

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:

1. A tax credit on hiring equivalent to 23% of the value of the remuneration of each new employee.
2. A 50% reduction of the Corporate Tax under the SME regime for the years 2020, 2021 and 2022.
3. An extension of the suspension of payment of the Monthly Provisional Payments (PPM) for 3 months. The current suspension is effective until June 2020.
4. An exceptional refund of the remaining VAT tax credit to SMEs with good tax compliance.
5. 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.
6. 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](#).



If you have any questions regarding the matters discussed in this news alert, please contact the following attorneys or call your regular Carey contact.

**Jessica Power**

**Partner**

+56 2 2928 2226

[jpowers@carey.cl](mailto:jpowers@carey.cl)

**Manuel José Garcés**

**Partner**

+56 2 2928 2226

[mgarcés@carey.cl](mailto:mgarcés@carey.cl)

**Andrés Carrasco**

**Associate**

+56 2 2928 2226

[acarrasco@carey.cl](mailto:acarrasco@carey.cl)

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*Carey y Cía. Ltda.*

*Isidora Goyenechea 2800, 43<sup>rd</sup> Floor.*

*Las Condes, Santiago, Chile.*

[www.carey.cl](http://www.carey.cl)