

COUNTRY PROFILE



Chile

Tax overview

Corporate Income Tax	27%
Personal Income Tax	40%, progr.
Gift Tax	25%, progr.
Inheritance Tax	25%, progr.
Wealth Tax	None

Corporate Income Tax

Chilean corporations are subject to tax on worldwide income at a rate of 25% for small and medium companies, and 27% for large companies.

Personal Income Tax

Chilean residents are subject to tax on worldwide income at progressive rates up to 40%. Chile imposes gift and inheritance tax at progressive rates up to 25%, depending on amounts and relationship to donor/decedent. Chile does not impose wealth tax.

Anti-Avoidance Rule

Chile has General Anti-Avoidance Rules (GAARs). Chile also has Transfer Pricing rules, Thin Capitalization rules, and Controlled Foreign Corporation (CFC) rules, see below.

Controlled Foreign Corporation Rules

Chilean residents that own 50% or more of CFCs with passive income are subject to taxation on undistributed profits. Control is defined as ownership or control of more than 50% of the capital, profits or voting power of the foreign entity; or power to elect a majority of directors; or unilateral power to amend the statutes or change a majority of the board, etc. A foreign corporation will be presumed to be a CFC if it is resident in a low tax jurisdiction (LTJ). Chilean residents have a purchase option over 50% of the capital, profits or voting power of the foreign company;

Chilean residents can change a majority of the board or amend the statutes.

For purposes of Chilean CFC rules, LTJs are considered those which meet at least two of the following criteria: effective tax rates are less than 17.5% of the Chilean rate; no exchange of information agreement; no transfer pricing rules; considered by OECD as a preferential tax regime; has a “territorial” tax regime; tax authorities have limited power to exchange information.

Double Tax Treaties (DTTs)

DTTs with financial centers including Austria, Canada, Denmark, France, Ireland, New Zealand, Spain, Switzerland, and the United Kingdom.

Foreign Investment Protection

Chile has agreements for the protection of foreign investments with a number of countries, including Luxembourg, Costa Rica, Panama, Spain, Switzerland, the United Kingdom, and Uruguay.

OECD Multilateral Convention

Chile is a signatory to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The Convention requires signatories to exchange information “on request,” and authorizes exchange of information spontaneously and automatically.

Common Reporting Standard (CRS)

Chile is a signatory of the Multilateral Competent Authority Agreement (MCAA) to implement CRS for the automatic exchange of information, and has adopted the standard.

FATCA

Chile has a FATCA Model 2 Intergovernmental Agreement (IGA) with the United States for the automatic exchange of account information.

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