



**TAXES IN
IMPUESTOS EN AMERICA**

2021

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Chile

-  **Capital city:**
Santiago de Chile
-  **Area:**
756,120 km²
-  **Population:**
18,952,040
-  **Language:**
Spanish Language
-  **Political system:**
Presidential democratic republic
-  **GDP/capita 2019:**
USD 14,896
-  **Currency:**
Chilean peso
-  **ISO Code:**
CHL
-  **Telephone code:**
+56
-  **National day:**
September 18



Introduction

The Political Constitution of the Republic of Chile assures all people pay the same applicable taxes in proportion to their income or in the progression or manner established by law, and no taxes can be established that are manifestly disproportionate or unjust.

The creation, modification and suppression of taxes and tax exemptions can only be established by law, not by administrative authority, and the taxes collected whatever their nature, will enter directly into fiscal coffers, not being able to be affected to a specific destination, except legal exceptions.

The most relevant taxes contemplated by Chilean legislation correspond to the following:

Income taxes:

- First Category Tax;
- Unique Tax of Second Category ;
- Supplement Global Tax;
- Additional Tax.

Taxes levied on economic activities:

- Tax on Sales and Services or Value Added (VAT);
- Stamp and Stamp Tax;
- Tax on Alcoholic, Non-alcoholic and Similar Products;
- Tax on Tobacco;
- Tax on Fuels.

Other Taxes:

- Inheritance Tax and Donations;
- Taxes on Foreign Trade;
- Territorial Tax.

In 24 February 2020, the Law 21,210 called “Tax Modernization Law” was published, which modified part of the Chilean tax regulations. It is necessary to

comment that Chile, since 2014, has undergone major changes in tax matters as a result of the reforms, however the following chapter will refer exclusively to the current tax regulations as of 2020.

1. Income Taxes

In Chile, taxes can impose a series of elements, such as contracts, inheritances or economic activities. Notwithstanding the foregoing, the main taxes contemplated in Chilean legislation tax the income obtained by natural or legal persons within a period of time, with income understood as “all income that constitutes profits or benefits that a thing or activity yields and all the benefits, profits and increases of patrimony that are received, accrued or attributed, whatever their nature, origin or denomination”.

The type of income determines the moment in which the corresponding income tax becomes due. In this way, the rent can be:

- **Accrued:** The one on which a title or right is held, independently of its current enforceability and which constitutes a credit for its owner. It is enough for the taxpayer to be able to demand that income, regardless of whether it has actually entered his estate or not. The First Category Tax is applied to accrued or received income.
- **Perceived:** The one that has materially entered the patrimony of a person. The Supplement Global Tax and the Second Category Tax are applied to income received.
- **Assignment:** Profits received or accrued from a First Category Tax payer will be taxed in the same period in which they were generated (partners, shareholders, owners), these will be taxed with the Complementary Global Tax or additional Tax as appropriate.

Next, only the most relevant taxes corresponding to our country will be briefly outlined.

1.1 First Category Tax

Tax Subject

First Category Tax, hereinafter “IDPC, from its initials in Spanish”, is linked to business activity, which in general terms is generated by capital (which predominates over work), whatever the legal form adopted by companies, whether the activity is developed directly by a natural person or through a society or community.

In this sense and to the extent that they obtain income or carry out activities that generate income, as indicated in the following point, taxpayers are subject to the tax in question:

- Legal Entities domiciled in Chile;
- Natural persons residing in Chile;
- Unincorporated companies in Chile with a permanent establishment;
- Any other taxpayer obtaining income taxed with First Category Tax.

Taxed item

Incomes taxed with the First Category Tax are the following:

- Income of taxpayers who own or exploit real estate in any way.
- Income from capital transfers.
- Revenues from industry, commerce, mining and exploitation of sea resources and other extractive activities, airlines, insurance, banks, savings and loan associations, fund management companies, investment companies or capitalization, financial companies and others of analogous activity, construction, journalistic, advertising, broadcasting, television, automatic data processing and telecommunications.
- Income obtained by brokers, whether titled or not, commission agents with established offices, auctioneers, customs agents, shippers and others involved in maritime, port and customs trade, insurance agents who are not natural persons; private schools, academies and institutes of education and other private establishments of this kind; clinics, hospitals, laboratories and other similar analogous establishments and entertainment and amusement companies. (Income associated with services).
- All income, whatever its origin, nature or denomination, whose taxation is not expressly established in another category or are exempt.
- Lottery prizes will pay the first category tax with a 15% tax rate as a single tax.

