

ARTEAGA | GORIZIGLIA

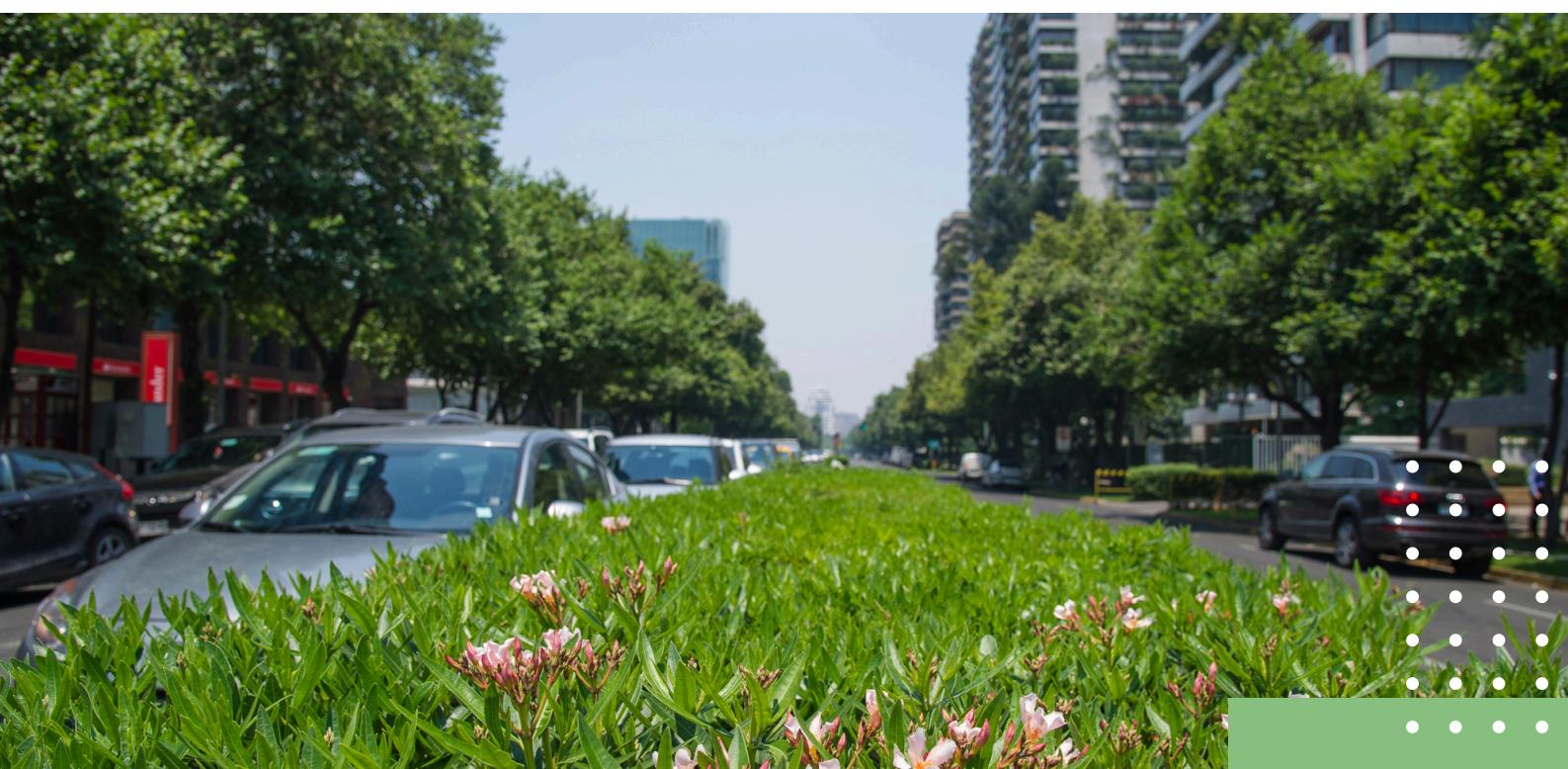


DOING BUSINESS IN CHILE 2025



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Introduction



Arteaga Gorziglia is a Chilean full service law firm specialized in several areas of law such as corporate law, commercial law, taxation, public law, litigation, and arbitration, with a particular focus on the energy, infrastructure and real estate sectors. Our modern and efficient structure is dedicated to providing personalized services to both national and international clients.

Distinguished for our high-level professionalism and expert perspective, our firm engages with deep knowledge and creativity across the industries where our clients operate. Over the years, we have been recognized by prominent market rankings such as Chambers and Partners, Legal 500, Latin Lawyer, IFLR1000, Leaders League and Best Lawyers, as one of the most prestigious law firm in several practiced areas including Corporate Law, Energy and Natural Resources, Projects, Taxation, and Litigation.

With a proven track record in foreign investment, Arteaga Gorziglia brings extensive expertise to foreign companies doing business in Chile. Leveraging our in-depth understanding of regulatory frameworks and industry nuances, we provide strategic counsel and tailored solutions to both domestic and foreign clients seeking to maximize business opportunities in the Chilean market. Our commitment to excellence and personalized service ensures that clients receive the support they need to thrive in their cross-border endeavors, making us a trusted partner for them.

DISCLAIMER: This document offers basic information for investors looking to conduct business in Chile, covering legal matters that shall necessitate further consultation. It is not intended as an exhaustive analysis of Chilean laws, nor should it be construed as legal advice from Arteaga Gorziglia. The content is based on data available as of January, 2025. Arteaga Gorziglia is not obligated to update this information and bears no responsibility for its accuracy. All rights reserved. Reproduction or distribution, in any form, is strictly prohibited without prior written consent of Arteaga Gorziglia.





About Chile

Chile, is a country located in the southern region of South America, stretches approximately 4,300 kilometers from its northern border with Peru to its southern tip at Cape Horn.



This length gives Chile the title of being one of the longest countries in the world in terms of north-south longitude.

Population

Chile has a population of approximately 19 million. Its capital, Santiago, is the political, economic and cultural center of the country.

Economic Activity

The Chilean economy is characterized by its diversification focused on mining, agriculture, fisheries, forestry, and services

Mining

Chile is one of the world's leading copper producers, which gives it a prominent position in the international metals market. Copper mining is a fundamental pillar of the Chilean economy and contributes significantly to its export earnings and GDP.



In addition to copper, Chile also produces other important minerals such as lithium, molybdenum, iron, and gold. Mining is a crucial activity that drives economic growth and investment in the country.



Agriculture



Agriculture plays an important role in the Chilean economy, with a variety of agricultural products grown in different regions of the country. Chile is known for its production of fresh fruits, such as grapes, apples, cherries, kiwis and blueberries, which are exported to international markets.

Other important agricultural products include wines, avocados, nuts, wheat, corn, and potatoes. Chilean agriculture benefits from a diversity of climates and soils, allowing to produce a wide range of crops.

Fishing

The fishing industry is another important sector of the Chilean economy, with an abundance of marine resources on its extensive coastlines in the Pacific Ocean. Chile is one of the world's leading exporters of seafood, including salmon, sardines and anchovies.



Aquaculture, particularly salmon production, has seen significant growth in recent decades, making Chile one of the world's leading producers of farmed salmon.

Forestry

Chile has vast territories of natural forests, making it a major producer of timber and forest products. Sustainable forestry is a key industry that contributes to employment generation and rural development in many areas of the country.

The export of forest products, such as sawn timber, pulp and paper, is an important component of the Chilean economy, with destinations including markets in North America, Asia and Europe.



Tourism

Tourism is a growing sector in Chile, with a wide variety of natural and cultural attractions attracting national and international visitors. Places like the Atacama Desert, the landscapes of Patagonia, the vineyards of the Central Valley, and national parks are just a few of the country's top tourist attractions.



Tourism not only generates direct income through the arrival of visitors, but also boosts other industries such as hospitality, gastronomy and transport, thus contributing to the economic and social development of local communities.

Chile is one of the most economically stable countries in the region, with steady growth in recent decades.

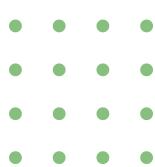
Foreign investment, especially in the mining sector, has been a key driver of the country's economic development.

GDP (Gross Domestic Product)

Chile has a strong and diversified economy, with GDP ranking among the highest in Latin America. The country has experienced sustained economic growth in recent decades, which has contributed significantly to raising the living standards of its population. According to the International Monetary Fund, its **GDP** is **USD \$329 billion**, and a **per capita income** of **USD \$16,365**.

Climate

Chile's climate varies considerably throughout its vast territory, stretching from the arid Atacama Desert in the north to glaciers in the south. This climatic diversity has given rise to a wide variety of landscapes and ecosystems, making Chile an attractive destination for nature lovers and ecotourism.



Form of Government

Chile is a presidential democratic republic, which means that its system of government is based on a division of powers between the executive, the legislative, and the judicial. The president is the head of State and government, the National Congress is the legislative body, and the Supreme Court is the country's highest court of justice.



Citizens have the right to participate in political life and to influence government decisions through the mechanisms of citizen participation set out in the Constitution.

Executive Power



The President of the Republic is elected by popular vote for a four-year term, with the possibility of being re-elected for a non-consecutive term. He is the head of State and government, in charge of directing the country's administration and representing Chile nationally and internationally.

