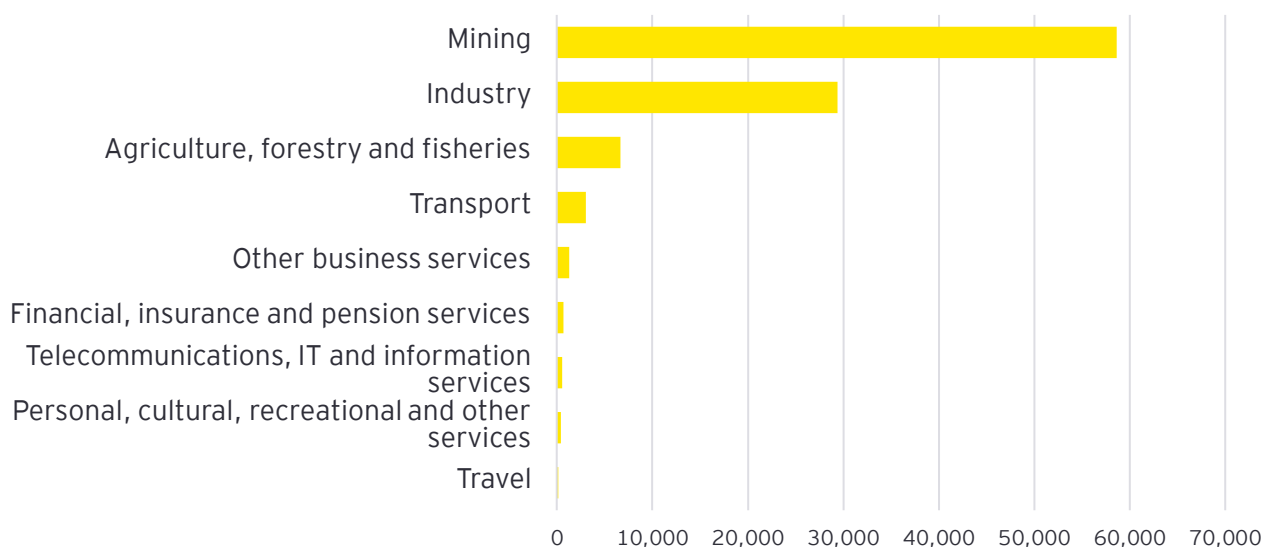
1. IMACEC. Central Bank of Chile.  
2. IMACEC March 2022. Central Bank of Chile.  
3. News. Subrei.

4. Gross domestic product by class of economic activity. Central Bank of Chile.

## GDP by economic sector (annual variation percentage for each sector)<sup>1</sup>

Economic sector	2018	2019	2020	2021
Mining	5%	-4%	46%	48%
Retail, restaurants and hotels	4%	1%	-8%	29%
Construction	11%	8%	-10%	23%
Transport	-2%	4%	-6%	23%
Manufacturing	11%	-3%	1%	17%
Personal services	8%	7%	-3%	16%
Financial and business services	8%	5%	1%	15%
Communications and IT services	0%	3%	-1%	11%
Housing and real estate services	5%	6%	-2%	10%
Public administration	5%	6%	3%	7%
Fishing	-9%	13%	-38%	-1%
Agriculture and forestry	-2%	3%	16%	-4%
Electricity, gas, water and waste management	-1%	13%	5%	-11%

## Exports of goods<sup>2</sup> (FOB) and services<sup>3</sup> in 2021, millions of US dollars



## Exports of goods<sup>2</sup> (FOB) and services<sup>3</sup>, annual variation percentage for each sector

Economic sector	2018	2019	2020	2021
Mining	5%	-10%	18%	38%
Telecommunications, IT and information services	15%	4%	8%	27%
Industry	12%	-8%	-5%	17%
Transport	3%	1%	-21%	16%
Personal, cultural, recreational and other services	-1%	-15%	-15%	9%
Financial, insurance and pension services	-3%	7%	8%	9%
Agriculture, forestry and fisheries	13%	5%	-6%	4%
Other business services	13%	-4%	-18%	0%
Travel	-8%	-21%	-82%	-73%

1. Gross domestic product by type of economic activity, at current prices, spliced series, reference 2018 (billions of Chilean pesos). Central Bank of Chile.  
2. Exports of goods (millions of dollars FOB). Central Bank of Chile.

3. Exports of services (millions of dollars). Central Bank of Chile.



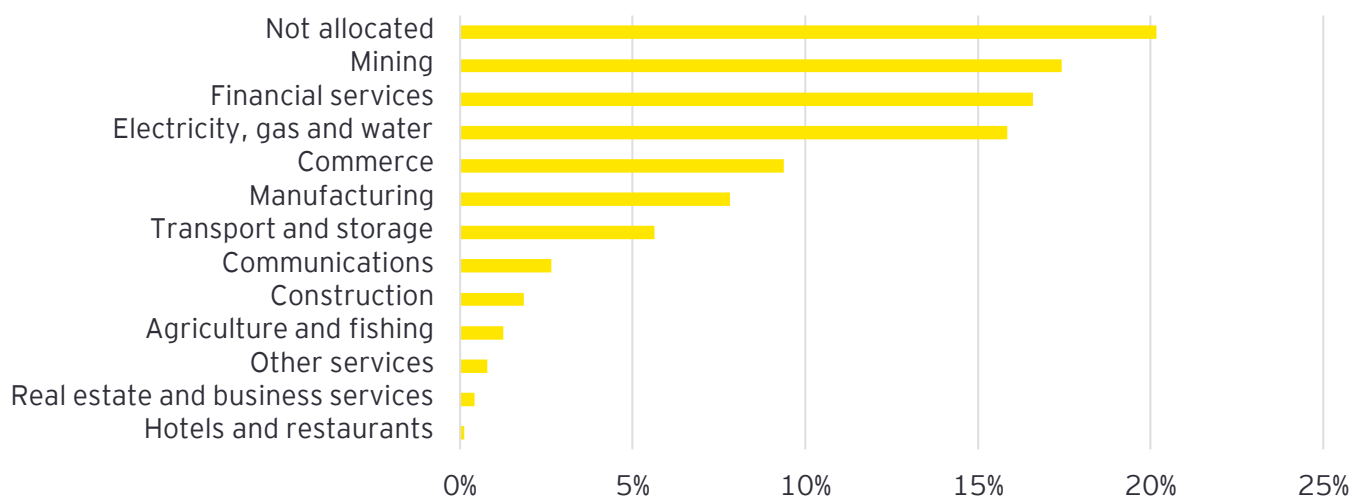
## Imports of goods<sup>1</sup> (CIF) and services<sup>2</sup> in 2021, millions of US dollars



## Imports of goods<sup>1</sup> (CIF) and services<sup>2</sup>, annual variation percentage for each sector

	2018	2019	2020	2021
Intermediate goods	19%	-6%	-14%	57%
Consumer goods	8%	-10%	-19%	70%
Capital assets	13%	-1%	-14%	37%
Transport	6%	-2%	-11%	89%
Other business services	14%	-8%	-10%	9%
Personal, cultural, recreational and other services	8%	-3%	-18%	2%
Financial, insurance and pension services	0%	3%	0%	19%
Telecommunications, IT and information services	17%	11%	8%	32%
Travel	3%	3%	-78%	-44%

## Foreign direct investment flows 2012-2020, percentage of total<sup>3</sup>



1. Imports of goods (millions of dollars CIF). Central Bank of Chile.  
 2. Imports of services (millions of dollars). Central Bank of Chile.  
 3. Direct investment flows by economic sector (millions of dollars). Central Bank of Chile.



## Risk Ratings

Chile continues to be the country in the region with the lowest credit risk and the best rating from risk rating agencies. Although the global situation poses an uncertain scenario for all economies, the country continues to show leadership in terms of payment conditions, with solid legal and political institutions.

### Debt rating in Latin America<sup>1</sup>

Country	Moody's	S&P	Fitch
Chile	A1	A	A-
Peru	Baa1	BBB+	BBB-
Mexico	Baa1	BBB	BBB-
Colombia	Baa2	BB+	BB+
Uruguay	Baa2	BBB	BBB-
Brazil	Ba2	BB-	BB-
Bolivia	B2	NR	B
Ecuador	Caa3	B-	B-
Argentina	Ca	CCC+	CCC

1. Country debt rating (foreign currency, long term). Latest information available as of April 2022. Expansion (Datosmacro.com).

