



CUEVAS  
ABOGADOS

# FOREIGN INVESTMENT IN CHILE







# WHY CHILE?

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"As the first South American economy in the OECD, Chile has clear strengths: institutional solidity, robust fiscal responsibility and macroeconomic management, legal certainty, and of course, a dynamic business environment with opportunities in high-potential sectors.

Our country is currently in a privileged position to offer investment opportunities that are key to global challenges such as climate change and the digital revolution, and we are looking towards the future."





# WHY CHILE?

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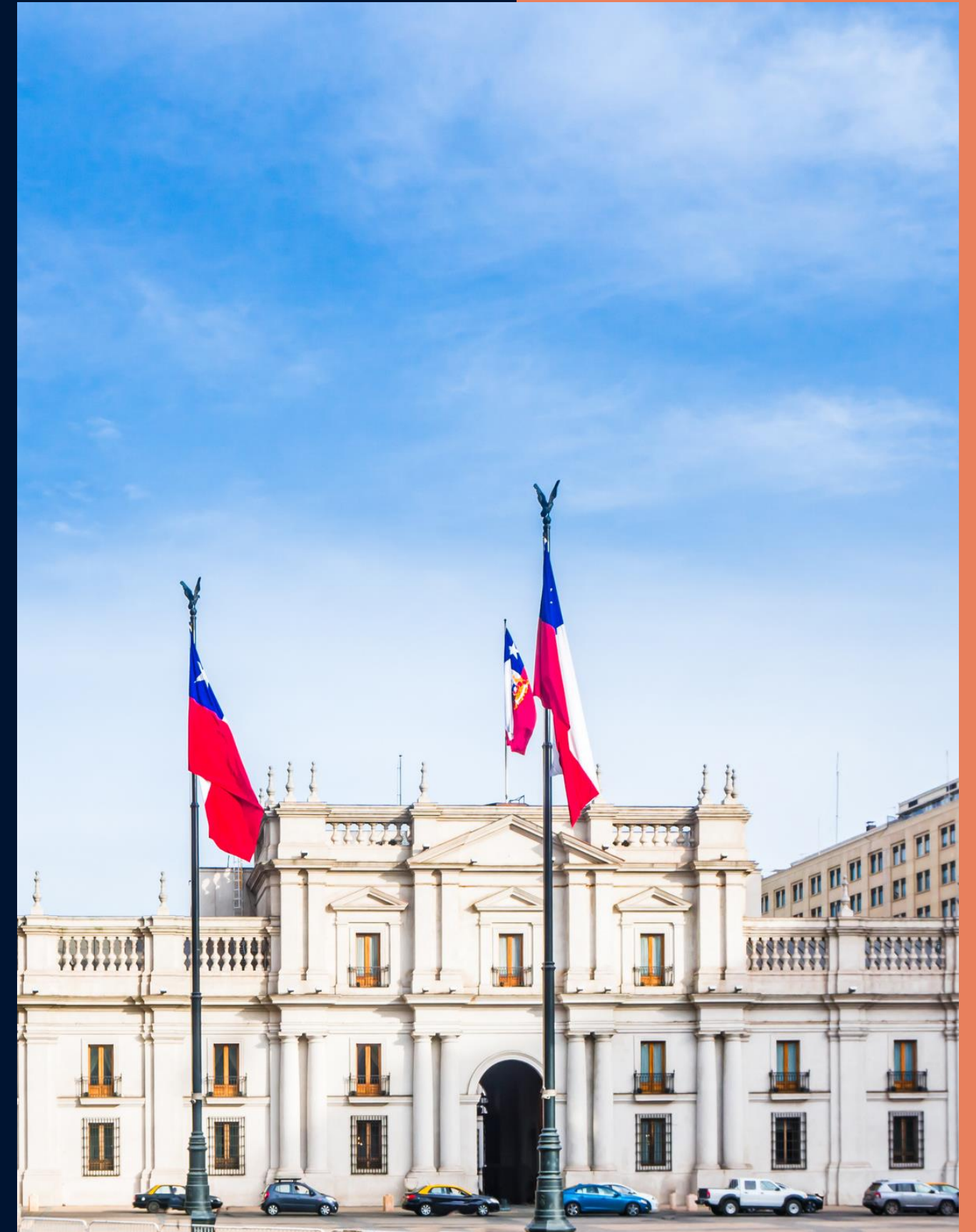
- Chile is not only one of the most attractive emerging economies for investing in clean energy according to international rankings.
- It produces minerals that are critical for the energy transition, such as lithium and copper.
- It is on track to become the world's cheapest producer of green hydrogen by 2030.
- It serves as a regional hub for technological infrastructure (183 projects worth \$5.4 billion in Technology by 2024).
- And it is highly committed to digital transformation and the development of the knowledge-based services sector, where we see our talent exporting over \$3.8 billion annually to the world.