The president is assisted by ministers of state, who head the various ministries and collaborate in government management. The ministerial cabinet is appointed by the president and is responsible for formulating and implementing public policies in their respective areas of competence.

Legislative Power

The National Congress of Chile is the legislative body of the country and is composed of two chambers: the Chamber of Deputies and the Senate. Deputies are elected by popular vote for a four-year term, while senators are elected by popular vote for an eight-year term. The National Congress is responsible for passing laws, overseeing the executive branch, and exercising other functions of the legislative branch. Laws can be proposed by parliamentarians, the president, or citizens' initiatives.





Judicial Power



Chile's judicial system is headed by the Supreme Court, which is the highest court in the country. The Supreme Court has the power to review the constitutionality of laws applicable in cases filed before the Court and ensure respect for fundamental rights.

In addition to the Supreme Court, the Chilean judicial system includes appellate courts, courts of first instance, and special courts, each with specific competencies in different areas of law.

Citizen Participation

Chile is a representative democracy in which citizens have the right to participate in political life through voting in periodic elections and exercising rights such as freedom of expression, assembly and association.

Foreign Relations - Economic Aspects



Some of the treaties and international agreements signed by Chile that may be of interest to a foreign investor include:

- Free Trade Agreement between Chile and the United States.
- Free Trade Agreement between Chile and the European Union.
- Trans-Pacific Economic Cooperation Agreement (TPP-11), of which Chile is a part.
- Free Trade Agreement between Chile and China.
- Free Trade Agreement between Chile and South Korea.
- Free Trade Agreement between Chile and Japan.
- Free Trade Agreement between Chile and Canada.





- Free Trade Agreement between Chile and Mexico.
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), of which Chile is a part.
- Agreement on Cooperation and Facilitation of Investments (ACFI), signed between Chile and various countries.
- Chile currently has 45 treaties to avoid double taxation (DTAs) with foreign countries, aimed at reducing or eliminating double taxation that may occur when the same income or assets are taxed in two jurisdictions. These agreements include countries such as Argentina, Brazil, Spain, Mexico, Canada, China, and the United States.
- Chile has Bilateral Investment Treaties (BITs) with more than 30 countries, including Germany, Austria, Spain, and Japan. These treaties typically include arbitration mechanisms to resolve disputes between investors and the state, such as those established under the International Centre for Settlement of Investment Disputes (ICSID).

These treaties and international agreements can provide foreign investors with excellent conditions for investment, investment protection, market access, and other benefits related to trade and investment.





Foreign Investment in Chile

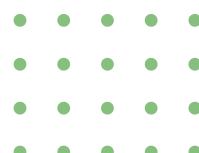
Chilean law regulates foreign investment in our country. There are several entry venues available to invest in Chile, each of which has its own requirements, regulations and tax treatment, as shall be explained herein below.

Chilean laws do not impose any limits on the amount of foreign investment nor the economic sector of the investment, except for the Chilean borderland.

Foreign Investment Statute

One of these venues is the Foreign Investment Statute ("Law 20.848"). This is the legal instrument by which direct foreign investment is generally brought into Chile, mainly for productive investments.

- **Amount of the Investment:** This statute regulates investments over US \$5,000,000 made by any non-Chilean individuals or legal entities incorporated abroad that are neither residents nor domiciled in Chile, and by Chileans residing or domiciled abroad. Investments made under Law 20.848 are entitled to several legal rights described below.
- **Nature of the Investments:** Law 20.848 applies to investments consisting in foreign capital or assets brought into Chile through foreign currency, reinvestment of profits, capitalization of foreign credits, technology susceptible to be capitalized, or credits associated with foreign investment from related companies.
- **Capital and dividend repatriations:** Investors may freely repatriate the capital invested in Chile, dividends or profits after paying the relevant Chilean taxes, irrespective of their amounts.





→ Rights of the foreign investor under Law 20.848: The basic rights granted by Law 20.848 to the investor are the following: (i) Right to repatriate abroad the capital invested, along with the profits derived from the investment at any time. (ii) Right to be protected from discrimination by the Chilean State or its agencies against the foreign investor or the company in which the investment was made. Should this guarantee not be complied with, the foreign investor is entitled to sue the Chilean State before Chilean courts or before the International Centre for Settlement of Investment Disputes ("ICSID"). (iii) Right to access the Formal Exchange Market ("FEM") to convert the foreign currencies that constitute its investments into Chilean pesos and obtain the foreign currencies necessary to remit abroad the capital invested or the profits obtained in Chile. (iv) Right to the tax exemption of the capital invested (calculated in its original non-Chilean currency equivalency) upon the sale of the assets purchased with the investment or the liquidation of the business in Chile. This includes investment in mining projects, industrial projects, forestry, energy, infrastructure, telecommunications, technology, medical or scientific research or development projects, among others. Any amount obtained upon such sale or liquidation which exceeds the original capital invested may or may not be taxed, pursuant to tax rules applicable at the time to capital gains.

To be able to access to these rights, the foreign investor shall request a certificate to the Foreign Investment Promotion Agency (*Agencia de Promoción de la Inversión Extranjera*).

Chapter XIV of the Central Bank of Chile's Compendium of Foreign Exchange Regulation

Another venue for investing in Chile is through Chapter XIV of the Compendium of Foreign Exchange Regulation of the Central Bank of Chile ("BCCh"). This Compendium is established by the Board of Directors of The Central Bank which also yields the power to make any amendments to it.

As of January 2026, the Compendium of Foreign Exchange Regulation of the BCCh will be replaced by a new Compendium structured on the basis of two chapters and seven *Reglamentos Operativos*. The principal aim of such modification is to establish a systemized system for the reporting of Foreign Exchange Operations.

→ Amount: Regulates investments of an aggregate amount equal to or higher than US \$10,000 transferred into Chile from abroad.



- **Nature of the Investments:** Chapter XIV applies to foreign loans, deposits, capital contributions, investments and deposits made in Chile from abroad, in foreign currency.
- **Procedure:** Pursuant to the current foreign exchange regulations, fund transfers into Chile from abroad that are destined to be investments or capital contributions shall be made through the Formal Exchange Market (“FEM”).
- **Capital Contributions and Investments:** The beneficiary of the foreign investment and the FEM entity through which the fund transfer is made must inform the BCCh of its investment according to Chapter XIV regulations. In addition, as mentioned above, payments and transfers to and from Chile must be made through the FEM.
- **Capital and dividend repatriations:** Chapter XIV entitles the investors to freely repatriate the capital contributed or invested in Chile and remit the profits obtained from such capital contributions or investments at any time through the FEM, provided Chilean taxes on profits have been previously paid.
- **Representatives:** Foreign investors are required to appoint a local legal representative. Local commercial banks and exchange houses participating in the FEM are allowed to represent foreign investors before the BCCh. The entity participating in the FEM may be appointed to inform the BCCh of the investment.

Please note that the Law regulating the BCCh establishes the right to freely exchange Chilean pesos with foreign currency and vice versa also authorizes the BCCh to impose certain restrictions and limitations in relation to the exchange of foreign currency, such as requiring foreign investors to deposit part of the foreign currency into Chile to be held as a reserve in a commercial bank at zero interest for up to one year (called “encaje”). It is important to note that this measure has not been applied in several decades. It was only used in the past to reduce the amount of foreign currency coming into Chile as speculative investment.

Chapter III.D.3. of the Central Bank of Chile's Compendium of Financial Regulation

Another venue for investing in Chile is through Chapter II.D.3 of Compendium of Financial Regulation of the BCCh. As well as the Compendium referred on the above section, this Compendium is also established by the Board of Directors of the Central Bank.

Chapter II.D.3 of Compendium of Financial Regulation requires that exchange transactions with derivative instruments be carried out through the FEM and reported to the Central Bank's through its Integrated System of Information on Derivatives Transactions when the derivative transaction is over currencies, interest rates or fixed income and have been entered by:

- Banks established in Chile and their banking subsidiaries.
- Legal entities authorized by BCCh to be part of the MCF, other than banks.
- Non-bank persons or entities supervised by the CMF.
- Other persons domiciled or resident in Chile who enter derivatives transactions with foreign entities.

Finance and Technology

According to the CMF, more than 485 local and foreign companies participate in the Chilean fintech industry. Fintechs operate in Chile in different areas, such as in technological infrastructure for banks and fintech, payments and remittances, crypto, enterprise financial management, insurtech, wealth management, open finance, proptech, among other areas.

Law 21.521 or Law Fintech represented a significant improvement in the promotion of financial innovation and greater competition in the Chilean financial system, as well as in the developing and inclusion of new financial services such as: (i) crowdfunding platforms; (ii) alternative transaction systems; (iii) credit and investment advisory services; (iv) custody of financial instruments; and (v) order routing and intermediation of financial instruments; all of which will be subject to the supervision of the CMF.

Law 21.521 regulates the commercialization of the abovementioned financial services by mandating that only the financial services firms registered in the CMF's registry will be allowed to provide financial services, and only if they fulfill the requirements indicated by the Law and comply with the obligations established by the Law and the special regulation set forth by the CMF.

Law Fintech also establishes an open finance system within which the exchange between different financial service providers may be carried out, with the express consent of the client, through remote and automated access interfaces that allow interconnection and direct communication between the institutions participating within the system under adequate security standards and subject to the compliance with the requirements and conditions established in Law 21.521 or any other specific norm mandated by the CMF.



