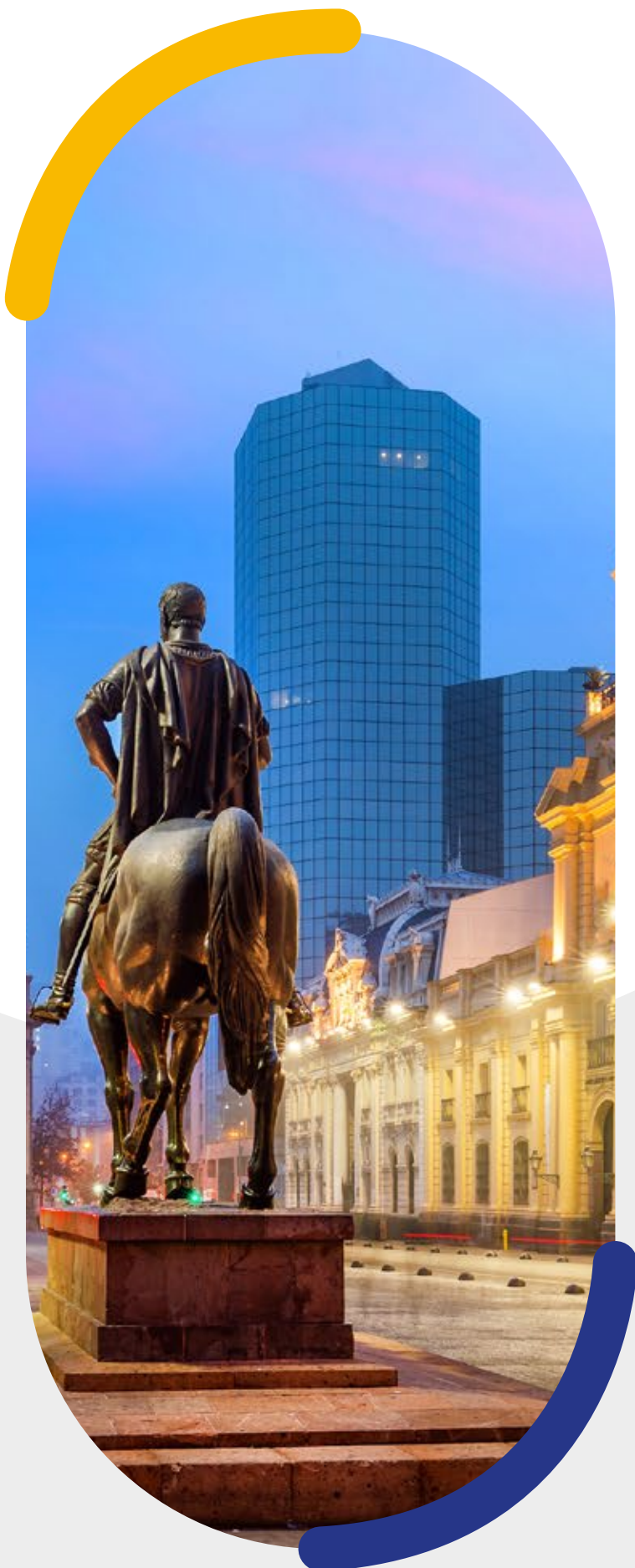


# — Doing Business in **CHILE**



**BLITA**  
International



**This guide has been prepared to provide basic information to people interested in investing and doing business in Chile.**

The following guide does not cover in detail all the requirements and topics that must be considered, but is intended to provide a general idea of the advantages of doing business in Chile and the basic requirements regarding tax matters.

This document is intended to be used for informational purposes and its content is based on the information and regulations that came into force as of January 2023. If you wish to obtain more information, we recommend that you consult a professional tax advisor.

# BLITA International



**BLITA International is a global association of independent tax lawyers, accountants, and business consultants dedicated to providing personalized professional services for all your tax planning and cross-border business management needs.**

Our partner firms are committed to providing the highest quality professional services to help meet your international business and financial objectives. Our members' local experience in tax rules, culture and knowledge of business activity in their home country allows them to offer the best solution and advice to maximize your profits and reduce your tax consequences.