## Risk rating description<sup>1</sup>

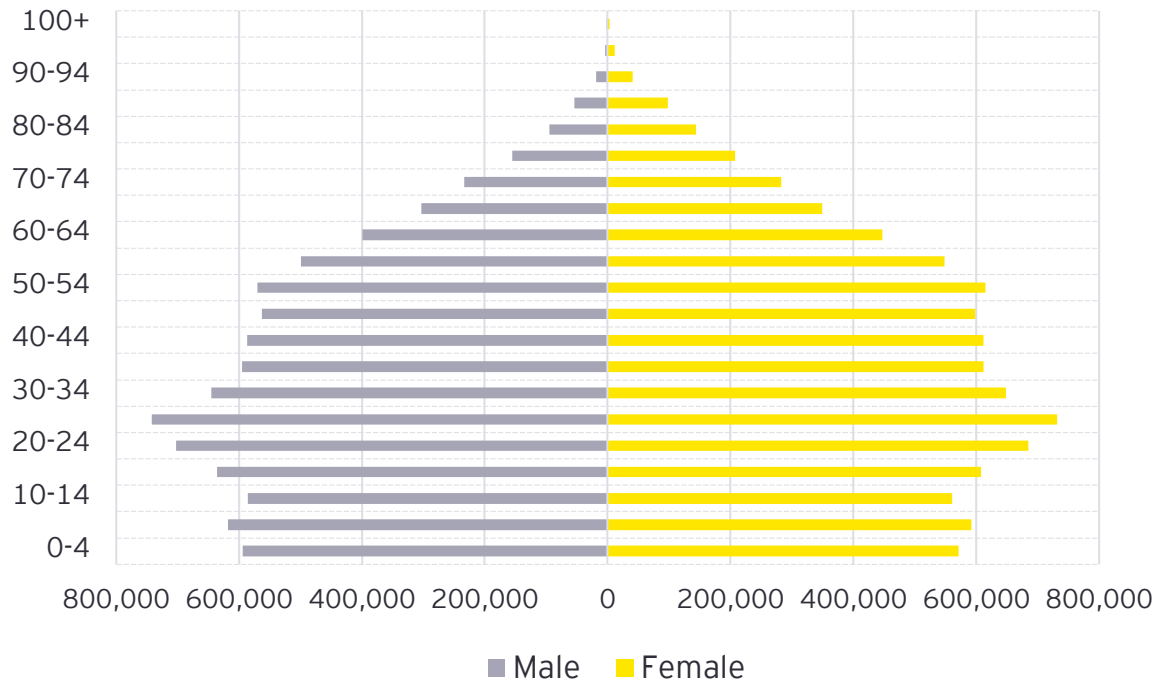
Quality	Moody's	S&P	Fitch
Highest quality	Aaa	AAA	AAA
High quality	Aa1	AA+	AA+
High quality	Aa2	AA	AA
High quality	Aa3	AA-	AA-
Upper-medium-grade	A1	A+	A+
Upper-medium-grade	A2	A	A
Upper-medium-grade	A3	A-	A-
Lower-medium-grade	Baa1	BBB+	BBB+
Lower-medium-grade	Baa2	BBB	BBB
Lower-medium-grade	Baa3	BBB-	BBB-
Speculative non-investment grade	Ba1	BB+	BB+
Speculative non-investment grade	Ba2	BB	BB
Speculative non-investment grade	Ba3	BB-	BB-
Highly speculative	B1	B+	B+
Highly speculative	B2	B	B
Highly speculative	B3	B-	B-
Substantial risk	Caa1	CCC+	CCC+
Substantial risk	Caa2	CCC	CCC
Substantial risk	Caa3	CCC-	CCC-
Extremely speculative	Ca	CC	CC
Extremely speculative			C
Little prospect of recovery		SD	RD
In default	C	D	D
In default			DD
In default			DDD
Not rated	WR	NR	

1. [Description of risk classifications, Expansion \(Datosmacro.com\).](#)



# Population figures

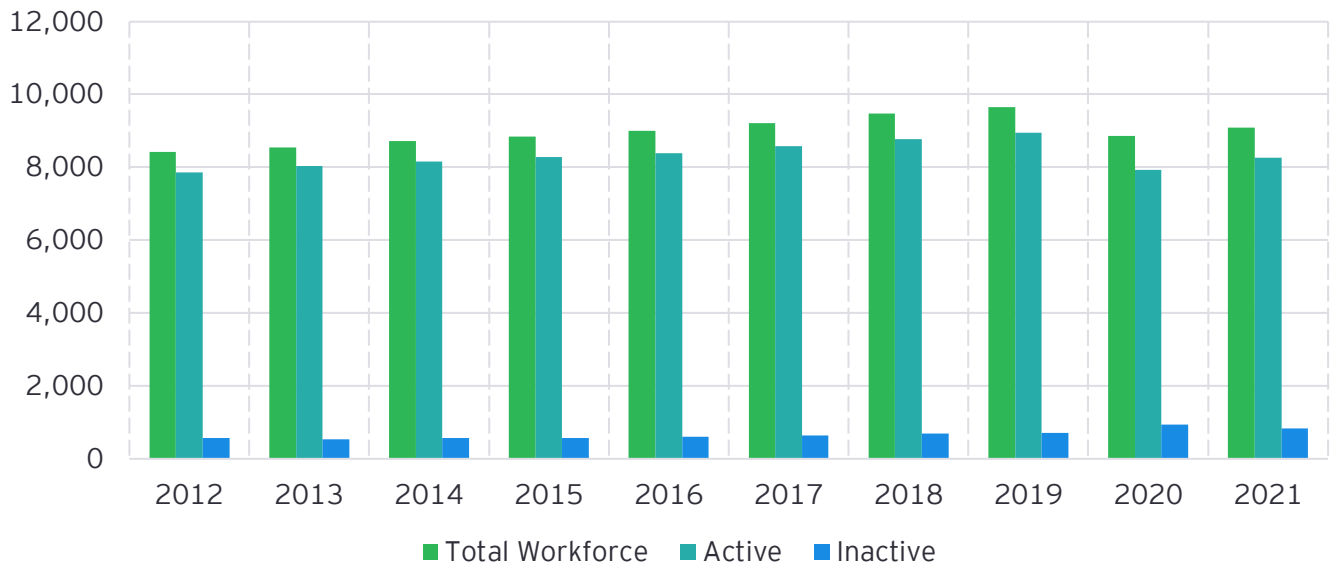
Population pyramid<sup>1</sup>



1. Total population by sex and urban-rural area, according to age groups, CENSUS 2017 results, National Institute of Statistics.



National workforce and inactive persons, monthly average, thousands of persons<sup>1</sup>



1. National workforce and inactive persons, National Institute of Statistics (monthly average, thousands of persons). Central Bank of Chile.



# Chile's performance in the Covid-19 health crisis

Chile was one of the first countries to start a mass vaccination program, ensuring doses from various sources.

As of May 9, 2022, more than 53 million doses have been administered in the country and 17.5 million people have been fully vaccinated, which represents 93.7% of the target population<sup>1</sup>, one of the highest percentages in the world.

The country is currently in the middle of the campaign for the administration of the 4th dose. According to the figures of the Ministry of Health as of May 2022, more than 4 million people have already received their 4th dose.

## Vaccination process in Chile Population 18 years old and above<sup>1</sup>

1st dose and single dose	95.18%
Complete outline	93.7%
Booster dose	14,111,813
Fourth dose	4,543,309

## Vaccination process in Chile Population between 3 and 17 years<sup>1</sup>

1st dose and single dose	91.66%
Complete outline	85.56%

1. [COVID-19 vaccination plan](#). Ministry of Health.

## Why EY?

# Because we are passionate about supporting entrepreneurship and building a better working world

At EY we have a global corporate responsibility initiative called EY Ripples, which focuses on the three areas where we identified that we can have the greatest social impact.

### Supporting the next generation

Supporting the next generation, with an emphasis on those who are under-resourced, developing the mindsets and equipping them with transferable skills they need to find and keep meaningful work in this new era of transformation.

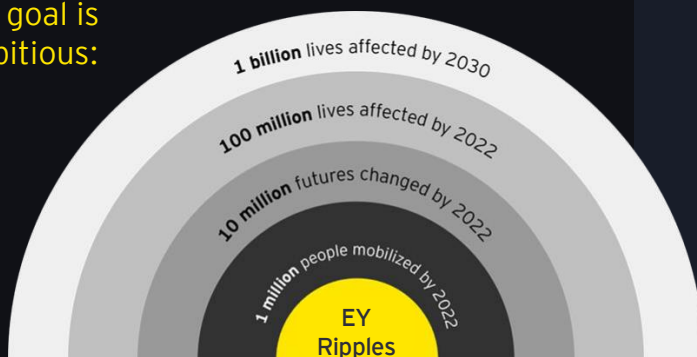
### Working with high-impact entrepreneurs

Helping scale small and growing business that drive progress towards one or more of the UN Sustainable Development Goals, tackling inequality, driving sustainable growth around the world, and empowering people to change their lives.

### Accelerating environmental sustainability

To accelerate environmental sustainability, EY works to drive adoption of behaviors, technologies and business models that protect and regenerate the environment while unlocking economic opportunity. EY people, clients and collaborators can contribute to projects focused on environmental research, promotion of the circular economy and reduction of carbon emissions and plastic usage.

Our goal is ambitious:



As part of our sustainability strategy: **EY is already carbon negative and will be net zero by 2025**

At EY we are strongly committed to our climate ambition launched in January 2021, we continue to actively reduce our emissions and are on track to reach climate neutrality by 2025.

## Why EY?

# Because we help corporate governments to build trust in the market

In our constant strive of building a better working world, we have developed several initiatives for the market that have achieved great prestige, both locally and internationally.



Non-profit corporation founded by EY, which, in exclusive alliance with the Institute of Directors of the United Kingdom (IoD), aims to be an active reference for Chile and Latin America in the training and dissemination of best corporate governance practices and strategy for companies.

IdDC provides an exclusive and permanent discussion space, which seeks to contribute to the effectiveness of the director's role by updating relevant topics, exchanging experiences, deepening into the director's role and facilitating the necessary tools to achieve it. It also provides formal education and certification programs.

[View website](#)

## La Voz del Mercado 2021

Study and survey carried out annually by EY in conjunction with the Santiago Stock Exchange, which has been publicly recognized by the OECD. It shows how the main players in the capital market evaluate the corporate governance of the companies with the largest stock market presence in the country.

Directors, C-level managers, capital market and risk rating agencies analysts, unions, academics and other influential actors participate in the survey, evaluating companies according to EY's 5-pillar model of corporate governance.

The general results are shared with the public while the specific results are shared directly with the evaluated boards. This enables them to observe how the market evaluates them in different aspects, benchmark against the competition and define the aspects they need to work on.

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A nighttime cityscape featuring several illuminated skyscrapers, with their lights reflecting on a body of water in the foreground. The scene is framed by a large, white, curved graphic element that contains the title text.

# Chile's Investment Scenario



# Introduction to the Investment Scenario in Chile

Chile is one of the most competitive, stable and open economies in Latin America, and stands out as an important destination for direct foreign investment in the world. In addition, it is well known for its low level of corruption, its robust institutions, and healthy macroeconomic figures. As a result, it is one of the countries with the greatest freedom to invest and do business.

Foreign investors can do business in Chile as individuals or through entities governed by the Code of Commerce and other legal regulations. It should be noted that there are no restrictions regarding the minimum or maximum amount of capital that any type of company may possess.

Our country has also established an attractive legal framework for foreign capital, whose pillars are economic freedom, non-discriminatory and non-discretionary procedures.



