

CHILE

As per 1 January 2018

EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Tax rate	Progressive Tax rate from 0-35%
Tax period	Month/Calendar year
Tax residency / Domicile according to domestic law	Physical presence for more than 183 days in a calendar year in Chile. Centre of personal or economical interests in Chile.
Tax registration	Mandatory for any individual, whether Chilean or not, who gets income derived from personal work performed on Chilean soil
Employment income definition	Any remuneration received by an employee for services rendered under an employment agreement (benefits in cash or in kind are also included e.g. the private usage of a company car, the cost of living allowance, etc.)
Examples of tax exemption	Certain payments are tax exempted for individuals, e.g. reimbursement of travel costs/allowances, severance payment for dismissal (under certain conditions in the limited amount).
Specific expatriate concession	Foreigners with residence or domicile in Chile will pay taxes only on their Chilean source income during the first three years since their arrival in Chile. After this period has elapsed, foreigners will be subject to income taxes on their worldwide income.
Income of board members	Personal Income Tax or Withholding Tax depending on his/her status as resident or not resident in Chile. In case of resident, the tax rate is progressive from 0 to 35%. In case of non resident, WHT at 35% is applicable.
Tax returns	Employment agreement signed with employer based in Chile: the employer is liable for monthly tax compliance. Employment agreement signed with employer based abroad: the employee is directly liable for monthly tax compliance.
Tax payments	income tax on salaries shall be declared by the employers or by the employees on a monthly basis by 20th day of the following month.

TAX TREATIES

Employment income / income from board members	Art 15/16 OECD Model Tax Convention.
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	If a Chilean company employs an individual who was resident of any of the countries having signed social security treaty with Chile, this employee may be exempt from social securities contributions in Chile, provided that the employee remains subject to Social Security in his/her country of origin. There is also an internal Legislation in Chile which allows foreign individuals and the companies that bring them to Chile, to be exempt from paying social security contributions in Chile and to keep their affiliation to a foreign social security system, when certain requisites are met. This special regime is established in Law 18.156.
Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71	Not apply

Social Security Cost as % from gross salary and absolute amounts	As a general rule employees working in Chile are subject to the payment of social security contributions, which are deducted from their gross salary with certain caps. These contributions must be withheld by the employer and are paid as follows: (1) Pension fund administrator: 10% + management fee from 0,41% to 1,48%; (2) Public Health Institution: 7%
IMMIGRATION	
Work permit	Tourists cannot perform remunerated activities; however the Ministry for Internal Affairs may, in specific cases, authorize an individual to perform such activities for a period not exceeding 30 days, renewable for equal periods until the end of tourist permit. To work in Chile a residence visa is required, providing access to Chilean ID
Visa	<p>a) Visa subject to employment contract: For foreigners who have been hired by a company resident in Chile. It has a maximum duration period of two years.</p> <p>b) There is also the Resident Visa Subject to Dependent Contract, which is awarded to the family of the owner of the Visa, similar duration, but does not allow for employment. The cost of the procedure is based on reciprocity parameters.</p> <p>c) Temporary resident visa: Traveling abroad for the purpose of settling in Chile, having family ties, interest in the country or whose residence is useful for ntageous for Chile. Allows working, studying and / or doing business. It has a maximum term of one year, but it can be renewed for one additional year.</p>
Residency permits / registration certificate	Valid working permit is used as residence permit.
Driving license	To apply to the Chilean Driver's License, it required the following:1. Be 18 years old or older; 2. RUN/RUT in good standing; 3. Obtain your graduation original certificates: graduation, pos graduation and so on. Chilean Government only grant driver's licenses for individuals with basic studies completed; 4. Apply and give 3 exams: theory written, psicological and practical
STOCK OPTION PLAN	The legal provisions regarding stock option establishes that the recipient may be subject to personal income tax (progressssive 0-35%) at the following events: (1) on the market value of the option, at the date of grant of the option, or possibly, vesting, assuming that the option is free of cost for the recipient; (2) on the respective gain, if the recipient sells the option and obtains proceeds; (3) on the respective gain, at the exercise – the taxable basis being the market value of the shares at that time less the intrinsic value of the option that was deemed taxable and the purchase price paid by the recipient upon exercise, if any; and, (4) on the eventual capital gain realized, consisting of the sale proceeds of the shares minus the tax cost of such shares, with the latter being equal to the market value of the shares at exercise (updated if any).
ARTICLE 15 OF THE OECD MODEL	
183 days	Total number of calendar days is calculated cumulatively during the calendar year (days of arrival and departure are both included in calculation).
Notion of employer	Employer is any natural or legal entity who uses the intellectual or material services of one or more persons under the frame of an employment contract.
Existence of a permanent establishment	According to the Chilean tax legislation, a permanent establishment of a non-resident entity is a fixed place where a non-resident carries on fully or partially its activity, whether directly, or through a dependent agent In summary, domestic legislation considers two cases of EP: fixed place and EP-agent. According to tax treaties signed by Chile the provision of services through employees based in Chile for a period exceeding 183 days is

also deemed as a case of PE (PE-service). Finally, tax treaties also include the case of building and construction PE.



(http://publicationsdrafts.ro/expat-tax-2014/wp-content/uploads/2018/01/Felipe-Yanez_profile.jpg)

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