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A full-page background image showing a majestic range of snow-covered, jagged mountains under a clear blue sky with a few wispy clouds. In the foreground, a vibrant turquoise lake reflects the sky, bordered by dark, rocky shores.

**01**

**Why do business  
in Chile?**

## General Aspects of Chile

Capital	Santiago de Chile
Area and number of inhabitants	756,950 km <sup>2</sup> and a population of 19,458,000 people (est. July 2021) National Institute of Statistics (INE)
Language	Spanish
Currency	Chilean Peso (CLP)
Code for international calls	+56
GDP	\$252.821 mil millones USD (est. 2020)
GDP – per cápita	\$ 12.993 USD (est. 2020)
Exports	\$ 85.668 millones USD (est. 2021) Banco Central
Imports	\$ 82.312 millones USD (est. 2021) Banco Central
Inflation	7,2 % (est. 2021) Instituto Nacional de Estadísticas (INE)
Government structure	Chile is a presidential representative democratic republic. The president serves as head of state and head of government. The country is divided into 15 regions, each led by regional governors appointed by the president.

## Business and tax advisors in Chile



## Solid Economy

**Among the main products exported by the nation are copper, fish fillets and other fish meats, wines and some fruits such as apricots, cherries and peaches. Despite the economic crisis that has impacted the world, the country's trade is advancing in its reactivation and this has been evident in 16 regions of the country where export shipments have positively increased.**

The Central Bank of Chile has published that its country's economy increased 17.2% in the third quarter of last year thanks to the strong growth of its economy as a result of the generous fiscal stimulus package and the short-term impact of extraordinary withdrawals of pension funds in consumption.

Another important aspect is that the country has managed to establish a strong network of agreements and trade treaties with the most important economies in the world, including the European Union, the United States, China and South Korea, and is a member of the Alliance of the Pacific since 2012 along with Mexico, Colombia and Peru.

In fact, the Chilean economy is recognized in the world for its openness, stability and rapid growth in the Latin American region. It is considered the best valued economy in Latin America and one of the best positioned among emerging economies worldwide. It should be remembered that the country was the first in South America to join the Organization for Economic Cooperation and Development (OECD) in 2010.

## Low risk country

**Traditionally, Chile has been seen by international investors as an ideal destination to take their businesses or capital; in fact, due to the low level of public debt, a healthy financial system and strong institutions, it has allowed the nation to position itself as a place safe and reliable to do business.**





In fact, the Chilean Central Bank published in its Monetary Policy Report (IPoM) of December 2021 that its country's economy has maintained strong expansion thanks to the increase in private consumption. Likewise, this nation has traditionally maintained a high rating in risk rating agencies such as Standard & Poor's, which gave Chile the 'A+' rate in 2017, as well as an 'A1' rating from Moody's in 2018. and Fitch, which confirmed Scotiabank Chile's ratings at 'AAA (cl)', with a fairly stable outlook, and 'N1+(cl)' for last year. Forbes also ranked Chile on its list of the best countries to do business, placing it in 33rd place, having the highest position among Latin American countries.

## Attractive business environment

**Due to its political and economic stability, legal security and openness to trade, Chile has maintained an attractive business climate for foreign investors. In fact, The Economist Intelligence Unit classified Chile as one of the 20 most attractive economies to do business in and is the leader in Latin America in this field.**

For its part, the Central Bank in its Business Perception Report last year emphasized that the percentage of companies that stated that their performance improved in the last year increased, even exceeding the initial expectations imposed by the current pandemic scenario.

This confirms that the Chilean business climate improved considerably this year and shows positive signs of economic recovery. Another important factor in this process is the country's free trade, in fact, it leads in this aspect in Latin America.

On the other hand, according to the annual measurement prepared by the National Productivity Commission (CNP), last year productivity growth remained between 7.4% and 8.7%. This was mainly due to the aggregate GDP growth of 11.8% for the total economy and 13.1% for the non-mining economy and the arrival of teleworking that brought with it greater digitalization of the activity and contributed to increase Chilean productivity levels.