Business Organizations in Chile

The most common legal structures to perform business activities in Chile includes the following:

LIMITED LIABILITY COMPANY

CORPORATION

SOCIEDAD POR ACCIONES (SpA)

BRANCH OF FOREIGN ENTITY (Agencia)

Limited Liability Company

The main characteristics of a limited liability company are the following:

→ **Incorporation:** Limited liability companies are incorporated through the execution of a public deed signed by two or more partners (individuals or legal entities). Such deed must outline the following: (i) the name of the company; (ii) its corporate purpose; (iii) its corporate capital contributions; and (iv) the administrators of the company, among other information. An abstract of the public deed must be registered in the Registry of Commerce and published in the Official Gazette, within the term of 60 days from its day of execution.

Limited liability companies may not have more than 50 partners, be it individuals or legal entities.

→ **Capital:** There is no minimum capital requirement to incorporate a limited liability company in Chile. The partners may freely determine the terms and conditions for the amount they intend to contribute to the company.



The main characteristics of a corporation are the following:

→ **Incorporation:** Corporations must be incorporated through the execution of a public deed by at least two partners. Such public deed must indicate: (i) the name of the shareholders, (ii) their profession and domicile; (iii) the corporate name, (iv) the business purpose of the corporation, (v) the domicile of the corporation; and (vi) the capital stock and the number of shares into which it is divided. The public deed must also contain the by-laws of the corporation.

An abstract of the public deed must be registered in the Registry of Commerce and published in the Official Gazette within the term of 60 days from the date of its execution.

→ **Capital:** The Chilean law establishes no minimum capital for corporations. However, the corporate capital must be paid within the term of 3 years counted as of the date of execution of the incorporation deed, or within a shorter period if indicated in the by-laws.

→ **Liability of the shareholders:** Shareholders are liable for the amount they have agreed to pay in for subscribed shares.

→ **Management:** The management of a corporation is overseen by a Board of Directors, appointed by the shareholders. The Board shall not have less than three members in closely-held corporations, and not less than five in publicly-held corporations, as required by the law. Directors may or may not be shareholders of the company.

A shareholders' meeting may, at any time, remove the Board as a whole. The Board of Directors may delegate some of its authority upon a General Manager who shall have the judicial and legal representation of the company and shall be entrusted with the duty of implementing the resolutions of the Board of Directors. In publicly-held corporations, Directors cannot serve simultaneously as General Manager, whereas in closely-held corporations, only the President of the Board, the auditor, or the accountant are subject to such restriction.

→ **Distribution of Profits:** The law requires that publicly-held corporations distribute at least 30% of their net profits each year, unless otherwise agreed through the unanimous consent of a shareholders' meeting. In close corporations, shareholders may include any policy for the distribution of profits in their by-laws as they may wish, provided that a minimum distribution percentage is set forth therein.



Financial Statements: Financial statements of close corporations must be audited by account examiners or external auditors appointed by a shareholders' meeting or through any other mechanism set out in the by-laws, including an option to exempt the company from any audit or review. Financial statements of publicly-held corporations must be audited by an external auditing firm, duly registered with the Financial Market Commission, to be appointed annually by a shareholders' meeting.



Transfer of shares: Shareholders may freely transfer their shares, unless the by-laws or a shareholders' agreement contains a limitation. In publicly-held corporations, the by-laws may not limit the free transfer of shares. Any private agreement between shareholders setting forth restrictions must be deposited with the company and annotated in the company shareholders' registry in order to be enforceable against third parties. Transfers of shares must be executed before a public notary, two witnesses, or an authorized authenticating officer, and must be annotated in the shareholders' registry to be valid before the company and third parties.



Dissolution: A corporation is dissolved and terminated when its term of duration expires, unless its term of duration is indefinite. Additionally, corporations are dissolved if those representing 2/3 of the total issued shares agree to dissolution in an extraordinary shareholders' meeting called for such purpose, or if all the shares are held by only one person or entity for more than 10 consecutive days, or the corporation is merged into another company. The by-laws of the company may include additional events that result in the dissolution of the corporation. In case of dissolution, its liquidation shall be undertaken by a liquidation committee freely elected by the shareholders, unless no liquidation is necessary (e.g. acquisition of all the shares by one person or entity, or merger).

Sociedad por Acciones (SpA)



Nature of Entity: It is a hybrid form that follows the basic structure of a close corporation while affording the flexibility of a Limited Liability Company. In this sense, SpAs have less restrictions than corporations regarding the protection of minority interests. For these reasons, they are well-suited for capital venture or seed capital enterprises. Generally, they receive the same tax treatment as corporations and the liability of shareholders is limited to the amount they have agreed to pay in as subscribed shares.

→ **Shareholders:** An SpA is the only type of legal entity in Chile which allows 100% ownership by a sole shareholder.

→ **Incorporation, Modification and Dissolution:** SpAs are constituted by a public deed of incorporation. Within 60 days from the execution of the public deed, an abstract of such public deed must be published in the Official Gazette and registered in the Commerce Registry. In such public instrument, the by-laws must be outlined containing the quorum to adopt the different types of decisions, the form of administration (by a Board of Directors or otherwise) and the rights of the shareholders, among other information.

→ **Share Transfers:** The by-laws may significantly restrict the transfer of shares and may establish minimum or maximum percentages that one shareholder must have. Likewise, the by-laws may include mandatory put or call options if certain conditions are met. For these purposes, any buyer of shares of the SpA must declare that he or she accepts the existing by-laws of the company at the time of the transfer.

→ **Dividends:** SpAs may have preferred dividends. In addition, SpAs may have special differentiated dividends coming from different lines of businesses.

→ **Merger, Division and Transformation:** The merger or splitting-up of an SpA is permitted by means of a resolution of the shareholders with a quorum so determined in the by-laws. SpAs may be transformed into Corporations or Limited Liability Companies at any time by a resolution of the shareholders, and vice versa.

Branch of a Foreign Entity (Agencia)

Foreign corporations, LLCs and any type of foreign business legal entity may establish a branch in Chile through a public deed, appointing a person with domicile in Chile with broad powers to represent the foreign legal entity. The foreign legal entity must also register and publish, within the 60 days after the public deed, certain information about itself, including the amount and form of its capital in Chile. The obligations of the branch must be supported by liquid assets retained in Chile although no minimum capital is required.

Foreign legal entities are fully liable for the activities of their Chilean branch and the financial statements of the branch must be published in Chile. Branches are taxed on Chilean source income only.



Criminal Liability of Legal Entities

Chilean law makes legal entities liable for the commission of the crimes set forth in Law 20.393, Law 21.595 and other laws, as long as they were directly committed in the interest or for the benefit of the legal entity, by its owners, controllers, managers, chief executives, representatives or those who perform management and supervisory activities, provided that the commission of the crime was consequence of a failure of the latter to comply with their duties of direction and supervision.

Legal entities will be criminally liable, for the following crimes, among others, committed by the legal entity's director, manager agent or employee:

- Approving or publishing false information regarding the legal and financial situation of the company.
- Adopting abusive agreements against other partners without the company obtaining a utility from it.
- Accepting or requesting an economic benefit to favor or to have favored the contracting with one bidder over another (bribery).
- Fraudulent administration of the legal entity's assets.
- Disclosure of trade secret and breach of confidentiality.
- Environmental damages.





Taxes

According to Chilean tax law, the concept of taxable income is very broad and includes all kinds of earnings or profits.

As a general rule, taxpayers domiciled or residing in Chile are subject to taxation on income from any source. Non-domiciled and non-resident taxpayers are taxed only on Chilean-source income. As an exception to the above, foreigners who establish their domicile or residence in Chile will only be subject to taxes on Chilean-source income during the first three years of their stay. Upon expiration of these three years, foreigners established in Chile will have to follow the general rule of taxpayers, determining their taxable income on a worldwide income basis, whether the source of the income is located in Chile or another country.

Domicile and Residence

It is necessary to be aware of this criteria, considering what was mentioned above.

Residence

Any natural person who remains in Chile, whether uninterruptedly or not, for more than 183 days within any twelve month period is understood to be a Chilean resident.

Domicile

The residence is accompanied, real or presumed, by the intention to remain in the country. The quality of "domiciled" is not conditioned to the permanence of the foreigner in the country for a certain period of time but is related to indicative circumstances that justify such qualification, for example, that upon entering the country, the person has rented or bought his/her house in Chile, that his/her children study in schools in Chile or that he/she has come to the country due to an employment contract.

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Despite the aforementioned criteria, the Chilean Internal Revenue Service (“SII”) has determined that domicile will not be lost due to loss of residence as long as the taxpayer maintains the primary source of his income in Chile, or putting it in other words, the weighting of the economic factor is determinative of the loss of domicile. In contrast, different parameters, such as the family factor, can be used as additional evidence of loss of domicile. Therefore, if the situation occurs where a taxpayer is no longer a resident of Chile but continues to primarily receive his income from Chile, the taxpayer will continue to be subject to Chilean taxes for his worldwide sources of income.

Chilean Source Income

The income tax law defines what is meant by Chilean source income.

This concept includes income derived from assets located in Chile or from activities carried out therein, regardless of the taxpayer's domicile or residence. Likewise, national source income includes royalties, rights for the use of trademarks and other similar performances derived from the use, enjoyment or exploitation of industrial or intellectual property in Chile.