# Doing Business<sup>1</sup>

Foreign investors can do business in Chile as individuals or through entities governed by the Commercial Code and other applicable legal standards. The types of entities most often used to do business in the country are detailed as follows:

## Stock Corporations (S.A.)

They are composed of shareholders that raise common capital. Decisions are adopted through shareholders' meetings and they are managed by a board of directors.

### Characteristics:

- **Shareholders:** Formed by a minimum of 2 shareholders, with no maximum number of shareholders.
- **Types:** Stock corporations can be classified as open or closed.
  - **Open Stock Corporations (S.A.A.):** Those that (i) offer their shares to the public, (ii) have more than 500 shareholders, or (iii) 10% of their capital is held by a minimum of 100 shareholders (excluding individual shareholders that exceed such percentage).
  - **Closed Stock Corporations:** All the rest of stock corporations that do not meet the criteria for Open Stock Corporations(S.A.A.).
- **Liability:** The liability of the shareholders is limited to the amount of their shares.
- **Administration:** They must have a board of directors, composed of at least three essentially revocable members, that appoint a manager and the chairman of the board.

- **Oversight:** Open Stock Corporations must register with the Registry of Securities Issuers and are subject to oversight by the Financial Market Commission (CMF - Comisión para el Mercado Financiero). Closed Stock Corporations are not subject to oversight.
- **Transfer of shares:** There is no legal limitation to the transfer of shares.
- **Reserved business:** There are certain businesses that are reserved for stock corporations and which are overseen by the CMF or another sectorial Superintendency (banks, insurance companies, public works concessionaries, general funds administrators, etc.).

## Limited Liability Companies

Limited liability companies are one of the most common business formats used by individuals and legal entities that carry out business in Chile.

### Characteristics:

- **Partners:** They are formed by a minimum of 2 and a maximum of 50 partners, which can be national or foreign, residents or not, individuals or legal entities.
- **Liability:** The partners limit their responsibility to the amount of contributions made or up to a higher sum as long as it is indicated, without any minimum capital requirement.
- **Administration and oversight:** The object, administration and oversight of the company can be freely agreed upon by the partners, except for operations reserved by law for Stock Corporations (S.A.).

1. Author: Ignacio Pérez

- Transfer of equity rights: Unanimity is required for the transfer of equity rights.

### Individual Limited Liability Company

An individual can acquire the status of a legal entity under the figure of an Individual Limited Liability Company (E.I.R.L.). Equity is limited to what is stated in the deed and the proprietor only responds with their personal property up to the capital contribution to the company and the company responds with all its assets.

EIRLs can carry out all types of civil and commercial transactions, except for those reserved by law for Stock Corporations (S.A.).

### Joint-stock Corporation (SpA)

This is a variation of stock corporations and are governed primarily by their bylaws, and their shareholders have quite a bit of freedom in the establishment of their provisions. In the absence of bylaws or of special standards that govern this type of companies, they are governed by the standards for closed stock corporations.

#### Characteristics:

- Shareholders: Formed by a minimum of 1 shareholder. The company must be transformed into a stock corporation and register with the CMF if it meets any of the qualifications to make it an open stock corporation.
- Liability: The liability of the shareholders is limited to the amount of their shares.
- Administration: The administration of an SpA can be freely agreed upon by its shareholders in its bylaws.
- Oversight: In the same manner as closed stock corporations, SpAs are not subject to oversight by the CMF.
- Transfer of shares: There are no legal limitations to the transfer of shares.

### Branch or agency of a foreign branch

To establish branches of foreign companies in Chile, there is no need for formal approval from the government. A legal representative must be established on behalf of the foreign company, who must legalize certain documents before a Chilean Public Notary. These must be written in the original language and be accompanied by a Spanish translation. The documents are detailed as follows:

- Proof that the company is legally established abroad.
- Certification that the company exists.
- An authentic copy of the company's current bylaws.
- A general power of attorney issued by the company to the legal representative that will represent it in Chile.

This power of attorney must clearly establish that the legal representative acts in Chile under the direct responsibility of the company and with ample powers to be able to act on its behalf.

Likewise, the legal representative must sign a public deed on behalf of the company.

He/she must subsequently register an extract of the deed in the Commercial Registry and publish such extract in the Official Gazette.



# Tax Regime<sup>1</sup>

On February 24, 2020, Law Nr. 21,210 on "Tax Legislation Modernization" was published in the Chilean Official Gazette. This law established a new Income tax regime in Chile, which became effective from January 1, 2020 onwards.

Below are some of the most important modifications introduced by this law, which should be taken into consideration when investing in Chile.

## Current tax regime

The administration, inspection and collection of the main taxes are the responsibility of the Internal Revenue Service (SII). Its main responsibilities are to control tax evasion and to collect taxes efficiently.

### The main Income Taxes and their tax rates are as follows:

First Category Income Tax (capital income)	10% - 27% (a)
Capital gains tax	0 - 10% - 27% - 35% (b)

### Tax withholdings on remittances abroad:

Dividends	35% (c) (d)
Interest	4/35% (e)
Royalties on patents, trademarks formulas and others	0/15/30% (f)
Technical services rendered abroad	15/20% (g)
Other payments and compensation for services	35% (h)

### Operating losses (years)

Carry-back	N/A
Carry-forward	Indefinite

- a) As a general rule, the corporate income tax rate is 27%. In the case of certain smaller companies or entities without an owner (foundations, unions, etc.) the income tax rate will be 10% on a temporary basis during business years 2020, 2021 and 2022.
- b) As a general rule, capital gains are considered as ordinary income. There are some exceptional situations regarding certain goods (for example, sales on the stock exchange, however, as of September 1<sup>st</sup>, 2022, they will be taxed at a rate of 10%) and natural persons (certain individuals). Depending on the taxpayer tax regime, capital gains could be subject to a corporate income tax rate of 10% or 27%.

1. Authors: Felipe Espina, Ignacio Pérez

Capital gains are subject to a 35% withholding tax in the case of non-resident taxpayers. Finally, capital gains from publicly traded stocks might not be subject to income taxes when certain requirements are met.

- c) Dividend distributions between Chilean companies are not subject to corporate income taxes, although in certain cases they must be incorporated into the taxable base of the recipient company.
- d) If the recipient of a dividend is a non-resident, dividends will be subject to Additional Tax (a type of withholding tax) at a 35% rate. Any First Category (corporate) Income Tax that has already been paid can be used as tax credit against this Additional Tax, in percentages that vary depending on whether there is an agreement in force to avoid double taxation between Chile and the country where the beneficiary of the dividend is a resident.
- e) Although 35% is the general Additional Tax or withholding tax rate, this could be reduced to 4% if the payment is made to international banks or foreign financial institutions. Interest on credits or financing between related parties subject to a withholding tax rate that is less than 35% must be reviewed to determine compliance with excess indebtedness or undercapitalization rules ("thin cap rules") on the part of the Chilean debtor entity.
- f) In certain cases (invention patents, models, computer programs), the general tax rate of 30% can be reduced to 15%. Exceptionally, certain royalties may be exempt from withholding tax (as in the case of standard software).
- g) The general tax rate is 15%, unless the beneficiary of the income is a resident who has a preferential tax regime, in which case the tax rate increases to 20%.
- h) General withholding tax rate for payments made from Chile abroad.

## 1. Corporate tax (First Category Income Tax)

### Tax base determination

As a general rule, the Corporate tax rate is 27%, which is applicable to net taxable profit. Companies based in Chile are subject to this tax for their worldwide source profits.

Annual profits are subject to income tax at two stages. Firstly, a company's profits are subject to the 27% Corporate tax. Subsequently, shareholders' (owners') income will be taxed after distribution or withdrawal. During this stage, shareholders' income will be subject to Additional Tax (withholding tax).

When a company's shareholders are not Chilean residents, the Additional Tax rate is 35%. When the shareholders are individuals residing in Chile, they pay a personal tax called "Global Complementary Tax", whose tax rate is proportional and progressive (depending on the volume of income withdrawn), with a maximum rate of 40%.

In both cases, 65% of the Corporate tax paid by the company may be credited against these personal taxes (Additional or Global Complementary), in which case, foreign shareholders are subject to a 44.45% final tax rate on dividends.

However, if shareholders are legal residents in countries with which Chile maintains agreements to avoid double taxation, they are entitled to a 100% tax credit for having paid the company's Corporate tax, which results in a personal tax rate of 35%.

Currently, Chile maintains double taxation avoidance agreements with 33 jurisdictions including several countries in Europe, North and South America and Asia. This tax benefit is even applicable to agreements that were signed up to December 31, 2019 (United States and United Arab Emirates).

The Corporate taxable base includes all income, with some minor exceptions (e.g., government incentives). All costs and expenses that are necessary for generating income (allowed expenses) can be deducted from the Corporate taxable base. Taxable income includes that which is generated from all transactions, asset sales, and other business activities.

One of the requirements for expenses to qualify as deductible is that they must be "necessary to produce income", either in the same year or in future fiscal years. In addition, they must be directly related to the corporate purpose.

It is important to keep in mind that the authorized expenses in favor of taxpayers who reside abroad will only be deductible to the extent to which they have been paid and that the applicable withholding tax has been duly declared and paid.

As mentioned above, the Corporate tax rate for smaller companies or entities without an owner (foundations, unions, etc.) is 10% on a temporary basis during business years 2020, 2021 and 2022. When the shareholders or directors of these entities distribute dividends or withdraw profits, 100% of the corporate tax paid by the entity may be used as a tax credit against any personal tax due.

### Tax loss carry back system

During the 90s and until 2014 it was possible to deduct tax losses against retained earnings from previous years, this mechanism is called "*carry back of losses*". Since then, continuous legislative changes have tent to limit its use.

Likewise, in 2001, limitations were incorporated into loss deductibility when an entity carrying on losses changed ownership, under certain requirements.

As part of the 2014 tax reform, the possibility of deducting losses against retained earnings from previous years was eliminated, except in the case of results consolidation from the same business group, through the distribution of dividends or profits.