## Global Integration

The Ministry of Foreign Affairs, through its Undersecretary of International Economic Relations, highlights that Chile currently has 26 current trade agreements classified into four broad categories:

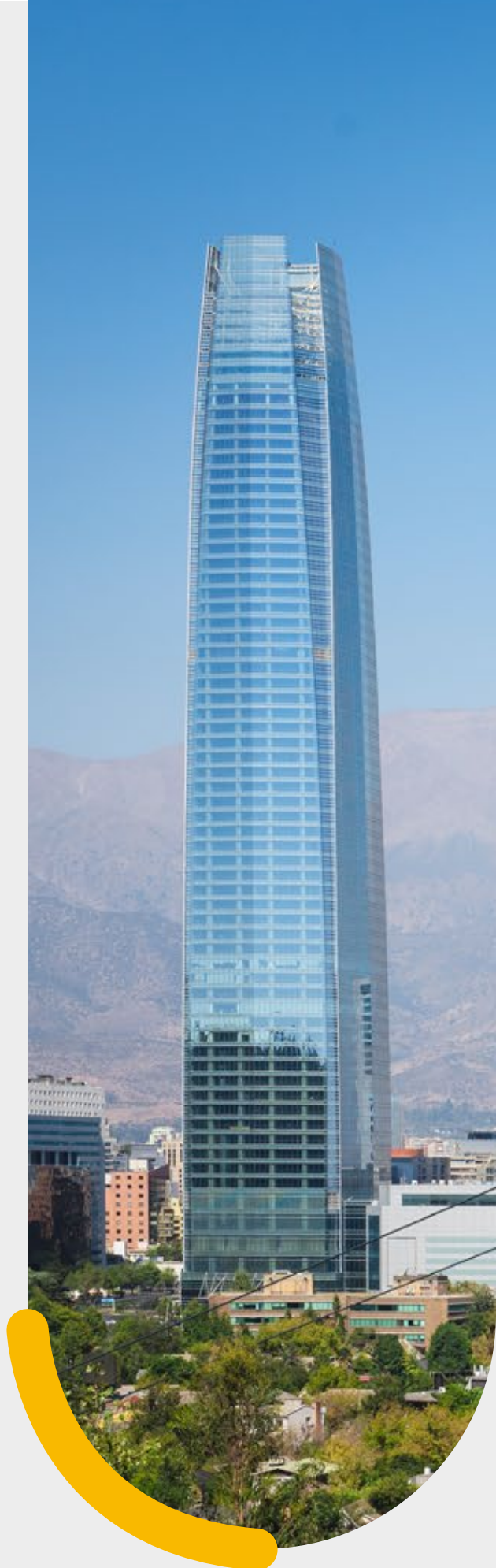
- Strategic Partnership Agreements.
- Free trade agreements.
- Economic Complementation Agreements.
- Partial Scope Agreements.

This is how the country has extended trade relations with 64 economies that together generate more than 86.3% of the world's GDP under privileged tariff conditions and facilitates access to nearly 4.3 billion potential consumers around the world. Among the most important FTAs are Pacific-4 (P-4), EFTA, Mercosur, European Free Trade Association (EFTA), Free Trade Agreements with Canada, Mexico, the European Union, the United States, Central America and Panama. They also have preferential trade agreements with Ecuador, India, Bolivia, Venezuela and Argentina.

## Excellent infrastructure

**Chile has been identified as a "connected" country thanks to its advanced progress in digital connectivity and information and communications technologies. As a country with world-class digital networks and telecommunications, Chile is prepared to adapt to new technological advances and open to adopting new technologies.**

Currently, the Government has advanced strategies to consolidate the modernization of this sector, such as the collaboration agreement signed between Chile and Japan, which aims to strengthen technical exchange in information and communication technologies. This relationship signed between the Ministry of Transport and Telecommunications of Chile (MTT) and the Ministry of Internal Affairs and Communications of Japan (MIC), established 11 topics related to telecommunications and two strategic topics such as the Asia-South America



Submarine Cable and the deployment of 5G networks.

Along these same lines, the Ministry of Transport and Telecommunications (MTT), together with the different actors in the Chilean telecommunications sector, established the “National Agreement for Connectivity to Reduce the Digital Divide”, which will focus on three crucial points such as They are the reduction of the digital divide, training in new digital skills and the promotion of the 5G digital economy. This initiative, which will have a public and private investment of close to USD 2 billion, will focus on improving connectivity throughout the country in the next three years.

