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LAW NO.21,360 THAT ADJUSTS THE AMOUNT OF MINIMUN MONTHLY INCOME

On July 12th, 2021, Law No.21.,360 (hereinafter, the "Law") was published in the Official Gazette, which adjusts the minimum monthly income, the maternal and familiar assignment, the family allowance and the allowance to reach a guaranteed minimum income.

Adjustments of the Law

• Increases the minimum monthly income, entering in force retroactively since May 1st, 2021, to the following amounts:
• For employees over 18 years old and up to 65 years old: Increases to **$337,000.**
• For employees under 18 years old or over 65 years old: Increases to **$251,394.**
• For non-remuneration purposes: Increases to **$217,226.**
• Adjusts the maternal and familiar assignment of the National Family Allowance System and increases the allowance contemplated in article 1° of law No.18,020 which creates a family allowance for low-resources individuals, both also in force retroactively since May 1st, 2021.
• Adjusts the allowance to reach a guaranteed minimum income stablished in law No.21,218. The Law establishes the obligation of employers to request, on a monthly basis, to the Ministry of Social Development and Family the granting of this benefit to the employees who may be entitled to it. The latter notwithstanding the fact that employees may also directly apply for this benefit through the referred Ministry or through the Social Security Institute, extending the Law its validity for one more year.

In the event that the employer has difficulties to fulfill the applications in a timely manner, it must inform to the unions in force in the

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company, and to the employees in general, about the content and the application requirements of this benefit and, if possible, allow them the access to the computational resources of the company for the respective application.

The non-compliance of these obligations will be sanctioned with administrative fines that may vary between 5 and 60 UTM (USD345 and USD4,150 approximately), depending on the number of employees of the company.

Retroactive effect of the minimum monthly income increase

Considering the Law will be retroactively in force (since May 1st, 2021), companies shall settle in July the differences that might be generated over the employees' remunerations corresponding to the months of May and June, reassessing their social security contributions during this process.

Furthermore, it should also be considered that the increase of the minimum monthly income will affect the amount the employees are entitled to as legal profit-sharing on December 31st, 2021.

Next readjustment to the minimum monthly income

The Law states that, as from January 1st, 2022, the minimum monthly income for employees over 18 years old and up to 65 years old will be increased to:

• **$345,000** in the event that the seasonally-adjusted Monthly Economic Activity Index ("IMACEC") corresponding to November 2021, has grown less than 3 percentage points with respect to May 2021; or

• **$350,000** in the event that the seasonally-adjusted IMACEC for November 2021 has grown 3 or more percentage points with respect to May 2021.

Likewise, the minimum monthly income for employees under 18 years old and over 65 years old, the minimum monthly income for non-remuneration purposes, the maternal and familiar assignment of the National Family Allowance System and the allowance contemplated in article 1° of law No.18,020 will be increased in the same proportion.

Finally, the Law establishes the obligation of the Chilean President to submit to the Congress, no later than April 2022, a bill that proposes a new readjustment for these concepts, to come into force on May 1st, 2022.

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