Finally, the Tax Legislation Modernization Law established the definitive elimination of tax loss deductibility against distributed dividends. Before this reform, Chilean companies with retained tax losses that distributed dividends or agreed to withdraw profits from Chilean subsidiaries could offset these retained losses and recover the Corporate tax paid by the subsidiary that distributed the dividend. This right was gradually eliminated as detailed as follows:

2020	90% of the losses will be imputed to the amounts to be distributed when they are subject to personal taxes
2021	80% of the losses will be imputed to the amounts to be distributed when they are subject to personal taxes
2022	70% of the losses will be imputed to the amounts to be distributed when they are subject to personal taxes
2023	50% of the losses will be imputed to the amounts to be distributed when they are subject to personal taxes
2024	0% of the losses will be imputed to the amounts to be distributed when they are subject to personal taxes

## 2. International Taxation

### Tax credit regularization between countries with or without an agreement to eliminate double taxation

Before the publication of the Tax Modernization Law, Chilean tax legislation allowed the possibility of using income taxes paid abroad as tax credits against income taxes to be paid in Chile, depending on whether an agreement to eliminate double taxation was in force between Chile and the country where the income tax was paid. If such agreement existed, a tax credit up to 35% on the net taxable income from foreign sources could be obtained (against Chilean taxes), with certain adjustments. If such an agreement did not exist, the tax credit dropped to 32%, among other differences. With the Tax Modernization, this tax treatment has been standardized to 35%.

However, in the case of countries with no such agreement in force, it is only possible to use (i) taxes on dividends (withholding or corporate taxes paid by the company that distributes such dividends), (ii) income taxes paid by agencies or permanent establishments, (iii) income taxes on the use of intangible assets such as trademarks, patents or formulas, (iv) taxes on services classified as exports, (v) taxes on income from dependent labor and, (vi) taxes on passive income under article 41 letter G of the Chilean Income Tax Law as a tax credit against Chilean income taxes.

### Undercapitalization rules for tax credits from foreign related parties

As a general rule, interest paid by Chilean entities to entities domiciled abroad are subject to a 35% withholding tax, or at a lower tax rate set up by an agreement to avoid double taxation.

Interest paid to international banks or foreign financial institutions can benefit from a reduced tax rate of 4% if certain requirements are

met, even in the case of related parties. In addition, interest could be subject to reduced withholding tax rates (10% or 15%) by virtue of an agreement to avoid double taxation. In both cases, undercapitalization rules apply.

Basically, undercapitalization rules states that in the event of excessive indebtedness (i.e., when total indebtedness is three times higher than the company's tax assets) any interest, commissions or payments made abroad for debts with related parties are subject to a 35% effective tax rate. For the purposes of indebtedness calculation, all debts with local or foreign related parties must be considered.

### Passive income tax regime abroad (CFC Rules)

This regime establishes the obligation to recognize passive income received or accrued by entities controlled abroad, on an accrual basis.

### Transfer Prices

In Chile, the rules on transfer pricing have been in force since 2013, which follow the guidelines of the Organization for Economic Cooperation and Development (OECD).

Under these rules, cross-border transactions between related parties must be performed at market conditions (*arm's length* transactions).

Transfer price adjustments made by the authorities are subject to a 40% tax (fine).

### Preferential tax regimes

To be considered a jurisdiction with a "preferential tax regime", at least two of six requirements established by law must be met. OECD countries are not considered to have preferential tax regimes.

Transactions with jurisdictions that have preferential tax regimes are subject to higher withholding tax rates, especially certain payments abroad (for services and royalties). In addition, a presumption of a relationship is applied in certain circumstances (transfer prices, undercapitalization rules, indirect disposal and passive income).

### Indirect Disposal

Capital gains generated by the indirect disposal of Chilean underlying assets are subject to taxation in Chile if certain circumstances are met. These relate to the value of the entity that is transferred abroad or the Chilean entity that is transferred indirectly.

Once an indirect transfer has been carried out, the capital gain is taxed at 35%. These operations must be duly reported to the tax authorities.

In any case, Chilean companies or indirectly transferred permanent establishments are jointly and severally responsible for the payment of the taxes due by the foreign transferor.

## Tax Incentives

### Agreements to avoid double taxation:

- Chile has entered into agreements to avoid double taxation with Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Colombia, South Korea, Croatia, Denmark, Ecuador, Spain, France, Ireland, Italy, Japan, Malaysia, Mexico, Norway, New Zealand, Paraguay, Peru, Poland, Portugal, United Kingdom, Czech Republic, Russia, South Africa, Sweden, Switzerland, Thailand and Uruguay.
- In addition, there are currently agreements signed but not in force with the United States, the United Arab Emirates, the Netherlands and India.

## Taxes on entities not domiciled in Chile

Chilean source income received by a non-resident who does not have a domicile in Chile is generally taxed with the Additional (withholding) Tax, at a rate of 35%.

As explained before, dividends sent abroad are taxed with a withholding tax of 35%. In addition, 65% or 100% of corporate taxes paid by the Chilean company can be used by foreign owners as a tax credit against their personal withholding taxes, depending on whether the beneficiary resides in a country which Chile has an agreement with to avoid double taxation in force.

Returns of capital are not taxable, unless they are attributable to earnings retained by the company.

## 3. Value Added Tax (VAT)

VAT is levied on sales and imports of goods, and the provision and use of services at a rate of 19%.

VAT follows the tax debit/credit system, e.g., the VAT paid on purchases is offset with VAT on sales. VAT must be declared and paid monthly. Its amount is determined as the difference between VAT's tax debit and tax credit. In addition, any remaining tax difference can be used in subsequent periods.

Currently, VAT is mainly applicable to all routine sales of personal property, real estate (either new or used) and specific services (subject to change).

### VAT on foreign digital platforms

Due to Law Nr. 21,420, as of January 1<sup>st</sup>, 2023, VAT will be levied on all services provided or used in Chile, understanding as such the action or provision that a person performs for another and for which he receives an interest, premium, commission or any other form of remuneration. There are certain exemptions expressly contemplated by law and the following activities will be added as of the same date:

- a) Income from professional companies (under the terms of the Income Tax Law), even when they have chosen to declare their income in accordance with the first category.
- b) Outpatient health services, benefits and procedures.

## 4. Miscellaneous

### Substitute Tax - Transitory Regime

Taxpayers who have retained earnings at the end of 2020 that were generated up to December 31, 2016, may choose to pay a 30% income tax (instead of personal taxes) on these retained earnings that have not been withdrawn. The corporate tax paid by the Chilean company can be used as a tax credit. The effect being that once this substitute tax has been paid, the retained earnings may be withdrawn and distributed without affecting other income taxes. This benefit can be used between October 1, 2019, and April 1, 2022.

### Incentives for investment and savings

Depreciation mechanisms: The main depreciation mechanisms are two: normal depreciation (linear depreciation over the useful life of the assets) and accelerated depreciation (the asset's useful life is reduced to one third). In addition, there are other mechanisms available to small and medium-sized companies.

There is a temporary possibility of using an even more accelerated depreciation mechanism, whereby the useful life of new or imported PP&E assets can be reduced to 10% during the first year.

Likewise, it is possible to amortize 100% of the value of intangible goods whose destination is related to the interest, development or maintenance of the company or business of the entity. This benefit is transitory and can be applied to the acquisition of the following goods:

- a) Industrial property rights regulated by Law Nr. 19,039;
- b) Intellectual property rights regulated by Law Nr. 17,336; and
- c) Plant varieties regulated by Law Nr. 19,342.

These benefits can be used between June 1, 2020, and December 31, 2022.

### Personal taxes (Second Category Income Tax and Global Complementary Tax)

The Second Category Tax is applied to income from dependent and subordinate work, it is progressive marginal, monthly withholding by the employer, reaching a maximum marginal rate of 40%.

The Global Complementary Tax is applied to income derived from professional and independent activities. It is an annual declarable tax whose maximum rate is 40%.

### Customs Regime

As a general rule, imports are subject to the payment of an "ad valorem" duty (6% on the CIF value) and VAT (19% on the CIF value).

Exceptionally, imports of capital goods may be exempted from duties and VAT under certain requirements.



The “ad valorem” duty may be free or subject to a reduction. Chile has signed a long list of free trade agreements (at a rate of 0%).

The determination of customs duties is made under the rules of the World Trade Organization (WTO).

### International treaties

- Free trade agreements: Argentina, Australia, Brazil, Canada, China, South Korea, Central America (a), Colombia, EFTA (European Free Trade Association) (b), United States, Hong Kong SAR, Malaysia, Mexico, Panama, Peru, Thailand, Turkey, Vietnam and Uruguay.
- Economic Complementations Agreements (ECA): Chile has signed ECAs with Bolivia, Cuba, Ecuador, The MERCOSUR and Venezuela.
- Economic Partnership Agreements (EPA): Chile has signed EPAs with the P-4 (New Zealand, Singapore, Brunei), The European Union (c), Japan and the United Kingdom.
- Investment Protection Agreements: Chile has signed this type of agreement with nineteen European countries, five from Asia Pacific and fourteen from the Americas.
- Pacific Alliance: Chile formed the Pacific Alliance with Colombia, Mexico and Peru.
  - a) Central America: Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.
  - b) EFTA: Iceland, Liechtenstein, Norway and Switzerland.
  - c) European Union: Germany, Austria, Belgium, Bulgaria, Cyprus, Croatia, Denmark, Slovakia, Slovenia, Spain, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Czech Republic, Romania, Sweden.

### Green Taxes and Indirect taxes other than VAT

Green taxes levy a specific tax on those establishments whose fixed sources (turbines or boilers) generate a power greater than or equal to 50 MWt (thermal megawatts) and that emit particulate matter (PM), nitrogen oxides (NOx), sulfur dioxide (SO2) and carbon dioxide (CO2).

As of 2023, the reference to “fixed sources” will be eliminated, so the tax will affect any establishment whose emission sources reach emission levels of 100 or more tons of particulate matter (PM) per year, or 25,000 or more tons of carbon dioxide (CO2) annually, without any other qualifier.