Special rules state that shares of a corporation incorporated in Chile, partnership rights, bonds and other debt titles issued in Chile by taxpayers domiciled, resident or established in the country shall also be deemed to be located in Chile. Consequently, the dividends and profits that such shares provide, as well as the interest that such debt instruments generate, will be considered Chilean source income.

In addition, for credits, bonds and other debt securities or instruments, the source of interest shall be deemed to be located in the debtor's domicile or the head office or principal office when they have been contracted or issued through a permanent establishment abroad.

International Double Taxation Agreements (“Convenios de Doble Tributación Internacional”)

Chile has subscribed to and maintains in force a wide network of Double Taxation Agreements (“DTA’s[1]”), mainly based on the OECD model agreement.



[1] Which includes countries such as Australia, Austria, Belgium, Canada, China, Denmark, UAE, Spain, USA, France, India, Italy, Japan, Mexico, Norway, New Zealand, UK, Russia, South Africa, Sweden and Switzerland, among others.



Furthermore, these treaties allow final taxpayers without domicile or residence in Chile to use 100% of the credit for corporate income tax effectively paid against the withholding tax that affects them. Other benefits include preferential rates for services rendered in one of the two member countries or for capital gains from the sale of goods located in them.

In addition, the treaties make it possible to determine in which of the two States the taxpayers are domiciled or resident, and therefore which jurisdiction will be entitled to tax the income they generate, thanks to the domicile-residence tie-breaker rules (article 4 of CDT's OECD model).

Tax Regimes

General Regime (“Regimen General”)^[2]

Companies are required to carry out complete accounting according to the International Financial Reporting Standards (“IFRS”) and declare and pay Corporate Taxes (*Impuesto de Primera Categoría*) upon their profits. In this regime, the taxable base is subjected to a 27% tax corresponding to the Corporate Tax.

Then, the 65% of this tax effectively paid may be used as a credit by the shareholders or partners of the companies whom are natural persons with domicile or residence in Chile, against the Final Taxes (in this case, the “*Impuesto Global Complementario*”), while shareholders or partners whom are natural persons non-domiciled or non-residents in Chile will be entitled to fully use the 100% of the corporate tax effectively paid against their Final Taxes (the Withholding Tax or “*Impuesto Adicional*”), only if the jurisdiction of the foreign partner or shareholder maintains a Double Taxation Agreement with Chile in force. Otherwise, they will only be enabled to partially use as a credit the Corporate Tax effectively paid, as well as the taxpayers of “*Impuesto Global Complementario*”.

Companies subject to this regime must carry and maintain the tax records or books specified in the Income Tax Law, such as a taxable income record (“RAI” register), a tax-exempt income record (“REX” register), and a register of the credits available to be charged against the tax levied on the withdrawal of profits (“SAC” register), among others.



[2] Article 14 letter A of the Chilean Income Tax Law o “Ley sobre Impuesto a la Renta”.



Small and Medium-sized Enterprises (“PYME”) Regime (“*Regimen Pro PYME*”)

This regime establishes the taxable base is subjected to a 25% tax corresponding to the Corporate Tax, which has been currently decreased to a rate of 12,5%, which will apply until the 2024 fiscal year (for the tax declaration, which shall be made in April 2025). Unlike the General Regime, the Corporate Tax effectively paid may be fully used as a credit by the shareholders or partners of the company against the Final Taxes levied upon the withdrawal of profits.

The application of this regime depends on the level of sales registered by the taxpayer during the three fiscal years prior to the one in which the taxpayer intends to apply the regime, among other requirements. This option brings several benefits, such as the reduced rate of Corporate Tax, the option of simplified accounting, the possibility of keeping a reduced number of tax records, the rights to be relieved from applying the price-level restatement and depreciate its physical assets of the fixed assets on an instantaneous basis, among others.

Optional Tax Transparency Regime (“*Regimen Opcional de Transparencia Tributaria*”)

Only taxpayers who qualify under the Small and Medium-sized Enterprises Regime will be eligible for this particular regime; therefore, they must have complied with the requirements for such a regime. In addition, the companies that decide on this option must be formed exclusively by partners or shareholders who are individuals. Its particularities are that these companies will not be subject to Corporate Tax, but at the same time, their partners will have to pay the Final Taxes, as the case may be, in the same fiscal year that the profits were generated, nullifying the possibility of deferring these final taxes.

Income Taxes

Our tax laws consist of the following income taxes:

- 1 **“Impuesto de Primera Categoría” or “Corporate Tax”:** applicable to the income of companies with a current general rate of 27%, which regarding PYME’s is lowered to a tax rate of 12,5%^[3] during the year 2024 for the income generated in the 2023 commercial year.

[3] In the context of the worldwide pandemic caused by COVID-19, Law 21.256 was enacted, which reduced to 10% the First Category Tax rate payable on income accrued or perceived during the years 2020, 2021, 2022 and 2023. Law 21.578 of 2023 extended the application of the reduced rate to income generated during 2024, increasing it slightly to 12.5%. The extent in which this rate is going to be raised for the 2025 fiscal year, considering that normally is at a 25% rate, is already being discussed at the Chilean political stage, bearing in mind the impact that a 12,5% one-time raise could have in the small and medium enterprise’s.

2 “*Impuesto Global Complementario*” or “*Self-employment Tax*”: applicable to the total income (including income from labor, capital, and other income that the taxpayer may earn) of individuals domiciled or resident in Chile, with a progressive rate which can amount a rate of 44,5% as the most (0-44,5%).

3 “*Impuesto de Segunda Categoría*” or “*Wage Tax*”: applicable to the income of dependent workers and professionals with a progressive rate (0-40%), which is levied on taxable income determined after social security and health contributions have been deducted; and,

4 “*Impuesto Adicional*” or “*Withholding Tax*”: applicable to the Chilean-source income of people and corporations with no domicile or residence in Chile. This is generally a withholding tax with a current maximum rate of 35%, which is levied on a brute basis, over. The rate may be lower depending on the service or transaction that is being taxed. In the case of foreign investor dividends derived from an investment in a Chilean company, the foreign investor can use the Corporate Tax (27%) as a credit against its 35% paid by the company distributing such dividends on a pro-rata basis according to the equity participation of such foreign investor in such company.

Among the reduced rates of withholding tax, which can be found in our Income Tax Law, there are:

→ **Royalties and licenses for the use or right of use of intellectual property:** subject to a withholding tax rate of 30%. This rate decreases to 15% for using, enjoying or exploiting specific programs or patents and other similar performances.

→ **Payment of interest granted abroad by international banks or financial institutions:** generally subjected to the 35% withholding tax rate but may qualify for a reduced rate of 4% if the requirements of the law are met.

→ **Fees for services rendered abroad and used in Chile:** could be rendered by a company or an individual with domicile or residence established abroad. Generally subjected to the 35% withholding tax rate. In some cases provided by law, they may be completely exempt from this tax or affected to a reduced rate of 15%.

Capital Gains Tax or “*Impuesto a las Ganancias de Capital*”

A Capital Gains Tax as such does not exist in Chile. The closest possible resemblance to such a figure is the taxation that our legislation contemplates for the higher value obtained in the disposal of certain assets. In most cases, this higher value in the disposal of these assets is treated as ordinary income, subject to Corporate Tax and the Final Taxes, or only to Final Taxes, depending on whether the seller is an individual or a company.

However, under these circumstances the capital gains from the selling of these assets could be either deemed as a non-taxable event or, in exceptional cases, may be subjected to a tax on a one-time basis.

- **Publicly traded company shares established in Chile:** higher value obtained in the sale of them, among other specific requirements, could be taxed with a sole 10% rate tax (this special treatment also applies to the higher value obtained in the sale of investment fund shares and mutual fund shares).[4]
- **Shares from non-publicly traded companies and social rights from limited liability companies established in Chile:** the higher value obtained in their sale by individuals may qualify as a non-income earning up to certain amount. In excess of that amount, they are taxed as ordinary income.
- **Real estate located in Chile:** may qualify as a non-income earning up to certain amount. The excess is taxed as ordinary income or with a one-time basis tax, for individuals who establish their domicile or residence in Chile (with a tax rate of 10%), provided that other requirements are met at the time of sale.
- **Other assets:** including value earned from the disposal of mining properties and water rights, bonds, and other debt securities. The higher value obtained in their sale by individuals can benefit those individuals by treating the value as a non-income earning, and in excess of its limit the higher value is taxed as ordinary income.



[4] The tax is not levied on the higher value obtained by Institutional Investors, whether domiciled or resident in Chile or abroad, to the extent that they qualify as such legal entity in the terms defined by the law.



Value Added Tax (VAT) or “*Impuesto al Valor Agregado*” (IVA)

Taxable Events and Rate

VAT is levied on regular sales of movable property or real estate built located in Chile, on services rendered or used in Chilean territory, and on imports of goods and services, unless there is an exemption determined in the VAT Law.

There are also special taxable events, such as the lease of furnished real estate, the lease of temporary use or enjoyment of trademarks, patents, industrial processes or formulas and other similar performances or the performance of digital services by providers domiciled or resident abroad[5].

Regarding the latter, although some countries levy a withholding tax on these services, Chilean legislation taxes them on a VAT basis, even though the service providers are located outside the country.

**Current rate of the
Value Added Tax**

19%

Person liable for the tax

As a general rule, the seller or service provider is liable for declaring and paying the VAT. However, the amount of such tax is added to the price of the goods or services. Consequently, it is actually the buyer who bears the tax economic burden, although the seller is the taxpayer according to the law.