Rate

IDPC rate is 10% temporarily for business years 2020 to 2022, according to Law 21,256, remember that as a general rule the IDPC rate must be 25%, except in the case of taxpayers who have accepted or owe belong to the Semi-integrated Tax Regime contemplated in article 14 B of the LIR, who are subject to a rate of 27%.

Taxable Base

Overview

For purposes of determining the tax base we must distinguish between different taxation regimes:

- Effective income determined according to complete accounting, according to the application of the regimes established in articles 14 B and 14 D N°3 of the Income Tax Law (LIR, from its initials in Spanish).
- Simplified tax regime.
- Presumed income (Article 34 of LIR).
- Accredited rent according to contract.

The first of these is the general, the others are special and exceptional regimes, which will be treated briefly later.

1.2 Taxpayers covered by the 14A of the LIR (Semi Integrated)

a) The taxable base

To determine the taxable base of the tax, commonly called taxable net income, the following scheme should be considered:

(+)	Gross Income of 1 st Category	Article 29 LIR
(-)	Non-Constitutive Income from Rent	Article 17, 107 LIR
(=)	Gross income	
(-)	Direct cost of goods and services	Article 30 LIR
(=)	Gross income	
(-)	Expenses with Ability to generate Income	Article 31 LIR
(=)	Liquid Income	
(+ / -)	Adjustments for Monetary Correction	Article 32 LIR
(+ / -)	Agregados o deducciones	Article 33 LIR
(=)	Net Taxable Income	

b) Direct costs

They are the disbursements directly linked to the production of the goods to be marketed. An example of this is the machinery used to produce a good.

c) Spending with the ability to generate income

They consist of disbursements that, without being costs, have been incurred to produce the present or future goods and services, which are then marketed or provided.

For the expense to be accepted by the tax authority, it must meet the following general requirements:

- That they are expenses necessary to produce income, which have the ability to generate income in the same or in future years;
- That they are not already discounted as an integral part of the direct cost of the goods and services required to obtain the income;
- That the taxpayer has actually incurred the expense, whether it is paid or owed at the end of the fiscal year. So, for the due fulfillment of this requirement, it is necessary that the expense originates in a real and effective acquisition or provision and not a mere appraisal of the taxpayer;
- That they be credited and justified reliably before the SII, which can challenge the evidence provided by the taxpayer if, for well-founded reasons, they are not deemed reliable.

Additionally, article 31 of the LIR establishes a list of expenses necessary to produce income, which have the ability to generate income, not exhaustive, in which certain expenses are specifically regulated.

1.3 Taxpayers of 14D N ° 3 LIR (ProPyme General Regime)

These taxpayers must determine their taxable income considering their income received and expenses actually paid, in addition to this they must consider the following:

- They are not required to carry Monetary Correction
- Fixed assets, inventories and real estate (in the part that are depreciable) that are actually paid and that appear as of 31 December 2019 must be expensed through Net Income
- The cost of investment acquisitions will be expensed when they are disposed of.

1.4 Simplified Tax Regime (article 14 D No. 8 LIR)

The tax base is determined, considering the income received discounting the expenses actually paid during the year (practically a tax result through cash flow).

Presumed Income (article 34 LIR)

It will depend on the activity carried out by the taxpayer.

- Agricultural activity: it is presumed by law that the taxable base of the IDPC is constituted by 10% of the tax assessment of the property.
- Transport activity: it is presumed by law that IDPC's tax base is made up of 10% of the current market value of the vehicle.
- Mining activity: The tax base of the mining activity will be a percentage of annual sales, a percentage that varies between 4% and 20%.