Additionally, the latest reforms increased taxes on alcoholic beverages and cigarettes.

### Stamp Duty

This tax is applicable to documents that account for money credit operations. The tax rate is 0.066% per month if the credit is less than twelve months. If the term of the credit is equal to or greater than twelve months, the tax rate is 0.8%.

### Regional Contribution

Taxpayers subject to First Category Tax based on effective income determined according to complete accounting, that carry out investment projects in Chile, will be taxed only once with a contribution for the benefit of regional projects at a rate of 1%. The so-called investment projects must meet the following requirements:

- a) They must include physical assets of fixed assets for a value of USD10 million or more, taking into account the total value of the contract at the date of subscription;
- b) They must submit to the environmental impact assessment system in accordance with art. 10 Law 19,300, as of January 1, 2022.

Exemptions include projects destined exclusively to the development of health, educational, scientific, research or technological development activities, as well as residential and office construction.

The contribution is accrued at the end of the first fiscal year in which the project generates operating income, without considering depreciation, provided that the definitive reception of works has been obtained from the respective Municipal Works Directorate, or that the Superintendency of the Environment has been informed of the beginning of the project's execution.

### General Anti-Avoidance Rules

The recent reforms have incorporated the “General Anti-Avoidance Rule”, by virtue of which the tax authority may question any agreements and activities carried out by taxpayers with the purpose of avoiding the payment of taxes through the abuse of legal norms or simulation.

Notwithstanding the tax authority's new powers, there is a presumption of good faith on behalf of taxpayers and the tax authority must prove their accusations (burden of proof), as well as the competence of the tax courts, etc.



# Labor regime<sup>1</sup>

## 1. Chilean labor contracting system and special requirements for foreigners

In Chile, labor relations between workers and employers are governed by Chilean labor laws, mainly contained in the Labor Code, which regulates the employment relationship between worker and employer, the employment contract, the various types of contracts, and the rights and obligations that emanate from the employment relationship for both parties, among others.

Article 7 of this Code defines the individual employment contract as "an agreement by which the employer and the employee reciprocally commit the latter to render personal services under the dependence and subordination of the former, and the former to pay a determined remuneration for these services."

### System applicable to all workers, whether national or foreign

Employment contracts can be classified based on their temporality. In this sense, there are three types of employment contract:

- **Indefinite Contract:** It is one whose term has not been previously fixed by the parties, being this type of contracting the general rule in this country. In this type of contract, a certain date or term of duration is not established and the employment relationship can only be terminated by the application of certain causes contained in the Labor Code, generating relative stability for the employment.

- **Fixed Term Contract:** It is one where the worker and employer enter into an employment contract for a certain time, with a precise termination date. It has a maximum duration of one year and exceptionally two years for managers or people who have a professional or technical degree granted by a higher education institution. The fixed-term contract can be renewed for a single time. In case it is renewed for a second time, it will be automatically transformed into an indefinite contract. The same applies when the worker, with the knowledge of the employer, continues to provide services after the expiration of the agreed term or in the case when the worker has provided discontinuous services under more than two term contracts, for twelve months or more, in a period of fifteen months from the first hiring.
- **Contract for a Specific Work or Chore:** In this case the duration of the contract will depend on the nature of the services for which the worker was hired and not on a term established by the parties. It is characterized by its short duration. Examples of these types of contract are those in which the worker undertakes to execute a specific and determined material or intellectual work, whose validity is limited or limited to the duration of said work.

As regards the nature of the services provided by the worker, national legislation provides for other types of employment contracts, so-called "special", in addition to regulating the outsourcing of labor and collective labor relations (trade unions and collective bargaining).

The Labor Code establishes that the employment contract is of a consensual nature, sufficing only the will of the parts for improvement.

1. Authors: John Andrew Perry, Juan Pablo Castillo

Thus, when in a relationship the constituent elements of the employment contract concur, that is, the provision of personal services under subordination and dependence, said relationship will be of an employment nature.

Notwithstanding the foregoing, the law sets a deadline for the certification of the employment contract, a term that will depend on the duration of the contract. In this regard, it should be noted that the certification of the contract is a formality that allows to prove the clauses agreed by the parties and constitutes an obligation of the employer sanctioned with administrative fines, without prejudice to which the contract maintains its consensual nature.

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### Additional considerations for foreign workers

Foreigners who provide services in Chile are subject to the same laws as national workers, however, there are certain special clauses, in addition to those established in article 10 of the Labor Code, which must be included in employment contracts for immigration purposes, among which are:

- **Income tax clause:** By means of this clause, the employer undertakes to withhold the tax levied on the remuneration paid to the worker.
- **Social security clause:** By means of this clause, the worker must express his intention to contribute to the Chilean social security system or to exempt himself, under the provisions of the Law Nr. 18,156.
- **Term of the employment contract:** The employment contract must subject its validity to the worker being granted a respective visa or permit to work in Chile, by the Chilean immigration authorities.

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### Other legal considerations regarding the work of foreigners

When establishing an employment relationship, the following should be taken into account:

- **Quotas:** At least 85% of workers serving the same employer must be Chilean nationals. Employers with no more than 25 workers are exempt from this provision. For the purposes of this percentage, the following rules will be followed: (1) the total number of workers that an employer utilizes within the national territory will be taken into account and not that of the different branches separately; (2) the specialist technical staff is excluded (it must be proven by the employer before a possible inspection); (3) a foreigner whose spouse, civil partner or children are Chilean or who is a widower of a Chilean spouse shall be taken as Chilean and; (4) foreigners residing for more than 5 years in the country will be considered as Chilean.
- **Social Security:** The Law Nr. 18,156 allows foreign technical workers to exempt themselves from contributing in Chile for the coverage of pension and health funds (maintaining in any case their obligation to contribute to unemployment insurance, occupational accident insurance and SANNA Law), provided that the following requirements are met, copulatively:
  - The foreign worker must hold the status of "technician", at least.
  - The foreign worker must be affiliated to a social security or social security system outside Chile, which grants benefits at least in cases of illness, disability, old age and death.

- The employment contract must contain a clause relating to the maintenance of the worker's affiliation to the social security system outside Chile.

It should be noted that foreign workers could also choose to avail by the social security agreements that are applicable between Chile, the worker's country of origin and/or the country of provision of services. Currently, Chile maintains international social security agreements with the following countries: Argentina, Australia, Austria, Belgium, Brazil, Canada, Colombia, Czech Republic, Denmark, Ecuador, Finland, France, Germany, Luxembourg, Norway, Paraguay, Peru, Portugal, Quebec, Republic of Korea, Spain, Sweden, Switzerland, United Kingdom, Uruguay, in addition to the existence of an Ibero-American Multilateral Agreement.

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### Immigration regulations

In the area of migration, it should be noted that the Law Nr. 21,325 of Migration and Aliens, regulates the entry, stay, residence and exit of foreigners from the country, as well as the exercise of rights and duties, without prejudice to those contained in other legal regulations.

Under the applicable immigration regulations, every foreign worker requires a special work permit or visa to carry out remunerated activities in the country. This implies having a permit granted by the competent authority, stamped on a valid passport, and that authorizes its bearer to enter the country and stay in it for the time determined and with the corresponding conditions according to the respective visa.

With regard to the rights and obligations of foreigners, equal rights and obligations are enshrined. It is also stipulated that the State shall promote due protection against discrimination and shall ensure compliance with the obligations stated in the Political Constitution of the Republic.

The law and its regulations determine the procedure for accessing residence or permanence permits, including data, documents and deadlines in which they must be submitted, as well as the specific requirements for obtaining them.

The norm establishes the following migratory categories:

- **Temporary permanence:** It is the permit granted by the National Migration Service to foreigners who enter the country without intention of settling in it, which authorizes them to remain in national territory for a limited period of 90 days, extendable for the same period only once, except cases of force majeure. Foreigners with temporary permanence will not be able to carry out remunerated activities in the country, except in qualified cases.
- **Official Residence:** It is the residence permit granted to foreigners who are on an official mission recognized by Chile, and to their dependents. The granting and rejection of this residence permit shall be the responsibility of the Ministry of Foreign Affairs.
- **Temporary residence:** It is the residence permit granted by the National Migration Service to foreigners who intend to settle in Chile for a limited time, and which enables them to carry out remunerated activities in the country. This permit is valid for up to 2 years, except in the case of seasonal workers, in which case it may be valid for up to 5 years when limited annual stay periods are established. This permit may be extended for up to two additional years.

- **Definitive residence:** It is the permission to settle indefinitely in Chile, which authorizes to develop any lawful activity, without other limitations than those established by the legal and regulatory provisions. Permanent residence may only be granted to foreigners holding a temporary residence permit that expressly admits to applying for it and that complies with the requirements of the law, regulation, and supreme decree that establishes the subcategories. Holders of a definitive residence permit will not require prior authorization or visa to enter the country.

It should be noted that within each migratory category there will be subcategories, which will determine the specific reason why a foreigner will enter and remain in Chile. These migratory subcategories will be regulated in a Supreme Decree of the Government that has not yet been promulgated or published. Notwithstanding the foregoing, the fifth transitory article of the Law Nr. 21,325 establishes that "until the supreme decree defining the migratory subcategories is issued, the migratory categories established in the decree-law Nr. 1,094, of 1975, which establishes rules on foreigners in Chile, shall govern".

Finally, we note that employers may only hire foreigners who have a residence or permanence permit that allows them to work or who are duly authorized to do so in accordance with the law.

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## Principles governing employment

In Chile, workers dependent on an employer are entitled, among others, to the following mandatory and non-waivable employment benefits:

- **Holidays or vacation:** Workers with more than one year of service are entitled, as a rule, to an annual holiday of fifteen working days with full remuneration.
- **Distribution of profits in favor of workers or gratuities:** Companies that in accordance with the law must grant gratification, must distribute a percentage of their profits among all their workers. The employer, in order to comply with this obligation, may choose between two alternatives contemplated by law: a) distribute among the workers 30% of the liquid profits of the company, with some adjustments, or b) pay the workers 25% of their remuneration accrued in the respective business year, with a maximum limit of 4.75 minimum monthly wages per worker, independent of the liquid profits obtained. Likewise, the parties could agree or implement contractual systems of gratification, but that must be more favorable than the minimum established in the law.
- **Social security:** According to the Chilean social security system, all dependent workers have the obligation to contribute to the social security system.

