

Measures announced in the context of the COVID -19

The President of the Republic and the Minister of Finance announced extraordinary measures to protect health, work and income in the context of COVID - 19.

In the following pages, we report on the most relevant measures in the field of taxation and labour.

We also indicate some administrative pronouncements recently issued to guarantee employment and social security coverage for workers under the current health emergency.

March 2020



1. Tax Measures

The announced measures are intended to strengthen the health system budget; protect family income; and protect jobs and the businesses that generate them. Within this last aspect, the following tax measures are contemplated:

I. Income Tax Measures

1. *Provisional Monthly Payments (PPMs):*

Suspension of the Income Tax PPMs for the next 3 months, that is, for the PPMs to be paid in April, May and June 2020.

2. *Income Tax Refund for PYMES (SMEs):*

Income tax refunds will be anticipated for SMEs (income up to UF 75,000 per year), which should receive them during April 2020.

3. *Postponement of income tax payments for PYMES (SMEs):*

Payment of income tax by SMEs is postponed until July 2020, depending on the assessment they submit in April 2020 (payment is postponed, not the tax assessment).

4. *Expenses:*

All the expenses of the companies tending to face the sanitary contingency, will be allowed as a tax expense.

II. Sales and Service Tax (VAT) Measure

Postponement of the payment of VAT tax for the next 3 months (April, May and June 2020) for companies with sales of less than UF 350,000 per year. According to the size of the company, it will be possible to pay the VAT from July 2020 onwards in 6 or 12 installments with a 0% interest rate.

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III. Stamp Tax Measure

Temporary reduction to 0% of the Stamp Tax rate for credit operations for the next 6 months (as from April).

IV. Real Estate Tax Measure

Postponement of real estate tax payments for the month of April 2020, for companies with sales of less than UF 350,000 per year and for people with properties with a tax assessment of less than 133 million pesos. The postponed contribution fee will be paid in 3 installments, along with the following three contribution fees, with 0% interest.

V. Other Measures

1. *Debts with the General Treasury of the Republic (TGR):*

From April 2020, greater flexibility will be granted for the conclusion of agreements for the payment of tax debts with the TGR. This measure will focus on SMEs and people with lower incomes.

2. *Flexibility in Affidavits Deadlines:*

Greater flexibility will be granted in the deadlines for filing affidavits. It is worth mentioning that the Internal Revenue Service has already extended the deadline for the following sworn affidavits:

1. Tax Measures

Deadline extended to March, 27, 2020

Affidavit Number	Subject
1812	Income Art. 41 N°1 Income Tax Law (LIR). Single Tax of Second Category regarding retirements, pensions or allowances.
1832	Donations Art. 46 DL No. 3063/1979; DL No. 45/1973; Art.3 Law No. 19.247/1993 and Art. 31, No. 7 of the LIR
1835	On leased real estate
1862	On the transfer of funds to and from abroad carried out through banks and other entities on behalf of third parties
1879	On withholdings according to art. 42 N°2 and 48 LIR
1895	On withdrawals of freely available surpluses
1897	On the list of agricultural and non-agricultural real estate in which usufruct was constituted in favor of third parties or the term of the right of usufruct when applicable.
1899	On movements of the voluntary previsional savings accounts under art. 42a LIR and agreed deposits
1904	On compliance with attendance of pre-school, basic, differential and middle school students enrolled, for the origin of the credit for education-related expenses art. 55 ter LIR
1909	On expenses and other items or amounts of art. 21 of the LIR
1914	On investments, withdrawals and reinvestments in fixed-term deposits, savings accounts, mutual fund quotas and other financial instruments allowed to benefit from Article 54a of the LIR.
1919	Submitted by representatives or agents incorporated in Chile of Foreign Institutional Investors on the transfer of debt instruments not covered by Article 104 of the LIR.
1932	Annual statement on income obtained by third parties
1941	On withdrawals, remittances and/or dividends distributed and corresponding credits, made by taxpayers subject to the regime of Article 14(B) of the LIR.

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Deadline extended to April, 3, 2020

Affidavit Number	Subject
1923	On the determination of Taxable Income, Income to be attributed and Income attributed to the owners, holders, partners, shareholders of SpA or joint owners for taxpayers under Article 14(A) of the LIR (attributed income regime)
1924	On income and credits corresponding to owners, partners, co-owners or shareholders of companies under the simplified taxation regime of Article 14b(A) of the LIR.
1940	On withdrawals, remittances and/or dividends distributed and corresponding credits made by taxpayers subject to the regime of Article 14(A) of the LIR and on the balance of excess withdrawals pending allocation
1942	On dividends distributed and corresponding credits for shares in custody
1943	Of taxpayers governed by the rules of Articles 14(C) No. 2 and 34 (Presumptive Income) of the LIR.

VI. Internal Revenue Service (SII)

In accordance with all these measures, and in an effort to avoid unnecessary exposures in the current context, the SII developed a platform of attention (www.sii.cl/destacados/tramites/tramites_online.html) where you can carry out procedures such as:

- Commencement of activities and obtaining Tax ID (RUT)
- Requesting and authorizing documents
- Registration in Tax Regimes
- Updating tax information

2. Labour Measures

The measures announced in the field of employment are intended to protect labour income and workplaces.

I. Measures Concerning The Protection Of Labour Income

Guaranteed payment of income for those employees who, for emergency reasons, have to stay at home without the possibility of carrying out work remotely (teleworking).

This guarantee will be granted as long as the following conditions are simultaneously met

- (a) That there is a mutual agreement with the employer;
- (b) That there is a mandate from the health authority.

Once these conditions are met, the worker will start receiving income from the unemployment insurance, according to the rules of use in force, but maintaining the employment relationship and all his labor rights, so that the employer will continue to pay his social security contributions (social security savings, health, work accidents and unemployment insurance).

To make this possible, up to \$2 billion will be injected into the Solidarity Unemployment Fund.

II. Job Protection Measure

It is proposed to allow a temporary reduction in working hours, with the consequent reduction in remuneration, which would be compensated with resources from the Solidarity Unemployment Fund.

2. Labour Measures

Recently, the State administration issued some pronouncements aimed at the same purposes.

I. Ruling No. 116/004 of the Labour Direction

The Labour Direction, through the ruling No. 116/004, established the following guidelines in the field of health and safety at work:

1. The employer must provide updated information from the competent authority on the prevention and containment of COVID-19, while preventing its spread.
2. The employer must ensure that protocols and guidelines established by the health authority are followed, including the possibility of granting permits for medical examinations and teleworking.
3. In the case of workers diagnosed with COVID-19, or who are in contact with infected workers; medical benefits will be provided by the administrative bodies of the occupational accident or disease insurance, if the origin is occupational, or the health care institutions, if the cause is personal.
4. Leave of absence granted to workers diagnosed with COVID-19 and those suspected of being infected authorizes justified absences and, where appropriate, may be subsidized.
5. Preventive measures may not result in the violation of rights or threaten the stability of employment.

II. Ruling No. 1124/2020 of the Social Security Superintendence

The Social Security Superintendence pointed out, by means of ruling No. 1124/2020, that claims of occupational disease by COVID-19 cannot be qualified as having an occupational origin, except if a traceability of the source of infection is established, which would operate the coverage of Law 16.744.

The above does not alter the cases in which it is considered a common illness, and the respective medical leave is granted.

In short, if it is possible to establish a traceability of the source of contagion and this originates within the company or as a result of the work, the illness may qualify as professional and receive the coverage of such diseases. Otherwise, it will qualify as a common illness, granting the right to medical leave in such cases.

Yours faithfully,

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