/Carey

June 2020

# NEW TAX MEASURES AGREED IN THE EMERGENCY PLAN FOR REVENUE PROTECTION AND ECONOMIC AND EMPLOYMENT REACTIVATION

This agreement contemplates 3 main aspects: (i) an additional fiscal framework for up to USD 12 million over the next 24 months; (ii) protection of family revenues; and (iii) an economic and employment recovery plan.

From a tax perspective, the agreement provides the following measures:

• A tax credit on hiring equivalent to 23% of the value of the remuneration of each new employee.
• A 50% reduction of the Corporate Tax under the SME regime for the years 2020, 2021 and 2022.
• An extension of the suspension of payment of the Monthly Provisional Payments (PPM) for 3 months. The current suspension is effective until June 2020.
• An exceptional refund of the remaining VAT tax credit to SMEs with good tax compliance.
• An extension of the 100% instant depreciation system until December 31, 2022. This mechanism was established by Law No. 21,210 on Tax Modernization and is currently in force until December 31, 2021.
• Regarding the year 2021, a release for investment projects from the 1% regional contribution incorporated by Law No. 21,210 on Tax Modernization.

More information on the agreement reached is available on the website of the Ministry of Finance.

**Authors:** Jessica Power; Manuel José Garcés

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