The Chilean pension system includes mandatory contributions of 7% of the monthly remuneration for health insurance (ISAPRE or FONASA) and 10% of the monthly remuneration for the pension fund (AFP) including a commission that varies according to each administrator.

For 2022, both contributions have, as a taxable limit, a monthly remuneration of CLF 81.6, which is readjusted annually according to the variation of the real remuneration index.

Additionally, there is a compulsory contribution for the invalidity and survivors' insurance of workers, equivalent to 1.85% of the taxable remuneration; the contribution for insurance against accidents at work and occupational diseases, whose basic rate is 0.90% and which can be increased up to 3.4% depending on the risk of the activities carried out by the company, and the contribution for insurance for the accompaniment of children, also called "SANNA Law", which is 0.03%. All these contributions are borne by the employer and have as a taxable limit a monthly remuneration of CLF 81.6.

There are also contributions for unemployment insurance, under which the worker contributes 0.6% of the gross monthly remuneration and the employer contributes 2.4% of it. For the year 2022, the gross monthly remuneration that serves as the basis for these contributions has a monthly limit of CLF 122.6.

It should be noted that the distribution indicated only applies in cases where the employment contract is indefinite, varying in the case of contracts subject to term.

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## Taxes levied on wages

The general rule on the taxation in Chile of personal income is contained in Article 3 of the Income Tax Law ("LIR"), which states that "(...) Unless otherwise provided in this law, any person domiciled or resident in Chile shall pay tax on their income of any origin, whether the source of entry is located within the country or outside it, and persons not resident in Chile shall be subject to taxes on their income whose source is within the country." Notwithstanding the foregoing, during the first three years of stay in the country, foreign individuals are only taxed on their income from Chilean sources, considering income from Chilean sources that which is derived from assets located in Chile or from activities carried out in the country.

According to the Chilean Tax Code, a resident is a person who remains in the country, uninterrupted or not, for a period or periods that in total exceed 183 days, within any period of twelve months.

For its part, the concept of domicile is defined in article 59 of the Civil Code, which establishes that this is "the residence, accompanied by the intention to remain in it". There are certain facts that allow to presume the above, such as being hired by a Chilean company or residing in Chile with the family, which is analyzed on a case-by-case basis by the Internal Revenue Service ("SII").

The remuneration received by a domiciled or tax resident for the provision of their services in Chile is classified as "income from dependent work", and is affected by the Second Category Single Tax ("IUSC"), on a monthly basis, which is established in progressive rates per tranche ranging from 0% to 40%.

The income received by taxpayers without domicile or residence in Chile will be affected by the Additional Tax, as a single one, whose general rate is 35%, applying lower rates in special circumstances that are regulated in current national regulations. This tax does not allow deductions.

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## Expiration or termination of the employment relationship

In Chile, there is an employment system of relative stability regarding the termination of employment contracts. This means that to terminate an employment contract there must be a legal cause for it. The grounds are grouped into two main groups: those that generate a mandatory severance payment and those that do not:

- Causes for termination of the employment contract that do not generate the right of a mandatory severance payment: They derive from the decision of the parties or by natural causes, such as mutual agreement, death of the employee, expiration of the term of the contract or resignation of the employees.

Other grounds for termination that do not give rise to the obligation of severance payment include employee misconduct, such as lack of probity, sexual harassment, immoral conduct, incompatible negotiations, and, in general, any conduct that may represent an intentional violation or serious breach of employment obligations.

However, when the employment contract ends while the worker has accrued legal holidays of which he has not made use, such a holiday must be compensated by the employer, regardless of the cause of termination.

- Causes for termination of the employment contract that generate the right to a severance payment and compensation in lieu of prior notice: The employer may unilaterally terminate labor relations, based on the needs of the company, such as those derived from the upgrading of services, a decrease in productivity, changes in the economy or in market conditions that may generate the need for a reduction in the number of employees. In the case of employees who have the power to represent the employer, such as managers or agents with general management powers, the employment contract may be terminated without the need to invoke any cause.

Additionally, there is compensation for dismissal and removal of immunity for a situation affecting the employer, established in article 163 bis of the Labor Code, on bankruptcy liquidation proceedings.

As for compensation for years of service, the conditions for its payment are that the employment contract has been in force for more than one year and the employer terminates it by application of the aforementioned grounds. The employer must pay a monetary compensation to the worker, equivalent to 30 days of the last monthly remuneration of the worker, with a limit of CLF 90 for each year of service or fraction greater than six months, with a maximum of 330 days or 11 months.

In addition, when the employer terminates the employment contract invoking company needs or eviction, it requires giving prior written notice to the worker at least 30 days in advance. If notice is not given, the employer must pay a substitute indemnity for the prior notice, equivalent to 30 days of the last remuneration, within the limits and conditions described above.

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## 2. Law on Remote Work and Telework

On April 1, 2020, Law Nr. 21,220 became effective. It "Amends the Labor Code on Remote Working," regulating its definition, working hours, rest periods, means and protection.

According to this law, remote working is work in which services are provided, either totally or partially, from the employee's home or another place or places other than the company's premises. It will be called Teleworking if the services are provided through the use of technological, IT or telecommunication means or if such services are to be reported through these means.

As a rule, remote working is subject to specific working hours. However, the regulations allow for more flexible working hours or even the exclusion of the working day limit in the case of teleworking. In such cases, the employee will have the right to disconnect from work for at least twelve continuous hours in a twenty-four-hour period, among other benefits.

The parties must agree on Remote Working or Teleworking in the employment contract or annex to the same, including special clauses required by the same regulation.

The employer will provide the equipment, tools and materials for Remote Working or Teleworking to the employee. Likewise, the costs of operation, functioning, maintenance and repair of equipment shall also be paid by the employer.

The specific health and safety conditions regulated by the Remote Working and Teleworking modality to which the workers must be subject are established by the Regulation of the Ministry of Labor and Social Security contained in Decree No. 18, published in July 2020. According to this regulation, the employer must communicate such health and safety conditions to the workers, ensuring compliance.

Equipment, tools and materials for remote work or teleworking shall be provided by the employer to the worker. Likewise, the costs of operation, operation, maintenance and repair of equipment will also be borne by the employer.

The specific safety and health conditions to which workers governed by the modality of remote work and telework must be subject are established by the Regulations of the Ministry of Labor and Social Welfare contained in the Decree No 18, published in July 2020, and in accordance with it, it is the employer who must communicate these safety and health conditions to workers, ensuring compliance.

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### 3. Law on Modernization of the Labor Office

On April 30, 2021, the Law Nr. 21,327 was published in the Official Gazette, which aims to modernize the Labor Office (DT) through the incorporation of new technologies and digitization of procedures.

One of its most important points is the Electronic Labor Registry, through which employers must register on the DT website all employment contracts, terminations of employment contracts and all documentation that is requested in its regulation -such as annexes of employment contracts, remuneration, Internal Regulations of Order, Hygiene and Safety, sanctions against workers, collective instruments, among others.

This information will be used for the exercise of the legal powers of the Labor Office, such as audits, conciliations, mediations and ratification of settlements. It may also be used for statistical, research and dissemination purposes carried out by the Internal Revenue Service.

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### 3. Digital Platforms Law

On March 11, 2022, the law that modifies the Labor Code regulating the contract of workers of digital service platform companies was published.

The norm regulates the relationships between workers of digital platforms ("TPD") and companies of digital platforms of services provided in Chile. Likewise, it distinguishes between dependent and independent TPDs, regulating, among other aspects, the stipulations that their contracts must contain, the working day of the dependent TPDs, the independent TPDs obligation to disconnect, remuneration and fees, social security and indemnities, etc.

The entry into force of the law will be the first day of the sixth month following its publication, that is, September 1, 2022.

It should also be noted that the regulation establishes a period of 3 years from its publication to comply with the requirement set forth in article 19 of the Labor Code, with respect to the quota in which 85% of the workers who serve the same employer must be of Chilean nationality.

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### 4. Other recent labor regulations

There are other matters that have recently been introduced or modified in the Chilean labor legislation, among which are the following:

- a) Law that readjusts the amount of the minimum monthly income: The Chilean authority has announced that for this year 2022, the monthly minimum wage for workers between 18 and 65 years will be CLP \$ 380,000 starting in May, and that it will be adjusted to CLP \$ 400,000 from August 2022 on.
- b) Universal Guaranteed Pension Law: The law establishes a guaranteed pension to which people who are 65 years of age or older may access, provided that they meet the other legal requirements, regardless of whether they are entitled to a pension or even whether they have retired or not. The amount of this benefit will amount to a maximum of CLP \$185,000.
- c) Law prohibiting employment discrimination against mutations or alterations of genetic material or genetic tests: The law establishes that no employer may condition the hiring of workers, their permanence or the renewal of their contract, their promotion or mobility in their employment, to the absence of mutations or alterations in their genome that cause a predisposition or a high risk to a pathology that may manifest itself during the course of the employment relationship, nor require for these purposes any certificate or examination that allows to verify that the worker does not have in his human genome mutations or alterations of genetic material that may lead to the development or manifest in a disease or physical or mental anomaly in the future.
- d) Law on electronic documents: The norm regulates electronic documents and their legal effects, the use of electronic signatures in them, the provision of certification services of these signatures and the accreditation procedure to which the providers of said certification service may be subject, in order to guarantee security in their use.
- e) Electronic labor documents law: Grants validity and regulates the subscription of the labor settlement, the resignation of the worker and the mutual agreement of the parties through electronic means.
- f) Law that establishes the modality of remote work or telework for the care of children and people with disabilities, in the cases indicated: The law establishes the possibility that the worker who has in his or her personal care a child in the preschool stage, a child under 12 years of age before the closure of a basic education establishment, or people with disabilities, may pact with their employer to telework under certain conditions.

