

Tax measures contained in Chilean Emergency Economic Plan to face Covid-19

Last Thursday, March 19, the Government of Chile presented an Emergency Economic Plan to combat COVID19, which contains various economic and tax measures that seek to provide greater liquidity to companies, SMEs and employees.

From the tax perspective, the Emergency Economic Plan considers the following measures:

- Suspending the obligation to make Provisional Monthly Payments (PPM) for the months of April, May and June 2020.
- Deferral of the payment of VAT corresponding to the months of April, May and June 2020, allowing its payment in 6 or 12 monthly quotes with 0% interest rate. This measure applies to companies whose sales are less than 350,000 Foment Units ("UF")¹.
- Advance payment of income tax refunds requested by companies classified as SMEs (with sales of less than UF 75,000). The refund is anticipated for the month of April.
- Extension of the deadline to pay the income tax declared by the SMEs in the next income operation (April) until July 2020.
- Deferral of the payment of the Real Estate Tax corresponding to the month of April for: (i) companies with sales under UF 350,000 and (ii) individuals with properties with a tax assessment under CLP 133 million. The deferred contribution will be paid in three quotas, together with the following three contribution quotas, with an interest rate of 0%.
- Temporary reduction of Stamp Tax to 0% for all credit operations. This measure applies during the next 6 months (April to September).
- More flexibility to celebrate agreements for the payment of tax debt with the Chilean General Treasury, without interest or fines. This measure applies to SMEs and people with lower incomes.
- Acceptance as tax expenditure of all those expenses that companies have to incur in connection with the health emergency caused by the COVID19.
- Extension of deadlines for submitting several affidavits associated with this tax year's operation. Through the following links it is possible to

access the affidavits that are in this situation:

Link 1 (spanish)

Link 2 (spanish)

In addition, the Chilean IRS has enabled the execution of several administrative procedures remotely on its website. Details of these procedures can be found by accessing the following link:

http://www.sii.cl/destacados/tramites/tramites_online.html

1 A Chilean currency unit indexed according to inflation. This index is calculated on a monthly basis effective on the 10th day of the current month until the 9th day of the following month, with the value of the UF adjusted daily.

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