VAT credit-debit system

Taxpayers whose business activities are subject to VAT are entitled to use the VAT paid and borne in their acquisitions (VAT credit) against the VAT recharged in the value of their sales (VAT debit), which must be declared and paid to the General Treasury of the Republic within the first twenty days of the month following such transactions.

• • • • • [5] Since October 24 of 2025, digital brokerage services will be affected with VAT too, regardless the country in which the provider is domiciled or resident. This special rule was enacted by the law 21.173, approved by the Chilean National Congress and published in the Official Gazette on October 24 of the 2024 year.



Therefore, in the event that the tax debit exceeds the tax credit, such excess must be declared and paid as VAT for the respective period, and vice versa; if the tax credit exceeds the tax debit, it will be accumulated for imputation against the VAT to be declared and paid in subsequent periods.

VAT franchises for investors

Taxpayers who have credit carryforwards arising from the acquisition of movable property or real estate intended to form part of their fixed assets or from services that must be included in the cost value thereof may charge this accumulated surplus in such periods against any tax or opt to have it reimbursed by the General Treasury of the Republic.

Similarly, the VAT law benefits exporters, who will be entitled to recover the tax they have been surcharged when acquiring goods or using services destined for their exporting activity.

On the other hand, natural or legal persons, whether resident or domiciled in Chile or those who qualify as foreign investors and companies receiving foreign investment, could be exempted of this tax, with respect to imported capital goods intended for the development, exploration or exploitation in Chile of projects involving investments equal to or in excess of US\$ 5 million.

Real Estate Tax or “*Impuesto Territorial*”

Property Tax is payable on properties whose value exceeds specific threshold values, with a tax rate between 1%-1.4% per year applied over the real estate fiscal value, varying according to the property type (e.g. residential, agricultural or commercial). The tax is paid in four annual instalments.

Commercial and industrial properties are subject to a surcharge, and some other types of properties are entitled to reductions or temporary exemptions. Vacant urban lots are subject to a surcharge.

Municipal Taxes or “*Impuesto Municipal*”

Most commercial activities (including mining and rent-seeking companies) are subject to municipal taxes. This tax ranges from 0.25% to 0.5% of the corporate capital of the taxpayer per year (the rate depends on the municipality in which the company operates), subject to a maximum of 8,000 Monthly Tax Units (“*Unidad Tributaria Mensual*”) approx. Up to US\$ 300,000 per year as of December 2024).





Customs Duty

Customs duty (ad valorem) is normally payable on imports at a rate of 6%, assessed on the CIF value. There are also additional duties that apply to the importation of certain products, such as alcoholic beverages and cigarettes. Chile has entered into numerous Free Trade Agreements that establish a reciprocal and reduced tax rate for imports of certain goods and services.

Franchises for the development of activities in extreme zones

To promote and develop sectors of the country far from urban centers, but rich in natural resources, several laws have been enacted to grant various tax benefits for developing activities and projects in these areas.

The beneficiary localities include the regions of Arica and Parinacota in the north of Chile, the Aysén Region, the Magallanes and Chilean Antarctica Region, and the province of Palena, among others.

One potential benefit of this is the possibility of using as credit against the payable Corporate Tax up to 40% of the value of the certain assets acquired, or up to approximately 30% of the assets incorporated in an investment project for the production of goods or performance of services in some of these regions. In addition, some laws contemplate the possibility that companies may be exempted from the payment of customs duties or Corporate Tax, among other benefits.

Finally, there are free trade zones in Iquique and Punta Arenas which enjoy a presumption of customs extraterritoriality, which is intended to be considered as if they were outside the country, for the purpose of exempting them from the payment of duties, taxes and other charges levied by customs.

Miscellaneous



Thin Capitalization Rules (article 41 F of Income Tax Law): A controlling rule establishes that, if interest, commissions, remuneration for services and financial expenses and any other conventional surcharges is paid by an over-indebted taxpayer (in a ratio 3:1 of debt to equity) to a related party abroad, benefiting from a reduced withholding tax rate below 35%, such taxpayer must pay a 35% tax (or the difference to reach this rate) on the amount of the over-indebtedness. This rule shall not apply when the financing obtained corresponds to the financing of the development, expansion or improvement of one or more projects in Chile, fulfilling other requirements and provided that the interest and other amounts have been agreed at their normal market values.





Stamp Tax: This tax will apply to bills of exchange, promissory notes, loans, credits and any other document, including those issued in dematerialized form, containing a money credit operation, at a rate that, depending on the circumstances, will fluctuate between 0.066% and 0.8% of the amount of the debt.

In the case of money credit transactions originating abroad in which no documents have been issued or subscribed, the tax will accrue when they are accounted for in Chile.



Transfer Pricing Rules: When crossborder transactions are entered into between a Chilean taxpayer and a foreign related party, the SII may object and assess the prices, values or returns charged or paid by the local entity if the prices, values or returns differ from the prices charged or paid in normal market transactions that would have been agreed to or obtained by independent parties, under arms length transaction basis, in comparable transactions and circumstances. This rule, better known as the "arm's length basis" principle, was incorporated to our legislation on the occasion of the country's accession to the OECD.

If a difference is determined between the agreed values by the Chilean taxpayer and his foreign related party, and those values corresponding to market conditions according to the SII criteria, this institution may apply as a fine a single tax of 40% upon the aforementioned difference between the agreed value and the fair market value.





Chilean Judicial System

The Chilean judicial system is unitary and it has three levels: Courts of First Instance, Courts of Appeal and Supreme Court. Its characteristics and powers are set in the Political Constitution of the Republic of Chile and in the Organic Code of Courts.



The highest court which has jurisdiction over the entire country is the Supreme Court. There are 17 Courts of Appeal with jurisdiction over one or more provinces. The Courts of First Instance are specialized according to their competence: civil law, criminal law, family law, labor law, tax law. There are also other specialized courts such as the Constitutional Tribunal, the Antitrust Tribunal, and some others related to administrative law.

In civil law courts, proceedings are carried out in written form basically on-line. Proceedings before other specialized Courts of First Instance (labor, criminal, family) are carried out verbally in hearings before the judges.

Judicial decisions have a relative effect, they are binding only to the dispute in which they are issued. Judgments do not constitute a mandatory precedent enforceable in future judicial cases.

Insolvency and Bankruptcy

Civil law courts are competent to decide on cases concerning insolvency and bankruptcy under the Insolvency and Bankruptcy Act (Ley N°20.720). These proceedings have an overseer -for the reorganization procedures- or a trustee -for the liquidation procedures- who administer the debtor's assets and handle the debtor's relationship with creditors during the proceeding. The Insolvency and Bankruptcy Act also governs cross - border insolvency, its regulations being deeply influenced by UNCITRAL's Model Law on Cross - Border Insolvency (1997).





Arbitration

Arbitration proceedings are permitted in almost all matters of Law, with some exceptions such as criminal or labor controversies. In addition, forced arbitration is provided for certain matters such as partitions. In certain circumstances, commercial private disputes can be submitted to foreign laws or jurisdictions, or to arbitration outside Chile.

As a general rule, awards are subject to several actions, remedies and appeals. However, remedies, actions and appeals can be renounced by the parties, except for certain cassation appeals with respect to ultrapetita and tribunal's incompetence.

Execution of foreign rulings in Chile

For rulings issued by tribunals of foreign countries to have binding force in Chile, the so-called exequatur procedure is needed. Exequatur is a formal act by which the Chilean Supreme Court authorizes the execution of a ruling issued by a tribunal of a foreign country. This applies only to certain rulings issued in civil matters and does not extend to criminal matters.

For the Chilean Supreme Court to concede an exequatur, different rules apply depending on: (i) the existence of international treaties among Chile and the State from which the tribunal issued the ruling; (ii) in absence of treaties, the treatment said foreign State has historically given to rulings issued by Chilean courts; and (iii) the consideration by the Supreme Court of several aspects regarding the content of the ruling (e.g.: the ruling is not contrary to Chilean Public Law) and its issuance formalities (e.g.: if the debtor was duly served in accordance with due process of law).

Once the exequatur is conceded by the Supreme Court, rulings issued by tribunals of foreign States have the same binding force as a ruling issued by a Chilean court. Exequatur also applies to awards issued by foreign arbitral tribunals.

International Arbitration

International Commercial Arbitration

In 2004, Chile enacted Law No. 19.971 on International Commercial Arbitration based on the United Nations Commission on International Trade Law (UNCITRAL) Model Law on International Commercial Arbitration, a legal regime tailored to international commercial arbitration.





Commercial disputes shall be considered international where the place of arbitration, the place of contract execution or the place of the subject-matter of the dispute is situated outside the country where the parties have their place of business, or cases where the parties have expressly agreed that the subject-matter of the arbitration agreement relates to more than one jurisdiction. This law extensively recognizes the freedom of the parties to submit a dispute to this arbitration procedure.

Law No. 19.971 also recognizes the freedom of the parties to determine the procedure to be followed, subject to the fundamental requirements of fairness and justice. In cases where the parties have not exercised their freedom to lay down the rules of procedure or they have failed to cover a particular issue, the law ensures, by providing a set of subsidiary rules, that the arbitration may commence and proceed effectively until the dispute is resolved.