1.5 Income according to contract (article 20 LIR)

The tax base is determined by the income established in the respective contract (in the case of taxpayers who do not declare their effective income according to complete accounting, and give in lease, sublease, usufruct or other form of assignment or temporary use, real estate, will be taxed the effective income of said assets, credited through the respective contract, without any deduction).

1.6 Accrual of First Category Tax

The First Category Tax is determined as of 31 December of each year and must be declared and / or paid in April of the following year through form 22.

1.7 Credits

Depending on the taxpayer and the tax regime to which they are subject, certain credits may be charged against the determined First Category Tax. An example of a credit against this tax is the one granted for investments in fixed assets, real estate contributions (where applicable).

2. Unique Tax of Second Category Concept

2.1 Concept

The second category income corresponds to income generated by activities in which labor prevails over capital. The contributors of these incomes are:

- Dependent workers: Affects the Second Category Single Tax;
- Independent workers: Affects the Supplement Global Tax.

2.2 Tax Subject

The income generated by dependent workers will be subject to this tax. Dependent workers are natural persons who provide personal intellectual or material services, dependent or subordinate to the employer and under an employment contract.

Notwithstanding the foregoing, the Income Law states that the employer or the paying entity of the income from work will be the taxpayer of the Single Tax of the Second Category, so it will be the latter who must withhold and report the tax to the IRS.

2.3 Taxed item

The income obtained from dependent work is taxed with the Second Category Tax, which corresponds to the following:

- Salaries, bonuses, gratuities, participations and any other assimilation;
- Assignments that increase the remuneration paid for personal services;
- Pawn shops and pensions, except for compulsory contributions that are used for the formation of pension and retirement funds (social security contributions);
- Amounts received for representation expenses.

2.4 Taxable Base

The tax base of the Second Category Tax will be determined by the income affected by this tax for the period, which are those that make up the taxable event of this tax, amount to which the following deductions are made:

- Incomes not affected, regardless of whether they come from the development of dependent work activities, compensation for work accidents, eviction and years of service, family allowances, mobilization, accommodation

and travel expenses, among others.

- Pension and health contributions paid by the employer, compulsory and voluntary.
- Mortgage interests and dividends (for this case, the worker must annually re-settle this tax, applying the Supplement Global Tax rate).

The amount obtained from these deductions will be the taxable base on which the rate will be applied corresponding to the Single Tax of the Second Category. Against the tax thus determined can be imputed as a credit the expenses in education for the children of the taxpayers, the taxes paid abroad and part of the donations for social or cultural purposes (in the correspondant cases).

2.5 Rate

The Second Category Tax has a progressive rate, applicable on the taxable base determined monthly by the employer or person payable from income, so that the higher the taxable rate, the higher the applicable tax rate.

In this way, the tax rate will be applied to the tax base determined monthly according to the following scale:

- On the part that exceeds 13.5 and does not exceed 30 monthly tax units, 4% rate.
- On the part that exceeds 30 and does not exceed 50 monthly tax units, 8% rate.
- On the part that exceeds 50 and does not exceed 70 monthly tax units, rate of 13.5%.
- On the part that exceeds 70 and does not exceed 90 monthly tax units, 23% rate.
- On the part that exceeds 90 and does not exceed 120 monthly tax units, a rate of 30.4%.
- On the part that exceeds 120 monthly tax units, rate of 35%.

2.6 Term for Tax Payment

The employer or person paying the income shall be responsible for the determination, retention, declaration and filing in the IRS of the Single Tax of the Second Category of each of its workers. This tax is a monthly statement and simultaneous payment through Form 29 of the Internal Revenue Service.

The deadline for submitting this form to the Internal Revenue Service is until the 12th day of the month following that in which the withholding of the tax was

made, extending until the 20th for the electronic billers.

3. Supplement Global Tax

3.1 Tax subject

Tax subjects are natural persons residing or domiciled in Chile. Additionally, they will have the status of Supplement Global Tax (IGC, from its initials in Spanish) taxpayers:

- Tax and semi-fiscal officials who provide services outside of Chile.
- Hereditary communities until the quotas are determined, and 3 years have not elapsed since the opening of the succession.
- Deposits of trust for the benefit of people with temporary rights.
- Probate deposits and assets held as fiduciary.

