/Carey

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NEW LAW ON GUARANTEED MINIMUM INCOME

On April 3rd, 2020, Law No.21,218 (the "Law"), which creates a monthly subsidy (the "Subsidy") borne by the State of Chile, in order for employees to reach a minimum guaranteed income, was published on the Official Gazette.

Requirements that employees must fulfill in order to be eligible for the Subsidy

• Having a valid employment contract, pursuant to the Labor Code.
• Their regular working schedule must exceed 30 hours a week.
• Their monthly gross remuneration must be lower than $384,363 (currently USD 451 approximately).
• They must belong to a home which is part of the 9 first income deciles, pursuant to the socioeconomic characterization instrument to which article 5 of Law No.20,379 (which "creates the inter-sectional protection system and institutionalizes the 'Chile Crece Contigo' infancy integral protection subsystem) refers to.

Amount of the Subsidy

Employee's gross mont...	Regular weekly workin...	Monthly amount of the ...
≥$301,000 and <$384,...	45	CLP 59,200 - (Monthly g...
<45 and >30	Same rule as the above ...	
<$301,000 (USD <3...	45	19.67% of the monthly ...
<45 and >30	Same rule as the above ...	

Particularities of the Subsidy.

• Neither subject to any deduction, social security contribution or tax, nor is it seizable.
• Extinguished upon termination of the employment relationship or when the relevant employee ceases to comply with the requirements set forth by Law in order to be eligible for it.
• Employees who are receiving the Subsidy will continue to receive it during the time they make use of their vacations, sick leave ("licencia médica") and Parental Post-Natal leave.

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• It will be in force until December 31st, 2023.

Employer's obligations

Employers must inform to all of their employees who may be eligible for the Subsidy about its existence, based on the employees0 respective gross monthly remunerations.

Prohibitions

• Whether an employee is eligible to receive the Subsidy under no circumstance may derive in an unjustified reduction over the employee's remuneration or any other of its components, as compared to the ones paid by the employer on the previous 3 months. Any clauses which imply a reduction over the employee0s remuneration will be deemed non-written.
• The employer will not be able to terminate an employee's employment contract and execute a new one, in which a lower remuneration is agreed, with the sole purposes of making such employee eligible to receive the Subsidy.
• The remunerations received by the employees who are beneficiaries of the Subsidy must not be agreed in attention to this amount, or any other arbitrary consideration. They must always be agreed in an objective manner, only being possible to agree them based on the employee's qualifications, suitability, responsibility or productiveness.

Sanctions

• Employers which incur in any of the aforesaid prohibitions may be sanctioned with administrative fines that will amount up to: (i) 30 Unidades Tributarias Mensuales "UTM" (USD 1,774 approximately) in case of companies with 1 to 49 employees; (ii) 120 UTM (USD 7,096 approximately) in case of companies with 50 to 199 employees; and (iii) 180 UTM (USD 10,643 approximately), in case of companies with more than 200 employees. These fines will be imposed taking into account each employee who falls under any of the prohibitions.Likewise, in case of a relapse in the conduct and when applicable, shut down of the establishment or worksite for a 10-day term may be declared.
• Everyone who, whether for their own or of a third party's benefit, knowingly supply, declare or give false background or information in order to illegally obtain the Subsidy, will be sanctioned with fines and imprisonment, varying their amount and length based on the amount

of the Subsidy maliciously obtained.

Validity

The Law will come into force on May 3rd, 2020, being the first payment of the Subsidy made within 30 days as of such date.

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