# CHILE: OECD COUNTRY

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- **Open Currency Entry:** No restrictions on foreign currency inflow; notification to the Central Bank required for amounts over USD 10,000.
- **Free Repatriation of Profits and Capital:** No authorization needed for repatriation; taxes must be paid and the Central Bank notified when applicable.
- **Strong Institutional Framework:** Compared to Latin America, Chile boasts robust institutions.
- **Respect for Law:** High compliance culture; lower informal economy percentage than regional averages.
- **Independent Judiciary system:** Judicial decisions are respected and enforceable; effective arbitration options are available.







# PROTECTION AND WELCOMING ENVIRONMENT FOR FOREIGN INVESTORS

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- **Non-Discrimination:** Foreign investors treated equally under the Constitution; no nationality requirements for investment (with few exceptions).
- **Comprehensive Treaties:** Extensive network of free trade and investment protection treaties ensuring equal treatment for foreign investors.
- Extensive network of tax treaties.
- **Freedom of Movement:** Local citizens and foreigners (subject to their legal status) enjoy the freedom to travel and conduct business in Chile without significant restrictions, with more safety in comparison with other latinamerican countires
- **Western culture:** Chilean customs and business practices share similarities with European cultures, facilitating smoother integration and communication for foreign investors.



# ESTABLISHING A BUSINESS IN CHILE

- **Contractual freedom:** Multiple ways to establish a business in Chile, such as: branch office, incorporation of a new entity, acquisition of existing company, joint venture, distribution agreement, franchise agreement and others.
- **Several options of business entity:** S.A., SpA, SRL,
- **SpA (stock company) is a very flexible option:** allows one shareholder, flexibility to define bylaws, share capital divided in stocks.
- Company representative with tax authority must be a Chilean resident.



# LABOR LAW



- **Increasing Importance:** Labor law has become a critical topic for foreign investors and companies operating in Chile.
- **Labor Market Flexibility:** Chile offers a relatively flexible labor market, which can benefit business operations.
- **Employment Contracts:** Clear regulations on employment contracts, including terms, conditions, and termination.
- **Employee Rights:** Strong protections for employees, including minimum wage, working hours, and health and safety standards.
- **Union Representation:** Rights for workers to form unions and engage in collective bargaining.
- **Severance and Dismissal:** Specific regulations governing severance payments and lawful termination processes.



# TAX LAW

- **Corporate Tax Rate:** Chile has a standard corporate tax rate of 27% for companies, with potential lower rates for smaller enterprises under certain regimes.
- **Withholding Taxes:** Dividends, interest, and royalties paid to foreign entities are subject to withholding taxes, generally ranging from 4% to 35%, depending on the type of income and applicable tax treaties.
- **Value Added Tax (VAT):** A VAT of 19% is applicable to most goods and services. Foreign investors must understand how this tax applies to their operations.
- **Transfer Pricing Rules:** Investors must comply with transfer pricing regulations to ensure that transactions between related entities reflect market prices.





# HIRING FOREIGN EMPLOYEES

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- **Work Visa Requirements:** Foreign employees must obtain a work visa, which can be facilitated by the employer, typically involving documentation and proof of employment.
- **Labor Laws Compliance:** Employers must adhere to Chilean labor laws, including contracts, working hours, and employee rights, ensuring fair treatment.
- **Tax Obligations:** Foreign employees are subject to Chilean income tax, based on their residence status.



# SECTORS OF INTEREST



## **Mining:**

Chile is a global leader in copper production, with significant investment opportunities in mining exploration, processing, and technology.



## **Renewable Energy:**

The country has vast renewable energy potential, particularly in solar and wind, making it an attractive sector for investment in sustainable projects.



## **Infrastructure Development:**

Through its concession system, Chile provides several opportunities for foreign investors to develop infrastructure projects.



## **Public Procurement System:**

Chile's public procurement system is designed to be transparent and competitive, allowing foreign companies to participate in public tenders, thus promoting fair competition and access to government contracts.