3.2 Taxed item

The taxable event of the Supplement Global Tax is the income received by the aforementioned subjects on their income from any source, whether the source of these income is located within the country or abroad.

Supplement Global Taxpayers are generally taxed on a perceived basis, unlike the First Category Tax that is on an accrual basis.

3.3 Rate

It has a progressive rate that ranges from 0% to 40%, being exempt from this tax the amount up to 13.5 Annual Tax Units and being taxed with the maximum rate of 35% the segment over the 120 Annual Tax Units.

Below you can see the table of IGC for the commercial year 2020, in CLP.

ANNUAL TAXABLE INCOME		FACTOR	AMOUNT TO REDUCE
FROM	TO		
CLP -	CLP 8.266.698,00	Exemp	CLP -
CLP 8.266.698,01	CLP 18.370.440,00	0,040	CLP 330.667,92
CLP 18.370.440,01	CLP 30.617.400,00	0,080	CLP 1.065.485,52
CLP 30.617.400,01	CLP 42.864.360,00	0,135	CLP 2.749.442,52
CLP 42.864.360,01	CLP 55.111.320,00	0,230	CLP 6.821.556,72
CLP 55.111.320,01	CLP 73.481.760,00	0,304	CLP 10.899.794,40
CLP 73.481.760,01	CLP 189.827.880,00	0,350	CLP 14.279.955,36
CLP 189.827.880,01	and more	0,400	CLP 23.771.349,36

UTM: CLP 51.029 (CLP, value at December 2020)

UTA: CLP 612.348

3.4 Taxable Base

The global gross income of the IGC will be made up of the following income:

- Income received, accrued or attributed, as appropriate, determined in accordance with the rules of First Category or Second Category Taxes, as well as any other income not indicated in the following points.
- Income exempt from first category tax or subject to substitute taxes, which are subject to Supplement Global Tax.
- Income exempt from Supplement Global Tax, only for the purposes of the progressive tax rate.
- Interest from public debt instruments.
- Income from transferable capital and capital gains. This income can be compensated by reducing the losses of the benefits derived from the same type of investments; what is effectively included is the positive difference between the profits and the losses.
- Credit of 1st category, so it is not deducted twice.

The tax base will be determined by discounting from the earned income certain deductions established by the legislator, among which may be mentioned: pension contributions, voluntary pension savings and mortgage interest with the ceilings established by law.

3.5 Accrual of the Supplement Global Tax

Like the Company Income Tax, the Complementary Global Tax must be declared and / or paid (when applicable) in April of the following year through Form 22.

3.6 Credits

The legislator has established certain credits against the IGC, which mainly aim to encourage some specific activities or because the income was already affected by the First or Second Category Tax.

3.7 Integration with First Category Tax in the case of Business Income

In the case of business income, the integration between the First Category Tax (corporate tax) and the, (Final Taxes (Complementary Global Tax or Additional Tax)), as appropriate, is 100% for taxpayers subject to the regime. of article 14 A (Semi Integrated) and 14D N ° 3 (General Scheme for SMEs) LIR, that is, the totality of the First Category Tax paid generates a credit against the Complementary Global Tax or Additional Tax.

However, in cases where taxpayers are subject to article 14 A (Semi Integrated) LIR, they must restore 35% of this credit as a tax debit, which will be considered a specific additional tax, from the above it can be deduce that these taxpayers will only be able to use 65% of the First Category taxes paid by the company to charge against the Final Taxes.

4. Additional Tax

4.1 Concept

The Additional Tax taxes the income generated or obtained in Chile by natural or legal persons without residence or domicile in the country.

For these purposes, the domicile is the real or presumed residence accompanied by the desire to remain in the country. Residence, on the other hand, is the condition acquired by any natural person who remains in Chile more than 6 months in a calendar year, or more than 6 months in total, within two consecutive tax years.

4.2 Tax subject

Will be considered taxpayers of Additional Tax those:

- Natural or legal persons without domicile or residence in Chile.
- Companies, permanent establishments and legal entities incorporated outside the country.
- Any other entity, fund or equity of affectation without domicile or residence in Chile.

