



Chile - Civil Law

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Incorporating a company in Chile

Chile taxes

If you want to establish a company in Chile, this article explains the tax laws for a LLC (SRL) which is the most common company type in Chile.

Chile levies corporate tax on resident entities worldwide income. The established rate for income earned abroad, from our research, and these things do change, is 25.5%. Chile does not have major incentives to bring in income earned abroad. The effective CIT rate is 25.5% and will be 27% in 2018 onwards. This ranks Chile as 123rd when compared to corporate tax rate worldwide.

The valued added tax rate in Chile is 19.00%, that ranks Chile as 127th overall in terms of value added tax rate worldwide. In terms of other taxation, an employer will contribute 8.17% to the equivalent of a social security fund and an employee will contribute 17.00%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 125hours. Contributing to this is the number of yearly labor tax payments, which is 1 in CL.

Thin cap laws are in play. This refers to any sort of laws on a business and the debt-to-asset ratios. Dividends received by Chilean entities from other Chilean entities are not subject to the CIT. However, when these dividends are distributed upstream, and the ownership chain reaches the final Chilean individual owners or the foreign shareholders, they will be taxed at 35%. Dividends are distributions of a company profit, voted on by the board, to shareholders. Dividends can be issued as stock, cash, or property. Capital Gains are generally subject to Corporate Income Tax. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 35%. This means that the taxman expects relevant legal entities to automatically withhold 35% of money remitted abroad on interests. Interests paid to a foreign financial institution may be subject to a reduced rate of 4%. The dividends withholding tax rate is 35%. This should be interpreted that usually the relevant tax authorities expects LLC (SRL)'s to pay tax on 35% of dividends paid to non-residents. The royalties withholding tax rate is 30%. This means that the tax authorities expects legal entities to pay tax on at least 30% of payments abroad on royalties. Certain royalty payments are subject to a reduced tax rate of 15%, unless recipient is resident in a listed tax haven. Withholding taxes may be reduced or exempted under tax treaties.

There is no known tax on wealth in Chile. There are inheritance and real property taxes in Chile. We are aware of commonly used credits for innovation spend that include tax relief here.

The above is not tax or legal advice for your individual facts and circumstance. Incorporations.io can refer you to an expert in Chile who will resolve your doubts. Want to work together? Click the free consultation button above.

The vat rate in Chile is 19% which ranks 127 in the world.

- ✘ Patent box
- ✔ RND credit
- ✘ Wealth tax
- ✔ Estate tax
- ✘ Transfer taxes
- ✘ Asset taxes
- ✔ Capital duties

- 30 Tax treaties
- 26% Offshore Tax
- 25.5% Corp rate
- 100 Loss carryback years
- 42 Corporate time
- 19% VAT rate
- 25.5% Capital gains
- 2018 AEOI planned

Chile Legalese

The underlying legal code in Chile is civil law law. You will want to get some local advice as to how to best structure a company in Chile. One is permitted to electronically sign documents.

The letters CL is for Chile and the most common company structure in Chile is a LLC (SRL).

You should expect a wait time of 9 weeks to incorporate a LLC (SRL) in CL. The types of cash you can use to setup your company is frequently any legal tender.

Yes, one is allowed to re-domicile a LLC (SRL) from CL. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC (SRL) in CL by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is encouraged, up to 100% of the ownership of the LLC (SRL).

A company is only required to have 1 director on the board. Moreover, corporate directors are permitted. Directors should not have an expectation of privacy, as they are not kept private in Chile. There is a requirement to have annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for a professional firm which can receive a service of process on behalf of the registered legal entity. A related requirement, a corporate secretary is not always necessary, at least not by law.

There is a legal obligation to file accounts on a yearly basis. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Chile is a good option and have given it a score of 81 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 9 weeks to form**



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Country Info



🏴 National Flag of

República de Chile
(spa)

\$ Currency

CLF

☎ Area Code

+56

🏛 Capital

Santiago

📍 Region

South America

🗣 Native Languages

Spanish