- f) Law that creates a work permit so that every worker can be vaccinated, in the cases indicated: The law establishes that any worker who is within the target population of public immunization campaigns through vaccines or other means, for the control and prevention of communicable diseases, you will be entitled to half a day of work leave for vaccination.
- g) Law that abolishes the age range to exercise the half-day work permit so that the worker, once a year and during the employment relationship, can undergo mammography and prostate examinations, respectively, and may include other preventive medicine benefits, such as the Pap smear, in the corresponding public or private health institutions.
- h) Law regulating paid leave for deaths of relatives: The law establishes that in the event of the death of a child, every worker will be entitled to ten calendar days of paid leave. In the event of the death of the spouse or civil partner, every worker shall be entitled to a similar leave for seven calendar days. The same leave shall apply, for seven working days, in the case of the death of a child in the gestation period, and for three working days, in the event of the death of the worker's father or mother.
- i) Law that establishes occupational health security protocol for the gradual and safe return to work within the framework of the health alert decreed on the occasion of the Covid-19 disease: The norm regulates the implementation of Covid-19 Occupational Health Safety Protocols and establishes the creation of Mandatory Individual Health Insurance associated with said disease. It also establishes the obligation for the employer to implement the teleworking modality with certain workers, without reduction of remuneration, to the extent that the nature of the services allow it and that the worker consents to it.

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## 5.- Subjects currently under discussion

There are other aspects of labor legislation that are currently under discussion in the Chilean Congress, and that could lead to future legal modifications. Among these subjects are the following:

- a) Draft law aimed at reducing the weekly maximum limit on working hours.
- b) Draft law on gratuities, which amends the Labor Code by establishing a new system of legal gratification.
- c) Possible modification to the pension fund system. This project includes, among other aspects, the creation of new pension contributions and new possibilities of administration and destination for these.
- d) Bill on a fifth withdrawal of funds from the pension fund administrator.
- e) Draft Law on Compensation for Years of Service: The bill seeks to remove the 11-year cap on compensation for years of service.



# Financial Reporting<sup>1</sup>

In general, all companies in Chile must present their financial statements under International Financial Reporting Standards (IFRS).

However, there are certain companies that although they are close to these standards, do not report fully under IFRS. These are banks, insurers and pension fund administrators (AFP).

The process of conversion to IFRS began in 2009, when the Superintendency of Securities and Insurance (SVS), currently the Commission of the Financial Market (CMF), established that year as the first year of implementation of these standards in a progressive manner to the registration of entities for companies regulated by this organ, and in a voluntary manner for non-regulated entities.

As of that time, a timeline was established which instituted the gradual adoption of IFRS by groups of companies, process that culminated in 2013.

The Chilean Association of Accountants has granted the option of applying IFRS to Small and Medium Size Companies (IFRS for SMEs), by means of a simplified compendium of traditional IFRS.

It should be noted that, for this purpose, the definition of "Small and Medium Size Companies" is not related to the size and refers to all private companies that are not of public interest.

1. Author: Rodrigo Vera Dinamarca



# Appendices





# Investment Regulation and Promotion Agencies

## Central Bank of Chile

+56 22 670 2000 | [www.bcentral.cl](http://www.bcentral.cl)

The Central Bank of Chile aims to ensure the stability of the currency, that is, keep inflation low and stable over time.

Also, it must promote the stability and efficiency of the financial system, ensuring the normal functioning of internal and external payments.

These objectives help or allow the creation of a predictable environment for decision-making, helping to smooth economic cycles and laying the foundations for sustained growth in the country.

To meet its objectives, the Bank has the power, among others, to regulate the amount of money in circulation and credit in the economy, so that they are sufficient for people, companies and institutions to carry out their transactions.

## Ministry of Economy, Development and Tourism

+56 22 473 3400 | [www.economia.gob.cl](http://www.economia.gob.cl)

The Ministry of Economy, Development and Tourism is an organization of the Executive Power in charge of promoting the modernization and competitiveness of the productive structure, private initiative and efficient action of the markets, development of innovation and consolidation of the international insertion of the Chilean economy, in order to achieve sustained growth that is sustainable and fair, through the development of policies, programs and instruments that facilitate the activity of the country's production units and its corporate organization and entities related to production and technological development, both public and private, national and foreign.

## Ministry of Labor and Social Provision

+56 22 753 0401 | [www.mintrab.gob.cl](http://www.mintrab.gob.cl)

The Ministry of Labor and Social Security is the highest body collaborating with the President of the Republic in labor and social security matters. It proposes and evaluates the relevant policies and plans, studies and proposes the regulations applicable to the sectors it oversees, ensures compliance with applicable regulations, allocates resources and oversees the sector activities.

## National Consumer Affairs (Sernac)

+56 800 700 100 | [www.sernac.cl](http://www.sernac.cl)

National Consumer Affairs (Sernac) is the agency of the State of Chile in charge of ensuring protection of consumer rights established in Law Nr. 19,496.

## Superintendency of Electricity and Fuel (SEC)

+56 600 6000 732 | [www.sec.cl](http://www.sec.cl)

The Superintendency of Electricity and Fuel (SEC) is the organization in charge of supervising and enforcing compliance with the legal and regulatory provisions and technical standards on generation, production, storage, transportation and distribution of liquid fuel, gas and electricity, to verify that the quality of the services that are provided to users are as stated in those technical provisions and standards and that the operations and the use of energy resources do not constitute a danger to people or property.

## National Geology and Mining Service (SERNAGEOMIN)

+56 22 482 5500 | [www.sernageomin.cl](http://www.sernageomin.cl)

The National Geology and Mining Service (SERNAGEOMIN) is a decentralized organization with legal status and its own budget, whose purpose is to advise the Ministry of Mining and contribute to government programs for the development of mining and geological policies. Likewise, it assists the State through the Ministry of Mining, with respect to oversight of and training on mining safety, technical assistance and publications on geology and mining matters, contributing to the sustainable quality development of the country, through a professional and highly specialized human team, satisfying the needs of the authorities, customers, and beneficiaries.

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## Undersecretary of Telecommunications

+56 22 588 8000 | [www.subtel.gob.cl](http://www.subtel.gob.cl)

The Undersecretary of Telecommunications is an organization dependent on the Ministry of Transportation and Telecommunications. Its work is oriented to coordinating, promoting and developing telecommunications in Chile, transforming this sector into a motor for the economic and social development of the country.

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## Undersecretary of Transportation

+56 22 421 3000 | [www.subtrans.gob.cl](http://www.subtrans.gob.cl)

The Undersecretary of Transportation is an organization in charge of promoting the development of efficient, safe and sustainable transportation systems, through the definition of policies and standards for controlling compliance, to contribute to the territorial integration of the country, favor economic development and ensure high quality services to users.

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## Undersecretary of Labor

+56 22 753 0400 | [www.subtrab.trabajo.gob.cl](http://www.subtrab.trabajo.gob.cl)

The Undersecretary of Labor is an organization dependent on the Ministry of Labor and Social Security, in charge of promoting employment and employability, through the design, articulation and supervision of employment policies and programs, in order to facilitate the insertion of men and women in the labor market.

## Superintendency of Pensions

+56 22 595 0710 | [www.spensiones.cl](http://www.spensiones.cl)

The Superintendency of Pensions (SP) is the controlling organization that represents the State within the Chilean pension system. It is an autonomous entity, whose maximum authority is the Superintendent. It is related to the Government through the Ministry of Labor and Social Security, through the Undersecretary of Social Security.

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## Financial Market Commission

+56 22 617 4000 | [www.cmfchile.cl](http://www.cmfchile.cl)

The Financial Market Commission (formerly the SVS) is a decentralized public collegial body, of a technical nature, with legal status and its own budget, whose main objectives are to ensure the correct operation, development and stability of the financial market, in addition to ensuring that overseen entities comply with the laws, regulations, bylaws and other provisions that govern them.

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## Internal Revenue Service

+56 22 395 1115 | [www.sii.cl](http://www.sii.cl)

The Internal Revenue Service (SII) is an organization dependent on the Ministry of Finance (MF) and oversees settling and auditing the taxes of the Central Government, excepting those that are of a customs nature (such as import duties, and sales and services tax on imports, among others) which are settled and audited by the National Customs Service (SNA).

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## Undersecretary of Public Health

+56 22 574 0100 | [www.minsal.cl](http://www.minsal.cl)

The objective of the Undersecretary of Public Health (SSP) is to guarantee the right to health protection to everybody and it carries out the regulating and oversight functions for which the State of Chile is responsible, to contribute to the quality of public resources and access to participative health-environmental policies, which allow sustained improvement of the health of the population, especially of the more vulnerable sectors, in order to progress in the compliance of the Health Objectives of the decade.

## Undersecretary of International Economic Affairs

+56 22 827 5100 | [www.subrei.gob.cl](http://www.subrei.gob.cl)

The Undersecretary for International Economic Affairs is a public entity, dependent on the Ministry of Foreign Relations, whose purpose is to

execute and coordinate the Government's policy in matters of International Economic Relations, the defense of Chile's interests in multilateral forums, and the negotiation and implementation of the network of treaties of free trade, among other matters.

The Undersecretary of International Economic Affairs is, since July 1, 2019, the successor to the General Directorate of International Economic Relations (Direcon).

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## ProChile

+56 23 322 0000 | [www.prochile.gob.cl](http://www.prochile.gob.cl)

PROCHILE is an institution of the Chilean Ministry of Foreign Affairs, in charge of promoting the export of products and services, in addition to contributing to the dissemination of foreign investment and development of tourism.

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## Santiago Chamber of Commerce (SCC)

+56 22 360 7000 | [www.ccs.cl](http://www.ccs.cl)

The Santiago Chamber of Commerce (SCC) undertakes important union work, representing the concerns of its bases before the authorities, actively participating in legislative issues that it considers to be of interest to its associates and companies at a national level. The work of the SCC focuses on supporting the business development of the country, for which it has a series of products and services mainly oriented to providing its associates -and businesspeople in general- adequate tools to improve management.