Notwithstanding that these are the taxpayers of this tax, the Income Law provides that the Additional Tax will be withheld and received by the IRS by the person payable for the income in Chile to the subject without residence or domicile in Chile.

The same Income Law states for these persons, obliged to perform the tax withholding, the responsibility for any difference between the effective tax to be paid and the withholding that they made.

4.3 Taxed item

Additional taxes will be levied on Chilean source income, which are those that come from goods located in Chile or from activities developed in the country, regardless of the address or residence of the person who receives this income.

Chilean royalties will be considered as royalties, rights for the use of trademarks and other similar benefits derived from the exploitation in Chile of industrial or intellectual property.

Dividends, withdrawals of profits and capital gains from shares or social rights of companies incorporated in Chile will also be taxed with this tax.

4.4 Taxable Base

The taxable base on which the Additional Tax rate will be applied will depend on the type of income generated, received or attributed to the taxpayer without domicile or residence in Chile, in accordance with the rules of the Income Tax Law.

Notwithstanding the foregoing, it is necessary to comply with special rules that establish a different taxation, contained in agreements to avoid international double taxation concluded between Chile and the state of which the beneficiary of the income is resident, through a reduction in the tax rates to a given income or taxpayer, application of a maximum additional tax rate, or the possibility of imputing the taxes paid abroad to the Chilean Additional Tax.

4.5 Rate

The general rule of this tax is that a rate of 35% will be applied, but there are certain taxed events that are exempt from Additional Taxes, or that are subject to a lower rate than the general tax, which is regulated in the same Income Law or by the application of agreements to avoid double international taxation.

Thus, for example, standard computer programs, freight, boarding fees, unloading and storage, commissions, international telecommunications, and submitting Chilean products to smelting, refining or other special processes will be exempt from Additional Tax.

On the other hand, a special rate of 30% will be applied to royalties for the use, enjoyment and exploitation of trademarks and patents, 15% to patents for in-

ventions, 15% to payments for the use of publishing rights or of author, 4% to interest on deposits and credits, and 22% to insurance premiums, among others.

4.6 Credits against the Additional Tax

The Income Law authorizes the taxpayer to be able to make imputations or discounts to the Additional Tax.

Thus, in the case of remittances or distributions of dividends made by Chilean tax-payers subject to the regime of Article 14 A or 14D N°3 LIR, these may charge against the Additional Tax to pay the entire First Category Tax already paid.

However, in cases where taxpayers are subject to article 14A (Semi-Integrated) of the LIR, they must restore 35% of this credit as a tax debit, which will be considered a specific additional tax. You can deduce that these taxpayers will only be able to use 65% of the First Category taxes paid by the company to impute against the Final Taxes. However, 100% of the IDPC may be charged without the obligation to refund, when the foreigner has residence in a country with which Chile has an agreement to avoid double taxation in force.

The Additional Tax must be paid by the payer of the rent in Chile in the IRS until the 12th or 20th day of the month following that in which the payment was made, remittance, payment in account or making available of this rent. Only as of this moment the Additional Tax can be demanded by the treasury.

5. Tax on Sales and Services or Value Added

5.1 Tax subject

The subjects required to pay the Sales and Services Tax or Value Added, hereinafter, “VAT”, are the following:

- Seller: Any natural or juridical person, community or de facto company, whose activity is regularly the sale of tangible, chattels and real estate.
- Services: Any natural or legal person, including de facto communities and societies, who provide services on a regular or sporadic basis.

5.2 Taxed item

Taxed Sale

For the configuration of the taxable event, the following copulative requirements must be met:

- It must be a convention made by a seller that serves to transfer ownership of the property (purchase, exchange, payment in kind);
- It must be for consideration, there must be a payment or a consideration for the acquisition of ownership of the property;
- Property must be real property, excluding land, or a share of them.
- The goods must be located in national territory;
- Must be a regular seller.

Habitual quality corresponds to a requirement whose qualification is the exclusive judgment of the Internal Revenue Service, and which is determined based on the nature, quantity and frequency of the activities carried out by the seller. Ultimately, through these elements, it is sought to determine whether at the time of acquisition of the good the seller had the intention of reselling it.