Finally, the País Digital Foundation prepared an interesting study called Plan Un País Digital, where it has established 5 fundamental pillars to consolidate the comprehensive digitalization and development of Chile by 2030, such as the transformation of the State, connectivity, competencies and skills. , the environment and the promotion of the economy. In this way, the awareness and commitment of both the State and the companies in this segment are evident in improving the connectivity and digital technology of the country.

## Foreign investment

**De acuerdo con el Índice de Oportunidades Globales de Milken Institute 2021, especializado en la medición del atractivo de los países para inversión, se enfocó en esta oportunidad en Latinoamérica, en donde destacó el buen desempeño de Chile, que obtuvo la puntuación más alta de la región debido a su sólido desempeño institucional y la buena relación con los inversionistas, seguido por Uruguay, Costa Rica, México y Panamá.**

Esta calificación se obtuvo tras la evaluación anual de 96 variables que incluyen las perspectivas macroeconómicas, el potencial de innovación y desarrollo futuros, el acceso a los servicios financieros y la conformidad con las normas internacionales. Aquí esta nación se destacó en todas ellas, especialmente en la amabilidad de sus instituciones con los inversionistas internacionales.



On the other hand, while Central Bank figures show that Foreign Direct Investment (FDI) increased by 66% during 2021 compared to the first half of the previous year, reaching US\$13,715 million, InvestChile emphasized that FDI grew by 73% in the first eight months of 2021, which according to the organization shows that this investment is in one of its best moments and that it will be vital in the country's post-pandemic economic recovery.

This has been the product of the Government's effort in developing transparent regulatory policies and an attractive stable business model to promote investment, institutions, political stability, governability and strict control of corruption.

## Skilled labor

**Human capital is one of Chile's main comparative advantages, over all due to the high levels achieved by the country's universities and schools of business. According to the country's Ministry of Education, the education system Chile's higher education system is made up of 163 institutions, including 60 universities, 44 vocational training institutes and 59 technical centers.**

According to the entity, Chile has been recognized on several occasions for having the highest educational coverage rates in the region and leads the test rankings of knowledge. For example, in the Ranking of World Universities (ARWU 2019), the Universidad de Chile was ranked among the best 500 on the list in 2019. Additionally, The nation has eleven business schools that led the MBA Ranking of the 2019 compared to the other Business Schools in Latin America, three of them being among the top ten in the region.

In the AméricaEconomía 2021 Ranking, it recognized the University of Chile as the best in the country in areas such as general quality and research. In addition to business, the country has with great recognition in careers such as civil mining engineering, industrial civil engineering and medicine.

Since 2004, the Government began a process of accreditation of the quality of education higher education through the National Undergraduate Accreditation Commission (CNAP). Law No. 20,129 of 2006 establishes a national system for ensuring the quality of education higher (CFT, IP and universities) in charge of the National Accreditation Commission (CNA-Chile). Its main objectives are institutional and career accreditation and higher education programs.

## Quality of life

**Chile's capital, Santiago, is considered the second most livable city in Latin America after Buenos Aires, and is ranked 64th out of 140 cities worldwide. The city stood out regionally due to the quality of its health and educational services, as well as the reliability of its water and electricity services.**

According to UN data, in public security issues Chile achieved a high score in the Global Peace Index, ranking number 24 out of 163 countries in the world and first in Latin America. The



index, published by the “Vision of Humanity Initiative”, measures the existence of internal and international conflicts, public security and militarization in 158 countries.

This nation, which has a population of 19,458,000 people according to data from the National Institute of Statistics (INE), also has a 4.92% immigrant population according to immigration data obtained by the UN, this places it ranked 85th in the world by percentage of immigrants, who came to the country attracted by its opportunities and quality of life. This has been an important aspect in the country's population diversity.