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## National Institute of Statistics (INE)

+56 23 246 1010 | [www.ine.cl](http://www.ine.cl)

The National Institute of Statistics (INE), technical and independent organization, is a public rights legal entity, which is functionally decentralized and has its own budget, in charge of the official statistics and census of the Republic of Chile.

Some of the products by the INE are:

- Consumer Price Index (CPI)
- Remuneration Index (IR)
- Producer Price Index (PPI)
- National Employment Survey
- Regional Economic Activity (INACER)



## Our services

At EY, our purpose is *Building a better working world*. The insights and quality services we provide help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

We believe a better working world is one where economic growth is sustainable and inclusive. We work continuously to improve the quality of all our services, investing in our people and innovation. And we're proud to work with others - from our clients to wider stakeholders - to use our knowledge, skills and experience to help fulfill our purpose and create positive change.

### Assurance

Assurance teams serve the public interest by promoting trust and confidence in business and the capital markets.

EY Assurance services - comprising Audit, Financial Accounting Advisory Services (FAAS) and Forensic & Integrity Services - address risk and complexity while identifying opportunities to enhance trust in the capital markets.

Audit teams serve the public interest by delivering high-quality, analytics-driven audits with independence, integrity, objectivity and professional skepticism.

FAAS and Forensics' teams help protect and restore enterprise and financial reputations, help support the finance function in enhancing

decision-making and efficiency and help address the risks and opportunities arising from climate change and sustainability issues.

Our main services include:

- Forensic Analysis and Integrity Service (FIS)
- Advisory on financial accounting for complex transactions, excellence in financial reporting and impacts of new norms and standards (FAAS)
- Advisory for the issuance of securities on foreign exchanges
- Support initial public offerings (IPO)

Together, EY Assurance services help protect and promote sustainable, long-term value for stakeholders.

### Tax

Our globally coordinated tax professionals offer connected services across all tax disciplines to help you thrive in an era of rapid change. We combine our exceptional knowledge and experience with the people and technology platforms that make us an ideal partner for your tax-related needs.

We invite you to leverage our experience, knowledge and business insights to help you succeed.

- Our main services include:
- Business tax and tax performance consulting
- Tax compliance and reporting
- International tax
- Transfer pricing
- Advice to family businesses, personal assets, large companies

- and multinationals
- Succession and inheritance plans
- Litigation and controversies
- Tax-related issues associated with people including taxation of executives, compensation plans and other related issues.
- Business Process Outsourcing (BPO).

## Consulting

Consulting at EY is building a better working world by realizing business transformation through the power of people, technology and innovation.

The nature of work is evolving fast, we're all being asked to adopt new behaviors – to be more innovative, more agile, more collaborative, more everything.

Business today is anything but usual. There is an urgency demanding we look ahead through a new lens, reframe the future and ask new and different questions:

- How do you create customer intimacy without proximity?
- Where does employee centricity meet the future of work?
- How can technology at speed create competitive advantage?
- Where does innovation at scale meet the new "S-curve" of growth?

By placing humans at the center, leveraging technology at speed and enabling innovation at scale, our clients are transforming to realize long-term value for people, business and society.

Our main services include:

- Business consulting
  - Transformation
  - Strategy
  - Operations, PMO and supply chain
  - Financial risk
  - Internal Audit
  - Risk transformation
  - Technology risk
  - Managed Services
- Technology consulting
  - Big Data and Analytics
  - Transformation Tech (SAP and RPA)
  - Cybersecurity / GRC Tech

## Strategy & Transactions

EY can help you manage the crisis and stabilize your business in the short-term. We can also help you navigate the downturn and position yourselves for the recovery or look beyond to enable your transformation through corporate strategy and transactions, M&A and divestments.

Strategy and Transactions enables clients to navigate complexity by reimagining their eco-systems, reshaping their portfolios and reinventing themselves for a better future. With global connectivity and scale, we drive corporate strategy, capital allocation and transaction advisory through execution to enable fast-track value

creation. We support the flow of capital across borders and help bring new products and innovation to market. In doing so, we enable our clients to build a better working world by fostering long-term value.

Our main services include:

- Strategy
- Corporate finance
- Sell & separate
- Buy & Integrate
- Reshaping results

## EY Parthenon

In today's fast-paced world, C-suite and business leaders must truly be effective at driving value creation across their organization.

In today's complex environment, setting and executing a strategy to optimize the value across all stakeholders of an organization has never been more challenging.

CEOs need to consider and take bold and transformative steps such as redefining their organization's purpose, setting strategic directives considering radically shifting customer and market dynamics, leading disruptive innovation in their sector, embarking on end-to-end digital transformations, pursuing and optimizing inorganic growth strategies, defining and implementing organic growth strategies, optimizing their supply chain and setting their global tax agenda.

With more than 6,000 strategy professionals in more than 50 countries, EY-Parthenon professionals are continually answering the "What?" and the "How?" questions on the CEO agenda to help deliver long-term value across our clients' organizations.

EY-Parthenon is a strategy consultancy committed to bringing unconventional yet pragmatic thinking together with our clients' smarts to deliver actionable strategies for real impact in today's business landscape.

Our main services include:

- Corporate & growth strategy & execution
- Transaction strategy & execution
- Restructuring & reshaping results strategy & execution

## Managed Services – Outsourcing

Are you leading from the front, or distracted at the back?

The increasing volume and complexity of head office activities are slowing down growth and distracting leaders from building better businesses.

EY Managed Services revolutionizes your noncore, but board critical activities with easy-to-integrate solutions that lift the burden where it's heaviest - in tax, risk, compliance, finance and beyond. Only the EY organization combines deep experience, profound business and client knowledge, leading talent and unparalleled technology with a global delivery model that supports

your business wherever, whenever you are, so you can be confident and free to drive your business forward.

Trust EY Managed Services to inject your HQ with IQ, so you can get back to what you do best - innovating for growth.

Our main services include:

- Adaptation and issuance of financial statements in local standards
- Accounting Comptroller
- Bookkeeping (of accounting books)
- Payroll (Remunerations)
- Management of the functions of tax, risk, compliance, finance, legal, technology and others.

## Law

The experience of our attorneys and the multidisciplinary approach of our law practice help bridge the gap between business and legal advisors, increasing speed, efficiency and reducing costs.

Our comprehensive legal services area, which is part of one of the largest professional consulting firms in Chile has vast experience in different industries and areas.

Our main services include:

- Banking and finance
- Real estate
- Technology contracts
- Corporate and commercial
- Regulatory law
- Free Competition
- Consumer protection
- M&A and transactions
- Data privacy

## Why EY?

Because we are constantly investing and updating our capabilities to bring the best technology to our clients

Technology is at the center of business change, enabling organizations to transform their business and operational models to respond quickly to competitive threats and opportunities.



Business Intelligence  
& Big Data



Analytics & Data Science



Video Analytics



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Tech Transformation  
(SAP & RPA)



Cybersecurity and  
Tech GRC

# wavespace<sup>TM</sup>

We have a unique ecosystem for forward thinking.

EY wavespace<sup>TM</sup> is a **global network of growth and innovation hubs** that helps customers navigate the era of transformation.

They are physical, mental and digital spaces in which companies can imagine and develop new ways of working and business models.

Learn more at: [ey.com/wavespace](https://ey.com/wavespace)



## Why EY?

Because we bring experience and scalability to each client, helping them to realize their strategies and build value



EY-Parthenon is **one of the largest strategy consulting organizations in the globe**, with more than **6,500 professionals available for you** and now has a presence in Chile.

We help business leaders design and execute strategies across the company, providing a comprehensive service, to help create long-term value for all stakeholders.

- **Experience:** deep industry experience, combined with extensive knowledge and functional skills.
- **Scale:** integrated network of global professionals.
- **Results:** **strategies that work, from the idea to it's application**, to create long-term value.

# Cutting-edge knowledge and trends

Thanks to our global and local network, at EY we take part and witness the development of trends in different areas and industries. We collect this knowledge and bring it to our clients through articles, reports and studies that are relevant to their sectors and needs.

Some of our main publications:



## La Voz del Mercado (“The Voice of the Market”)

Annual study carried out in association with Santiago Stock Exchange. It evaluates the quality of corporate governments from the most traded companies in Chile. It is the most prestigious study on this matter in the country.  
[Read more.](#)



## Business Expectations Survey

Study that is carried out twice a year in association with Diario Financiero (Financial Newspaper). It covers the expectations of different executives on economic indicators and corporate results.  
[Read more.](#)



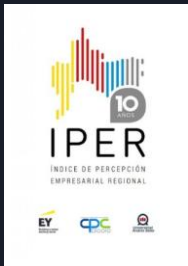
## Challenges and trends of companies in Chile

Study based on a survey that identifies the main internal and external challenges for companies in Chile. It also shows the most important trends for industries in the medium term.  
[Read more.](#)



## Board Priorities

Survey about the main topics that should guide the discussions at Board meetings in Latin America. Carried out in cooperation with the Center of Board Matters (CBM) of Latam South.  
[Read more.](#)



## Biobío Regional Business Perception Index (IPER)

Report elaborated twice a year with the Biobío Chamber of Commerce and Universidad Andrés Bello. Directors and C-suite executives are consulted about their perception of the economy and business performance of the region.  
[Read more.](#)



## Tax Alert

Tax bulletin published whenever there is a significant change in tax legislation that affects companies or individuals.  
[Read more.](#)



## Future Consumer Index

Study that tracks consumer thoughts globally and locally, covering current behaviors, sentiments, and future intents.  
[Read more.](#)



## General Compensation Study

Study built from a deep and complete analysis of the elements of economic and non-economic compensation that companies offer their employees.  
[Read more.](#)



## Work Reimagined

Survey with global and local results that explores the main drivers in job rotation and retention of the workforce and highlights the areas of focus for leaders to support their decision making.  
[Read more.](#)

If you want to know more, you can find our latest studies at [ey.com](https://www.ey.com)

# EY Chile

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