Taxed service item

For the configuration of the taxable event, the following copulative requirements must be met:

- Action or performance: Someone has to do something in favor of another;
- The action or benefit must be paid;
- The action or benefit must come from the exercise of specific activities, indicated in numbers 3 and 4 of article 20 of the Income Tax Law;
- The service must be provided or used in the national territory.

However, it should be noted that the service may be usual or sporadic, unlike the taxable event of the sale.

Numbers 3 and 4 of article 20 of the Law of Income Tax include the income of industry, commerce, mining and exploitation of sea resources and other extractive activities, airlines, insurance, banks, savings associations, loans, fund management companies, investment or capitalization companies, financial companies and others of analogous activity, construction, journalism, advertising, broadcasting, television, automatic data processing and telecommunications.

The income obtained by brokers, whether they are titled or not, as long as it corresponds to legal persons or, failing that, if they are natural persons who use

capital in a preponderant manner for the development of their activity, commission agents with established office, auctioneers, customs agents, shippers and others involved in maritime, port and customs trade, insurance agents who are not natural persons; private schools, academies and institutes of education and other private establishments of this kind; clinics, hospitals, laboratories and other similar analogous establishments and entertainment and amusement companies.

Special Taxed Facts

Additionally, the legislator in article 8 of the law that establishes the tax in question, establishes special taxed facts, among which are, for example: imports, whether or not they have the character of habitual, installation contracts or preparation of specialties and general construction contracts, among others.

Tax on Digital services

The tax on digital services is a tax that is levied on digital services, platforms, advertising, intermediation and the like provided by foreign people or companies provided that these services are used Chile.

5.3 Rate

The VAT has a proportional rate of 19% on the tax base.

5.4 Taxable Base

In the case of sales and services, the tax base will be constituted by the value of the respective operations.

However, the tax base has certain adjustments, not only the price, but also the interest, readjustments and financing costs involved in the operation.

5.5 Accrual of the Tax

VAT is a tax that is paid monthly by signing form 29.

5.6 Credit and fiscal debit

- **Tax Credit:**
VAT is charged on the invoices associated with the acquisition of goods or use of services, along with that borne on the importation of goods. In other words, it is the VAT that the taxpayer has borne in the acquisition of goods and use of services.

The tax credit constitutes a credit against the tax debit.

- **Debit Tax:**
VAT charged on the sales and services of the good, backed by the respective invoices or sales tickets. In other words, it is the VAT that the seller and the service provider retained at the time of payment of the service or sale of the good.

In this way, the determination of the tax is the result of the difference between the VAT debit tax and the VAT tax credit (includes remnant of previous periods, if any), where such result could be:

- VAT debit is greater than the VAT credit, generating, as a result, a tax to be paid in the respective period;
- VAT debit is less than the VAT credit, generating a surplus of tax credit, which may be used in subsequent years, until it is fully consumed;
- VAT debit is equal to the VAT credit, in which case, no payment or remainder is generated in the period.

6. Tax Stamp and Stamps

6.1 Concept

It corresponds to a tax levied on certain actions and documents referring to legal acts, contracts and other conventions, which account for money credit operations.

6.2 Tax subject

The subject required to pay the tax corresponds to the creditor or beneficiary of the action or document, considering the following exceptions:

- In the event that the creditor has no domicile or residence in Chile, the taxpayer will be the debtor of the document;
- In the case of bills of exchange, the taxpayer is the drawer;
- In the case of the issuance of promissory notes, bonds, debentures or other securities, the taxpayer is the issuer.

Notwithstanding the foregoing, the law establishes that notaries will be responsible for payment of the tax that accrues from public or private deeds that they authorize.

6.3 Taxed item

The documents that give an account of a money credit operation, such as the following, will be taxed with stamps and stamps:

- The bills of exchange, promissory notes and protest of checks for lack of funds;
- The delivery of money subject to interest, mutual money and loans or other money credit operations, made with bills of exchange or promissory notes by banks;
- The issuance of bonds and debentures.