The autonomy of the parties in determining the rules of procedure is of special importance in international cases since it allows the parties to select or tailor the rules according to their specific needs, unimpeded by traditional and possibly conflicting domestic rules. The supplementary discretion of the arbitral tribunal is equally important in that it allows the tribunal to tailor the conduct of the proceedings to the specific features of the case without being hindered by any restraint that may stem from traditional local law, including any domestic rule on evidence. Moreover, it provides grounds for displaying initiative in solving any procedural question not regulated in the arbitration agreement or in Law No. 19.971.

This law states that the arbitral tribunal decides the dispute in accordance with the rules of law chosen by the parties, granting the parties the freedom to choose the applicable substantive law.

Since the enactment of Law No. 19.971, Chile has become a center for international commercial arbitration, and we count with experts experienced in this area.

Investor – State Arbitration

Chile is a party to the 1965 Convention on the Settlement of Investment Disputes (ICSID Convention). Therefore, and subject to certain conditions, foreign investors might raise claims against the State of Chile under ICSID arbitration.

The State of Chile has been a party to ICSID arbitration on only six occasions.

- As of 2022, new ICSID regulations came into force in the context of modernizing ICSID procedures. The main modifications include deeper transparency and efficiency in proceedings, as well as reducing the duration of proceedings and costs for the parties.



Energy

The Chilean electricity market comprises three distinct segments: generation, transmission, and distribution of electricity.

Generation

The generation segment aims to produce electrical energy for injection into the National Electric System (SEN). As of October 2024, the SEN had an installed capacity of approximately 36,500 MW with the following classification: 20% from hydroelectric plants, a 34.5% from thermoelectric plants, 14.5% from wind farms and 30% from photovoltaic parks.

Generation operates under a regime of free competition and with open access to transmission and distribution networks for energy commercialization. In other words, there is an open access regime that allows the free entry of actors into this market segment.

Power-generating companies can participate in the spot market or through supply contracts with free or regulated customers via Power Purchase Agreements (PPA), which are contracts for energy and power supply.

Generators can market their energy in two markets: the short-term spot market and the contracts (PPA) market. Selling energy in one market does not preclude selling in the other; thus, a generator can engage in both markets simultaneously.





Spot market or short-term market

In the spot market, all generators connected to the system can participate to the extent that they generate energy and inject it into the system. The coordination and operation of the SEN correspond to the *Coordinador Eléctrico Nacional* ("CEN"), which determines when and how much each generating plant should produce and inject to the system based on pre-established variables. Each megawatt of energy injected by a generator is valued at the marginal cost determined by the Coordinador at its injection point.

The "marginal cost" of energy reflects the total cost incurred by the electrical system to supply an additional unit of electrical energy during a specific period, considering variable costs, opportunity costs of manageable energies, and potential failures.

Competition primarily exists in developing and installing power plants; however, once operational, a plant's owner role focuses on maintenance and operation while following CEN's instructions, especially regarding dispatch (energy injections). The injection price is determined by the instantaneous marginal cost at the respective injection point.

PPA market

In the PPA market, energy withdrawals are made under Power Purchase Agreements ("PPA") between specific generators and customers -either "free customer" or a distributor who then will sell that energy to regulated customers based on established tariffs. To withdraw energy from the SEN, a generator must have a PPA but does not need to correlate injections quantities with withdrawals.

Participation in the PPA market is not mandatory for generators; some may not have PPA contracts due to other stable incomes, such as payments to backup plants.

However, entering into a PPA, which are generally long-term contracts, provides generators with stable and known income, and allows customers or distributors to freely set energy prices.



Transmission

The transmission segment encompasses installations with voltages exceeding 23 kV that provide free access and are qualified as public services. This segment facilitates transporting electricity from generating plants to customers.

This segment is divided into sub-segments: national transmission, zonal transmission, dedicated transmission systems, and transmission systems for development poles.

Each sub- segment constitutes a natural monopoly; hence they are regulated markets with exclusive operational obligations for transmission companies.

Owners of transmission lines charge tolls for third-party usage. According to Chilean General Electric Law, these toll prices are determined by the Annual Transmission Value per Sections (“V.A.T.T.” by its acronym in Spanish) which is composed of two main elements: (i) Annualized Value of the Investment (“A.V.I.” by its acronym in Spanish) and the Operation, Maintenance and Administration Cost (“C.O.M.A.” by its acronym in Spanish) of the relevant transmission.

Distribution

Finally, the distribution segment primarily delivers supply to regulated customers within identifiable territorial zones that facilitate operational activities and infrastructure placement. It is a public service provided in a specific concession area.

Similar to transmission, the distribution segment exhibits characteristics of a natural monopoly and is a regulated market; companies holding public service distribution concessions have exclusive operational obligations.





Infrastructure

Over 114 infrastructure projects have been given under concession to the private sector over the past twenty years. Several are already operational and others are underway. In the aggregate, these projects account for over MM USD \$28.618 in committed investment.

The Public-Private Infrastructure Plan 2022-2028 considers a portfolio of 43 bids, corresponding to 52 projects involving an estimated investment of USD \$17.6 billion.

Highways



Noteworthy among these are several sections of Highway 5 between Antofagasta and Puerto Montt (1,600 km), as well as the Santiago - Valparaiso and Santiago - San Antonio Highways.

Airports

In recent years the number of passengers transported through all Chilean airports has increased and half of this traffic corresponded to international passengers. Today, 11 airports have modernized their infrastructure with the Chilean concession system and 4 of them are qualified to receive international flights. New infrastructure is urgently needed to support constant growth of this industry. Terminals must also be outfitted with the latest technology in air traffic control equipment, weather monitoring, etc.



- • • This is yet another area in which the Government has permitted involvement of private investors. The best proof of this is that the Santiago International Airport - the country's leading air terminal - is currently under the control of private concession holders.
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- • •



Reservoirs



In a country where drought is pervasive, there is an urgent need for construction of infrastructure capable of collecting and administering water along the extensive territory of Chile, such as reservoirs and desalination plants. Although reservoirs and desalination plants for human consumption are necessary and represent one of the main economic activities of Chile, only 2% of the committed investment are intended for this purpose.

Ports

In an exporting country with an extensive coast as Chile's, port infrastructure plays a very important role in connecting the country with the rest of the world. 90% of the Chilean foreign trade is mobilized by sea. As of today, Chile has 10 publicly owned ports, 14 private for public use and 32 private ports. To modernize port activities, the Government has transferred the management, operations, profit-making and maintenance activities of Chile's leading public ports to private investors.



Legal Framework of Public Works Concessions

The most relevant provisions applicable to public works concessions in Chile (the “Concessions”) are: (a) the Chilean Public Works Concession Act dated October 31, 1996 (the “Concessions Act”); (b) the Chilean Public Works Concessions Regulation (the “Concessions Regulation”); and (c) the Bidding Terms for the corresponding project (the “Bidding Terms”) prepared by the *Ministerio de Obras Públicas* (MOP), as amended by any explanatory circular.





Regulatory Authority

Under the Concessions Act and the Concessions Regulation, the MOP is the Chilean governmental entity responsible for supervising, implementing and awarding concessions of public works as well as executing the corresponding public works concessions agreements (the “Concession Agreements”).

The purposes and duties of the MOP include, among others: (a) the preparation of the Bidding Terms; (b) the implementation of the international tender process and the final awarding of the concession; (c) the inspection of the projects and the supervision of performance under the Concession Agreement during the construction and the exploitation phases; (d) the project site expropriation proceedings; and (e) the granting of the provisional and definite start-up authorizations.

Awarding the Concession

The Concessions Act and the Concessions Regulation set forth the mechanisms to be followed by the MOP when awarding a concession. The corresponding project may have been proposed by an interested party (the Concessions Act and the Concessions Regulation set forth the procedure for interested parties to propose a project) or prepared by the MOP. Under both Concessions Act and Concessions Regulation, it is required that the concession be awarded through a transparent public tender process. Thus, the public works concession regime does not contemplate bilateral negotiations between the State of Chile and private investors without a public bidding process.

Generally, the bidder with an acceptable technical offer and the best economic offer, as determined by the MOP, shall be awarded the concession. The specific factors considered in awarding the concession are set forth in the Concessions Act and the Concessions Regulation. The Bidding Terms establish the evaluation system for the specific concession.

The concession is awarded by means of a Supreme Decree issued by the MOP which is also executed by the Ministry of Finance. Once awarded, the successful bidder enters into the Concession Agreement with the State of Chile, represented by the MOP. The successful bidder is then required, within the term specified in the Bidding Terms, to execute copies of the Supreme Decree as acceptance of the award, and to incorporate a Chilean corporation or register the branch of a foreign legal entity in Chile, as the Bidding Terms so require, with whom the Concession Agreement shall be executed (the “Concessionaire”).





Supervision of the Works and Project Completion

The MOP is responsible for overseeing the works during the construction phase and shall certify the completion of the project in accordance with the specifications included in the Bidding Terms. During the exploitation phase, the MOP oversees the maintenance and the collection of tolls by the Concessionaire as set forth in the Concession Agreement. In cases of infringement, the MOP may impose fines and other sanctions to the Concessionaire.

