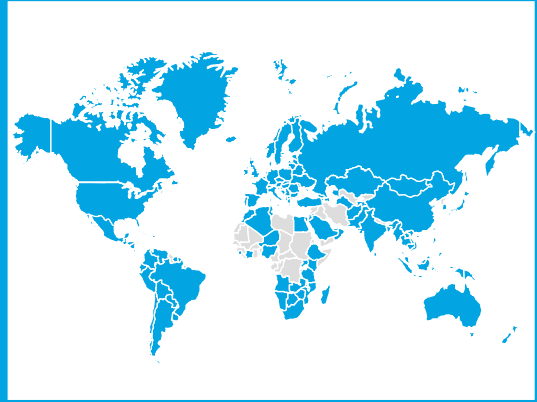


EXPATRIATES

Chile

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

Resident/Domiciled

A resident or domiciled individual who moves abroad remains subject to tax in Chile on a worldwide basis until the domicile and/or resident status expires.

A person is deemed to be domiciled or resident in Chile if:

- Domiciled: It may be assumed from the activities that he/she wishes to stay in the country on a permanent basis.
- Resident: If he/she spends more than six months in the country in a given calendar year or over a period of two years.

A resident or domiciled individual will be subject to income taxes on their worldwide income. The individual will be taxable accordingly to resident Chilean income taxes, and subject to the Second Category Tax (Impuesto Unico de Segunda Categoria), which has progressive rates ranging from 0% to 40% on the net salary.

Non-Resident

Business travelers that are considered non-residents and not domiciled in Chile are taxed on income derived from Chilean sources. Chilean source income is defined as income arising from:

- Goods or assets located within Chilean territory
- Activities performed in Chilean territory

Depending on the type of income, a tax return must be filed annually or monthly. This tax is called Additional Tax or Non- Resident Income tax (“Impuesto Adicional”). The income is subject to a final withholding tax at the general rate of 35% on the gross amount derived.

A non-resident expatriate is subject to a 20% withholding tax on remunerations earned in Chile derived from scientific, cultural or sporting activities; and subject to a 15% withholding tax on technical, professional and engineer services.

BREAKING RESIDENCY - EXIT PROCEDURES

The residency is broken when a national of Chile leaves for a foreign assignment for a period or periods exceeding in the aggregate 183 days in any twelve-month period and not keep the main seat of your business in Chile.

There is not an exit procedure upon departure but the end of the employment contract in Chile.

INCOME TAX RATES

Employment income is subject to second category income tax, while investment income and profits earned from a business are subject to the Complementary Global tax. The first category tax is creditable against the complementary global tax.

The individual income tax is charged at progressive rates ranging from 0% to 40%. Tax on income from employment is withheld by the employer on a monthly basis.

Foreign taxes may be credited against domestic taxes or treated as a deductible cost.

SOCIAL TAX RATES

The pension situation for Chileans residing abroad is protected by the International Social Security Agreements. International instruments signed by Chile with one or more countries aims to address the needs of Social Security faced by workers or migrant workers, who have served in one or more States parties to the Convention.

Their existence implies the figure of the displaced worker that moves from one country to another and whose pension situation is the subject matter of the Convention.

Tax rates for residents	
Income Tax rates (Second Category Tax)	Progressive; Top Bracket 40% (over 310 annual tax units)
Capital gains (Complementary Global Tax)	Yes, part of business income (subsequently subject to individual income tax with credit for business income tax paid); Gains on non-habitual immovable property transactions are exempt; Listed shares are exempt under conditions
Unilateral double taxation relief	Yes

Tax rates for Non-residents	
Income Tax rates (Additional Tax)	35% (business income tax paid is creditable)
Capital gains on sale of shares in resident companies	Part of business income (when paid abroad subject to 35% with a credit for the 20% paid)

Withholding Tax rates	
Income Tax rates (Additional Tax)	35%
Capital gains on sale of shares in resident companies	35 % (20% gross).

For further information and to register for future updates contact expat@bdo.global

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