On the other hand, the acts not taxed with stamps and stamps are those operations that do not comply with the requirements to document a credit operation of money, such as:

- Recognition of debt, bills and receipts of money;
- Financing operations, such as loan assignment, securitization or leasing (lease with purchase option), among others.

6.4 Taxable Base

The amount on which the tax rate will be applied corresponds to the capital or monetary value of the operation established in the act or contract entered into.

In case the taxable event is the periodic obligation to pay a sum of money that does not have a fixed term, the tax base will be calculated on the amount of the operation corresponding to one year.

If the value of the transaction is agreed in foreign currency, the tax base will be the value established by the parties to the contract for said currency. This conventional valuation may not be lower than the exchange rate at which the transaction should be settled when it expires.

6.5 Rate

The stamp and stamp tax rate is variable, and is determined according to the period between the issuance of the document and its expiration:

- Documents with expiration date: 0.066% rate on the amount of the operation for each month or fraction of the month. The final rate of the operation applied may not exceed 0.8%.
- Demand or non-maturity documents: a rate of 0.332% on the amount of the transaction.

6.6 Accrual of the Tax and Term for Payment

The stamps and stamps tax is accrued (payment is required) at the time the document is issued, or upon being signed by all its grantors. If the document is issued abroad, the tax is accrued at the time of entry into the country, its registration or when it is accounted for, as appropriate.

The deadline for payment of stamps and stamps tax will depend on the type of document in which the transaction or the characteristics of the taxpayer are recorded:

- If the person liable to pay is a person who must keep complete accounting, the payment deadline is the month following the month in which the documents are issued.
- If the document containing the operation is a private instrument, granted by persons who are not obliged to keep complete accounting, the term for the payment of the tax is 5 business days counted from the issuance of the document (from Monday to Saturday, excluding holidays).

In case of non-compliance with the terms established for the payment of the tax, the obligor will be sanctioned for payment with an amount equivalent to three times the amount owed for this concept.

7. Heritage Tax

7.1 Area of application

This tax will be applied when:

- The last domicile of the deceased (the person who dies) has been found in Chile.
- When the deceased has assets in Chile, regardless of whether the deceased is a foreigner or that his last domicile was abroad. In this case, only the assets located in Chile are taxed with the Chilean inheritance tax.
- In the successions of foreigners, if the assets are located abroad, they will be subject to the inheritance tax only when they were acquired with resources from Chile.

7.2 Taxed item

The inheritance tax levies the allocation of assets that correspond to each heir or legatee due to the succession due to death. The manner in which assets are assigned will depend on whether the succession of the deceased is tested (with a will) or intestate (without a will).

If the succession is by means of a will, the allocations of assets must be made according to the legitimacy half (50% of the assets of the deceased, destined to spouse, children or parents), fourth of improvements (25% of the assets of the deceased, to improve the part of one or all of the above) and fourth of free disposal (25% of the assets of the deceased, which can be assigned freely).

In case the succession has no will, the assignments of property must be made in accordance with the inheritance orders established in the Chilean Civil Code (children and surviving spouse, parents, siblings, uncles, cousins and treasury).

7.3 Tax subject

Those required to pay this tax are the heirs and legatees of the deceased, determined according to whether the deceased left a will or not (succession with or without a will).

There will only be legatees, and they will be obliged to pay the corresponding tax, in case the deceased has granted a will, arranging one or more specific goods in favor of the legatee(s).

7.4 Taxable Base

Inheritance tax is applied on the liquid allocation that corresponds to each assignee. This will be determined according to the difference between the value of the assets and the debts of the deceased, valued according to the rules of Law 16.271 on inheritance tax.

An exemption will be made to the tax base determined this way, which will depend on the degree of kinship of the assignee with the deceased.

7.5 Rate

Inheritance tax has a progressive rate, ranging from 1% to 25% of the tax base, which will be applied according to the amount of the liquid allocation of each assignee.

The tax thus determined will be subject to a surcharge, the amount of which will depend on the degree of kinship of the assignee with the deceased.

7.6 Term for tax payment

The term for tax payment is 2 years from the death of the deceased. In the event it is not paid within that period, a penalty interest of 1.5% of the amount of the tax will accrue for each month or fraction of the month of delay.

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