For approximately a decade, Chile has made great progress in terms of the quality of life of its citizens. Since the 1990s, the country has had a history of solid growth and poverty reduction. In this nation, the net disposable family income according to the OECD is 33,604 USD per year, a good figure that makes it easier for them to have better standards of living. Regarding employment, about 63% of Chileans between 15 and 64 years old have paid employment. In this country it is essential to have a good level of education and skills when it comes to working and according to the organization, 65% of adults between 25 and 64 years old have completed upper secondary education.





02

**Taxes in Chile**

## Corporate taxes

**The corporate tax applies to income from industry, commerce, mining, real estate, and other activities that involve the use of capital.**

The tax rate is equivalent to 25% for the Attributed Income Regime and 27% for the Partial Credit Allocation Regime.

Chilean companies are subject to corporate tax on their worldwide income.

## Taxes on capital gains and dividends

**Generally, business capital gains are taxed as ordinary income based on the first bracket of the income tax rate.**

**Dividends are treated as follows:**

1. Dividends paid between Chilean entities are not subject to income taxes.
2. Dividends distributed to resident persons are subject to the corresponding Global Complementary Income Tax rate that varies between 0% to 35%.
3. Dividends distributed to non-residents are subject to an additional withholding tax of 35% for residents in countries that have a double taxation treaty with Chile, and 44.45% in other cases.

## Inheritance and gift taxes

Inheritance and gift tax is applied to the net value of assets transferred at the time of death, at a maximum rate of 25%. The exact rate depends on the closeness of the relationship between the deceased and the recipients.

## Value added tax / VAT

**VAT is calculated at a general rate of 19% on the sale of national products, the provision of services and all imports.**

Exports of all products are exempt from VAT. Exporters have the right to recover VAT imposed on goods or services used for their commercial activities.

VAT returns are required to be completed monthly and the tax due is paid by that time.



## Employment taxes

**Self-employed workers and regular employees are subject to second category income taxes, charged at progressive rates ranging from 0% to 40%.**

Employers are required to withhold this tax for the employee, along with these other contributions:

Greater than:	Employee	Employer	Maximum salary
Health quote	7,00%	--	US\$3.288,19
Pension contribution	10,0%	--	US\$3.288,19
Insurance for accidents at work and occupational diseases	--	0,93%	US\$3.288,19
Unemployment Insurance - Indefinite Term	0,60%	2,40%	US\$4.934,38
Unemployment Insurance - Fixed term	--	3,00%	US\$4.934,38
Disability and Survivorship Insurance	--	1,53%	US\$3.288,19

## Personal taxes

**Residents in Chile are subject to taxes on their worldwide income. Non-residents are subject to taxes on their Chilean-source income during their first three years of residence; Thereafter, they are taxed on a worldwide basis.**

For tax purposes, an individual is considered a resident if he or she spends more than 6 consecutive months in the country during a calendar year or more than 6 months in two consecutive tax years.

Individual income from self-employment or employment is taxed according to the progressive scale shown below:

Greater than:	But not more than:	Income tax rate:
0	\$994,71	0%
\$994,71	\$2.210,47	4%
\$2.210,47	\$3.684,12	8%
\$3.684,12	\$5.157,77	14%
\$5.157,77	\$6.631,42	23%
\$6.631,42	\$8.841,90	30%
\$8.841,90	Onwards	35%

*Amounts in United States Dollars (USD)*



**03**

**How to establish  
and incorporate a  
company in Chile**

## Process to establish a company in Chile

According to the page “your company in a day”, belonging to the Chilean Ministry of Economy, Development and Tourism, those interested in establishing a company in the country can choose different options such as: Individual Limited Liability Company (E.I.R.L.), Company of Limited Liability (Ltda.), Company by Shares (SpA), Closed Joint Stock Company (S.A.), Joint Stock Company of Reciprocal Guarantee (S.A.G.R.), Commercial Collective Company (SCC), Simple Limited Company (SCS), Limited Company by Shares (SCA).

However, one of the most used is a Limited Liability Company (SRL), which is a simpler form, which can take up to 20 days and where the Government has established the management of 6 procedures.