Expropriations

Pursuant to the Concessions Act, if an expropriation is required to build the concession's works and additional services, the affected property shall be declared of public interest, and shall be expropriated by the MOP in accordance with the procedure set forth in the Chilean Expropriations Procedure Act. Unless the Bidding Terms provide otherwise, the payments for the expropriation shall be borne by the Concessionaire which shall be attributed, to the extent required for the performance of the Concession Agreement, all the rights and duties as the beneficiary of such expropriations.

Termination

The concession shall terminate in the event of the expiration of the term of the concession and any amendments thereof or in case of mutual agreement of the Concessionaire and the MOP. However, if the Concessionaire has granted the Special Public Works Pledge to one or more creditors, the MOP cannot execute the early termination agreement unless such creditors agree to release such guarantee or consent to such agreement.

The concession shall also terminate in the event of a material breach of the obligations of the Concessionaire. If the Concessionaire commits a material breach, the MOP shall request the declaration of such circumstance to the Conciliation Commission who shall decide on the termination of the concession. Within the next 120 days from the declaration of material breach, the MOP, previous approval of the Ministry of Finance, will determine if a new tender process is needed for the remaining term of the concession. Resolved that a new tender process is needed, within the next 90 days the MOP shall begin a new bidding process for the term of the concession still remaining. The new Bidding Terms may not establish requirements more onerous than those required to the original Concessionaire.





At the first auction of this new bidding process, the MOP shall consult with the creditors of the Concessionaire the minimum amount of the bids which, in any case, may not be inferior to two thirds of the debt already incurred by the Concessionaire. At the second auction, the bids may not be inferior to one half of such debt. At the third auction there shall be no minimums for the bids.

After the material breach is declared, any and all of the debts of the Concessionaire secured with the Special Public Works Pledge shall become due, and shall be paid with the proceeds obtained from the new bidding process. Any remaining balance shall belong to the former Concessionaire.

Conciliation Commission

Any controversies arising from the interpretation or performance of the Concession Agreement shall be known by a Conciliation Commission which shall be composed of a professional appointed by the MOP, a professional appointed by the Concessionaire, and a third professional appointed by mutual agreement of the parties. If the parties cannot reach an agreement as to the third member of the Conciliation Commission, then the president of the Santiago Court of Appeals shall appoint such third member.

Any creditor who has a secured credit under the Special Public Works Pledge shall be admitted in the proceedings of the Conciliation Commission under the circumstances provided by the Concessions Act.

The Conciliation Commission may suspend any decision taken by the MOP. Upon the request of its intervention, the Conciliation Commission shall try to obtain an agreement between the parties. If after 30 days the parties have not settled the issue, the Concessionaire may request, within the next five days, that the Conciliation Commission start working as an Arbitral Commission, whose decision shall be final and not subject to any substantive appeals. Within the same term, the Concessionaire has the alternative to file the same claim before the Santiago Court of Appeals. If the Concessionaire does not opt for any of the two aforementioned alternatives, then any decision taken by the MOP shall be considered final.

Bankruptcy of the Concessionaire

In the event of the Concessionaire's insolvency, the creditors shall decide at the request of the trustee whether they auction the concession or continue the operations of the Concessionaire. If the creditors decide to auction the concession, the terms and conditions of the Concession Agreement shall remain unchanged. At the first auction, the minimum amount of the bids may not be inferior to two thirds of the debt already incurred by the Concessionaire.





At the second auction, there shall be no minimums for the bids. In any case, the material elements of the Concession Agreement shall remain unchanged. In an insolvency situation, the MOP must appoint a representative to work with the liquidator and the creditors' committee, to ensure the continuation of the services contemplated under the Concession Agreement.

Pledge Without Conveyance over Public Works Concession

Law 20.190 provides for a pledge without conveyance over public works concession. Such pledge covers the following: (a) the rights of the Concessionaire under the Concession Agreement; (b) the revenues of the Concessionaire; (c) any payment agreed to be paid by the State of Chile to the Concessionaire under the Concession Agreement; and (d) any future income or cash flows from the operation of the Concession, which may only be pledged to the work or operation financiers or in the issuance of debt securities of the Concessionaire's holder.





Mining

Pursuant to the Chilean Constitution, the State holds absolute, exclusive, inalienable, and imprescriptible dominion over all mines.



However, the Chilean Constitution also recognizes the rights a person and private companies have over the surface land above the mines, subjected to the legal obligations and limitations imposed for the benefit of mines exploration and exploitation.

Constitutional Mining Statute

Notwithstanding the above, the Chilean Constitution allows private investors to carry out mining activities through judicially granted mining concessions that allow them to take ownership of the extracted mineral substances. Once granted, these concessions become property of the person or company who applied for them. It is also important to mention that there are specific restrictions regarding oil, natural gas, lithium, uranium, and thorium, as well as mineral deposits located in Chilean maritime waters or in areas of importance to national security.



Some extractable substances are not considered minerals and are therefore excluded from the mining statute, including sand, gravel, rock, and other materials used in the construction industry, surface clay and artificial salt deposits on the shores of lakes and the ocean.

These substances belong to the respective owners of the land or artificial salt deposits.





Concession system

As mentioned, private persons and legal entities may acquire mining concessions which grant the right either to explore or exploit a particular area of interest. Exploration concessions have the particularity of lasting a four-year period extendable for an additional four years, only allowing exploration activities and the appropriation of the concessionable substances that were necessarily extracted for the exercise of that right. The holder of an exploration concession has preferential rights to apply for an exploitation concession in the same area.

On the other hand, exploitation concessions have an unlimited duration and allow the holder to become the owner of the concessionable substances obtained in the exercise of their right.

The granting of a concession may be subject to certain conditions, including the payment of compensation to affected landholders. They are also subject to an annual license fee which can go up to approximately \$4 dollars per hectare in the case of exploration concessions, and up to \$7 dollars per hectare for exploitation ones[11]. It should be noted that if no mining work is carried out in the exploitation concessions, the license fees values may be higher, depending on the term of the respective concession. Also, if the fee is not paid within a certain period of time, a judicial proceeding will be initiated to carry out a public auction of the concession.

In addition to the above, the annual tax on profits from the extraction of minerals, known as Royalty, must also be considered

It is worth mentioning that mining concessions are freely transferable among private entities although subject to the Mining Registry notification.

Finally, it is important to consider that, for their development, mining projects must first undergo the environmental impact assessment system, with all the technical complexities, depending on the characteristics of the project.

Authorities and entities involved



Ministry of Mining: Its purpose is to design, implement, and evaluate public mining policies aimed at increasing and disseminating contributions of the mining sector to national development, promoting innovation, productivity, and sustainability, in order to harness available mineral resources under socially inclusive conditions.





National Geology and Mining Service: It is the technical Agency responsible for generating, maintaining, and disseminating basic geological information, as well as information on resources and geological hazards in the national territory, for the well-being of the community and in service to the country. It also regulates and/or oversees compliance with mining regulations regarding safety, property, and closure plans, contributing to the development of the national mining industry.



Judicial courts: Courts of justice have the function of granting mining concessions to those who apply for them on a first come first served basis, whether for exploration or exploitation rights, through a specifically established procedure.



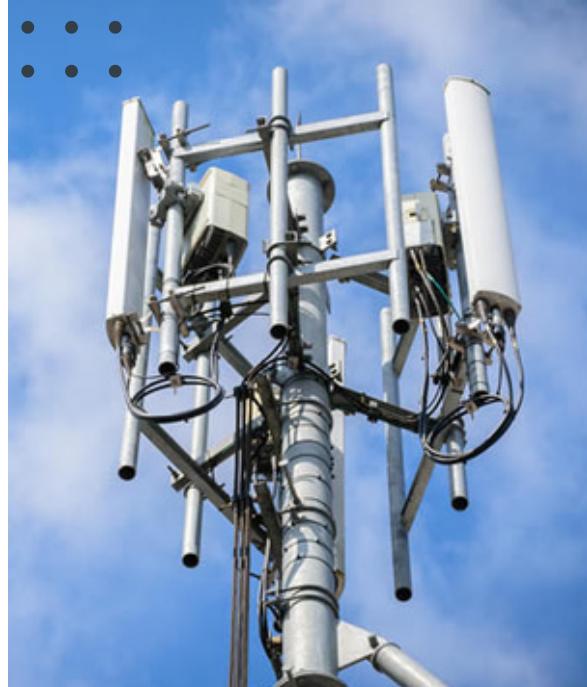
Environmental Assessment Service: It is the Public Agency responsible for administering the environmental impact assessment system, to which mining projects that seek to be developed in Chile must submit beforehand.





Telecommunications

Law No. 18.168/1982 is the main telecommunication law in Chile that regulates telecom activities (hereinafter, referred to as the “Telecommunication Law”).



Additionally, there are several decrees that regulate specific matters related to telecom activities, such as Decree No. 18/20214 regarding telecommunication services and the rights and obligations of the subscribers and/or users and the service providers.

The Ministry of Transport and Telecommunications, through the Undersecretariat of Telecommunications, is responsible for the fulfillment and enforcement of the Telecommunication Law and all other related regulation.

To provide telecom services, a company must seek government concessions, permits or licenses depending on the service. Concessions may only be granted to legal entities constituted in Chile and domiciled in the country.

Classification of Telecom Services

The Telecommunication Law applies to the following services:

- A** **Free-to-air or broadcasting telecommunications services.** These services include sound, television, or other types of broadcasts.
- B** **Public telecommunications services,** intended to meet the telecommunications needs of the general community.
- C** **Limited telecommunications services,** aimed at meeting the specific telecommunications needs of certain companies, entities, or individuals.
- D** **Amateur radio communication services,** whose purpose is radio intercommunication and technical and scientific experimentation, carried out on a personal basis and without profit.



