/Carey

April 2020

DECREE NO. 420 TO SUPPORT FAMILIES, EMPLOYEES AND MICRO, SMALL AND MEDIUM ENTERPRISES DUE TO THE DIFFICULTIES GENERATED BY THE COVID-19

On March 30, Decree No. 420, which contains various tax measures that seek to provide greater liquidity to companies, SMEs and employees, was published.

The Decree No. 420 considers the following measures:

• Deferral of the payment of VAT corresponding to the months of April, May and June 2020, under the following rules:

• In the case of taxpayers who meet the requirements for the SME regime under article 14 (D) of the Income Tax Law ("ITL"), the deferred VAT will be distributed in 12 monthly installments, equal and adjusted as from July 2020.
• In the case of taxpayers who exceed the income level to qualify under No. 1.1 above, but whose annual income is less than 350,000 Foment Units ("UF")1, the deferred VAT will be distributed in 6 monthly installments, equal and readjusted as from July 2020. The income obtained by related entities will also be considered.

• Deferral of the payment of the Real Estate Tax corresponding to the month of April for: (i) taxpayer of Personal Income Tax and Labor Income Tax with properties with a tax assessment under CLP 133 million, and (ii) taxpayer of Corporate Tax whose annual income is less than UF 350,000. In the latter case, the income of related entities is also considered.

The deferred contribution will be paid in three installments, equal and adjusted, together with the following three contribution quotas.

• Remission of Monthly Provisional Payments (PPM) for the months of April, May and June 2020.
• Advance payment of income tax refunds requested by individuals and taxpayers who meet the requirements for the SME regime under article 14 (D) of the ITL. The refund is anticipated to April.
• Extension of the deadline to pay the income tax declared by the

This news alert is provided by Carey y Cía. Ltda. for educational and informational purposes only and is not intended and should not be construed as legal advice.

Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd Floor.
Las Condes, Santiago, Chile.
www.carey.cl

taxpayers who meet the requirements for the SME regime under article 14 (D) of the ITL, until July 31, 2020.
• Extension of the deadline to opt for the tax regimes established in the article 14 of the ITL, until July 31, 2020.
• Remission and refund of withholding tax on independent professionals for the months of January and February 2020.The refund will be paid in the month of April.
• More flexibility to celebrate agreements for the payment of tax debt with the Chilean General Treasury, without interest or fines. This measure applies to: (i) taxpayer of Personal Income Tax and Labor Income Tax whose annual income does not exceed 90 Annual Tax Units, and (ii) taxpayer of Corporate Tax whose annual income is less than UF 350,000. In the latter case, the income of related entities is also considered.
• Total or partial remission of interest and penalties applied to tax returns filed after the deadline or other procedures related to tax returns established in the ITL and the VAT Law, until September 30, 2020.
• Total or partial remission of the applicable interest on the payment of contributions made after the deadline, until September 30, 2020.

The content of the Decree No. 420 can be reviewed here .

Authors: Jessica Power; Manuel José Garcés