Procedure	Time to complete
1. Write the articles of association and obtain a number of authentication.	Less than 1 day (Online procedure)
2. Register the company in the Registry of Companies and Companies.	Less than 1 day (Online procedure)
3. Give notice of initiation of activities to the treasury online.	Less than 1 day (Online procedure)
4. Obtain a digital certificate to enable the issuance of tax documents before the Internal Revenue Service.	Less than 1 day (Online procedure)
5. * Obtain a "Commercial Patent" from the competent municipality.	1 day
6. * Register for work-related accident insurance (Social Insurance against Risks of Work Accidents and Occupational Illnesses).	1 day
<b>Total number of days</b>	<b>4 days</b>

**Note:** Steps marked with an asterisk (\*) can be completed simultaneously.





## Requirements to establish a company in Chile

Under Chilean regulations, the name of the company may contain the name of one or more partners or a reference to its purpose and must include the word "Limited" without which all partners will be considered jointly liable for its liabilities.

### ◦ **Company name**

Under Chilean regulations, the name of the company may contain the name of one or more partners or a reference to its purpose and must include the word "Limited" without which all partners will be considered jointly liable for its liabilities.

### ◦ **Social domain**

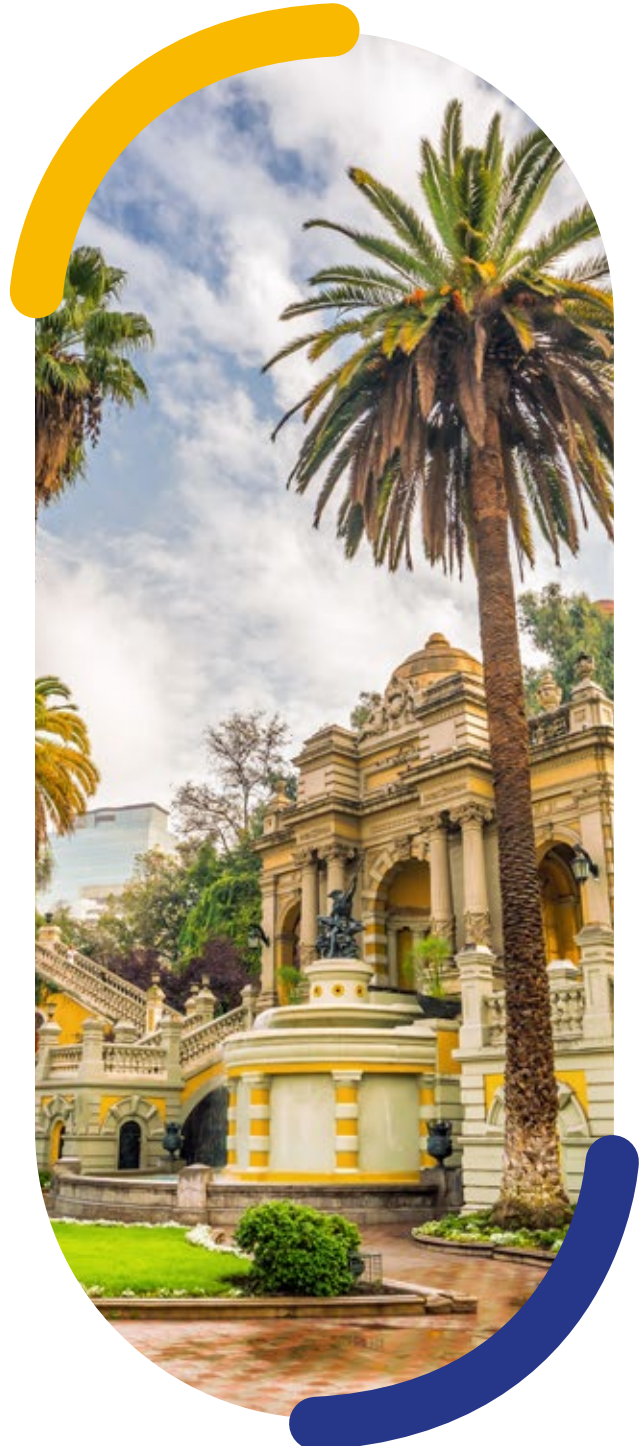
Chilean regulations require that all companies have a registered office, which must be a physical address in Chile. The registered office will be the one where all correspondence and legal documents of the company can be delivered.

### ◦ **Administration**

According to Chilean law, a foreign company has to appoint a representative in Chile. This representative can be a foreigner residing in Chile or a Chilean citizen.

### ◦ **Partners**

A foreigner can own 100% of a Chilean company. Partners can be national or foreign individuals, as well as legal entities.

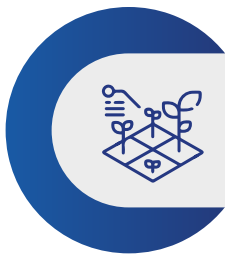




04

**Market opportunities  
and business sectors**





## Agri-food industry

**InvestChile highlights that the nation, in addition to having a great diversity of climates and highly fertile lands, also has one of the five macrozones in the world that has a Mediterranean climate. Additionally, the country stands out for its high standards of zoo and phytosanitary safety as a result of its natural barriers and strict controls, which have allowed it to lead the export of agricultural products.**

In this way, the quality of its products is evident in the world at competitive prices. According to the Government, producing in Chile will allow investors privileged access to 64% of the world consumer market. Likewise, this sector is oriented towards sustainable and highly specialized agriculture, where advances in technology, biotechnology and research and highly qualified labor are essential.

For its part, Chilealimentos, the Association of Chilean Food Companies, emphasizes that its nation is one of the 15 leading food exporting countries on the planet and that it offers great investment opportunities in fruits and agriculture, wine and derivatives, meat, dairy products, salmon and processed foods.

Additionally, the country has established a robust commercial network made up of 27 agreements with 64 markets in the world, which allows it to reach 86.3% of the world's GDP and enjoy privileged tariff conditions. This has facilitated the positioning of more than 50 products in all the markets where it is present, which is how they lead the export of blueberries, cherries, grapes, plums and dehydrated apples, salmon and mussels, wine, raspberries and inulin.



## Energetic industry

**According to the Chilean Ministry of Energy, the gross generation of the Chilean national electricity system last year was characterized by electricity accounting for 58% of total energy consumption. For its part, the National Electricity Coordinator (CEN) stated that, as of July 2021, the annual production of electricity reached 47,127 GWh<sup>3</sup>, where 19,383 GWh corresponded to Non-Conventional Renewable Energies (NCRE), for example, those generated from run-of-the-river mini-hydraulics, photovoltaic solar, wind and biomass.**



With this, it is evident that the energy sector is one of the fundamental axes of investment in Chile, since it approximately has about 47% of the total investment, represented in 400 initiatives valued around US\$ 82,000 million. . In fact, for the Ministry, 2021 was the consolidation of renewable energy, since more than 6,000 MW of installed power came into operation, mainly from solar photovoltaic and wind technology.

Likewise, the Generadoras de Chile, which are the union that represents the electricity generation companies that operate in the country, stated that last year an important step was taken in the consolidation of renewable energies as the outstanding technology within the Electrical System. National, since 94 electricity generation projects came into operation that contributed 6,016 MW.

For the Ministry of Energy, the implementation of these generation projects required an investment of US\$10,451 million. Here, of the 6,016 MW of installed power, half was generated by photovoltaic solar plants (3,092 MW), while wind farms produced 1,813 MW.

With this you can see that this sector is made up of approximately 80% of Non-Conventional Renewable Energy (NCRE). This highlights that the country meets the conditions to be the great energy laboratory of the future, which is why it hopes to reach a 70% share of the sustainable matrix by 2050.



## Mining industry

**National Mining Society (SONAMI), highlights that Chile is an important player in the global production of the metallic and non-metallic mining industry. In the first segment, the nation leads the world production of rhenium with 54% and copper with 23%. On the non-metallic side, the country is the main producer of 100% natural nitrates, iodine 67%, rhenium 57%, copper 29%, lithium compounds 22%, molybdenum 19% and copper 23% and silver 5%.**

According to the data obtained by the Mining Council from the analysis of the Central Bank of Chile 2021, the GDP of the mining sector and its participation in the national GDP was US\$32,344 billion. Regarding exports, they reached 62% last year, that is, US\$53,329 million dollars. Among the most requested exports are copper with 90.7% and iron with 3.6%.

# Asesores de negocios e impuestos en **Chile**



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