E

Intermediated telecommunications services, provided by third parties through facilities and networks, intended to meet the needs of telecommunications concessionaires or permit holders in general, or to provide international long-distance telephone service to the general community.

Sanctions

Any breach to the Telecommunication Law, its regulations, the fundamental technical plans and standards will be sanctioned in accordance with the law. Such sanctions include the following:

- Warnings.
- Fines between 5 to 500 UTM when referring to free-to-air broadcasting concessions, and in other cases between 5 and 5,000 UTM.
- Suspension of transmissions for up to 20 days.
- Revocation of the concession or permit in the cases enumerated in the Telecommunication Law.





Antitrust Law

The antitrust law is entitled the Competition Act (also known as *Decreto Ley N°211*), which sanctions all conducts that prevent, restrict or hinder free competition or tend to generate such effects, which include, among others, cartels, abuse of dominant position and predatory prices.



The Antitrust Tribunal (*Tribunal de Defensa de la Libre Competencia*) enforces the Competition Act and determines if conduct falls under the legal description of the so called unlawful anticompetitive conducts.

The Antitrust Tribunal also responds to consultations on acts, facts, or contracts that might breach the Competition Act and is able to determine the conditions under which such acts, facts, or contracts are consistent with the Competition Act. Additionally, the Antitrust Tribunal may issue mandatory general instructions over acts or contracts related to free competition.



There is also an independent National Economic Prosecution Office (Fiscalía Nacional Económica) whose purpose is to investigate acts that may infringe the Competition Act and defend public interests in matters to be heard by the Antitrust Tribunal by bringing actions against the offenders before such Tribunal.

If the final decision of the Antitrust Tribunal, which can be reviewed by the Supreme Court, declares that there has been a breach to the Competition Act, the following sanctions may be applied: (i) the amendment or termination of acts, agreements, systems or arrangements in conflict with the Competition Act; (ii) the amendment or dissolution of the legal entities involved in an anti-competitive conduct; or (iii) the imposition of fines for the benefit of the State's treasury up to the amount of approximately 20,000 UTAs [12] (US\$16,650,000).

[12] UTA means annual tax unit. In December 2024 one UTA is equivalent to approximately USD 832.



The fines can be imposed onto the legal entity, its directors, managers, or any other individual who may have been involved in the execution of actions or agreements that were contrary to free competition. Finally, it must be kept in mind that cartels constitute a felony and have criminal sanctions associated to it, which may be applied to the legal entities' representatives who participated in the cartel.

Merger Control

The Competition Act outlines a mandatory procedure for specific concentrations or mergers, instituting an ex-ante control mechanism to mitigate potential detrimental effects on competition. This procedure becomes obligatory when two cumulative requirements are satisfied. First, the combined sales in Chile of the economic agents planning to concentrate must have reached amounts equal to or exceeding the established threshold during the previous fiscal year. Second, at least two of the economic agents planning to concentrate must have individually achieved sales amounts equal to or exceeding the threshold during the last fiscal year. However, even if these requirements are not met, any economic agent may voluntarily submit to the procedure, or the National Economic Prosecution Office could require further information on their own initiative.

The process begins with the notification to the National Economic Prosecution Office, which evaluates its completeness and -if complete- initiates an assessment. The investigation results may lead to: (1) unconditional approval of the operation; (2) approval with conditions requiring specific measures to safeguard competition; or (3) extension of the investigation with public disclosure, allowing potentially affected parties to provide relevant information. Upon completion of this extended investigation, the Prosecutor may either grant unconditional approval, approve with certain conditions, or disallow the concentration. The Competition Act strictly prohibits and sanctions both not notifying concentration operations that meet the requirements for approval procedure and 'gun jumping.', meaning the execution of notifiable concentrations -this is, concentrations meeting the Competition Act's thresholds- before the authority's approval.

Interlocking and acquisition of minority stakes

The Competition Act prohibits interlocking between competitors, meaning the simultaneous participation of a person in a relevant executive position, or as a director, in two or more competing economic agents. Interlocking applies when each competing company's group generates annual revenues exceeding 100,000 UF[13] (approximately USD 3,945,000) and the simultaneous roles are maintained for 90 continuous days after the relevant companies surpass the revenue threshold.

[13] UF means Unidad de Fomento. As of December 2024, it is equivalent to approximately USD 40.

Additionally, the Competition Act imposes an obligation to notify the National Economic Prosecution Office within 60 days of acquiring a minority stake in a competing company, if the acquiring company or its group, as well as the target company, individually had annual revenues exceeding 100,000 UF in the previous calendar year. This notification allows the National Economic Prosecution Office to assess whether an investigation is required. Legal actions against violations of this provision expire within 3 years from the date the acquiring company informs the National Economic Prosecution Office.





Environment

Environmental protection became a public priority in Chile in 1980, when the Chilean Political Constitution recognized, for the first time, the importance of protecting the environment and preserving nature.



The Constitution guarantees every individual "the right to live in an environment free from pollution". It also sets forth that the Government has a duty to protect said right and to seek the preservation of nature.

As may be understood, a constitutionally guaranteed right to live in an environment free from pollution creates potential conflicts with other basic constitutional rights such as "the right to perform any economic activity" or the right to property. The Constitution recognizes this conflict and stipulates that curtailing basic constitutional guarantees for the sake of environmental protection can only be made effective by law.

Also, the Constitution provides that environmental protection laws cannot affect the "essence" of other basic constitutional rights.

Finally, the Constitution grants individuals a legal action that allows them to safeguard their right to live in an environment free from pollution in situations that threaten or disturb it.

The Environmental Act

The Environmental Act sets forth the general legal framework upon which the country's environmental policy should rest. This law is effective throughout the national territory and regulates all activities and projects that, according to the Act, may cause a significant environmental impact and, therefore, must undergo the Environmental Impact Assessment System before starting their development and operation.



The Environmental Impact Assessment System

The most meaningful contribution made by the Environmental Act was the creation of the Environmental Impact Assessment System (or SEIA, for its Spanish acronym) which establishes the procedure to be followed by the proponent of a project to determine whether the project complies with the environmental regulations in force. This system is administered by the Environmental Assessment Agency, a technical entity that serves as the counterpart for proponents of projects in the SEIA.

An activity or project can be assessed for its environmental impact through an Environmental Impact Declaration (DIA) or an Environmental Impact Study (EIA) by the Assessment Commission of the region where the project or activity will be developed or executed. In the event the activity or project may cause environmental impacts in more than one region, the DIA or the EIA must be submitted to the Head of the Environmental Assessment Agency, located in Santiago, for approval.

An Environmental Impact Study is defined in the Environmental Act as “the document that thoroughly describes the characteristics of a project or activity intended to be carried out, or its modifications.” EIA must provide well-founded background data for predicting, identifying and interpreting the environmental impact of the project and must also describe the action(s) that shall be performed to prevent or minimize the significant adverse effects.

An Environmental Impact Declaration is “*The descriptive document of an activity or project intended to be carried out, or the modifications to be introduced, granted under oath by the respective proponent, whose content allows the competent authority to assess whether its environmental impact complies with current environmental standards.*”

An EIA is applicable to projects that generate some of the effects indicated by the Act, including health hazards for the population or significant adverse effects on the quantity and quality of renewable natural resources, including soil, water, and air. Projects which are included in the Environmental Impact Assessment System but do not require preparation of an Environmental Impact Study, since they do not generate any effects described in the Act, should file a DIA.

The procedure ends with an Environmental Qualification Resolution (RCA) that either approves or rejects the project or activity subjected to the Environmental Impact Assessment System. If the RCA is favorable, it will establish the technical and environmental standards under which the project must operate, in conjunction with those established by law, and that will be monitored by the Environmental Superintendence.



Community Participation

The Environmental Act intends to encourage citizen's involvement within the environmental decision-making process. Lawmakers provide for community involvement in three different instances:

- In the issuance of environmental standards, plans and regulations;
- In the Environmental Impact Assessment System, under which community organizations and directly affected individuals are able to make comments and file formal observations to the Environmental Impact Study or the Environmental Impact Declaration (in this case, under certain conditions), which the authority must evaluate before approving or rejecting the respective project or activity; and,
- In the possibility of bringing charges (a private right of action) based on alleged environmental law violations and environmental damage.

In addition to the above, Indigenous Consultation must be considered. It consists in a good-faith process aimed at providing indigenous people with information on matters that may directly affect them. It is worth noting that the need to carry out the Indigenous Consultation is an obligation for the State of Chile arising from Convention No. 169 of the International Labour Organization.

In environmental matters, the measure that may affect indigenous people is the Environmental Qualification Resolution. The Indigenous Consultation is carried out by the Environmental Evaluation Service in cases where it is necessary to submit an Environmental Impact Study. In this way, the Indigenous Consultation is carried out within the SEIA, during the environmental processing of the respective project that may affect an indigenous community.

Environmental Liability

Civil Liability

Despite the fact that the Environmental Act defines the so-called "Environmental Damage Liability", it introduces no relevant innovation with regard to the general rules on tort liability set forth in the Chilean Civil Code, which impose liability for negligent and willful misconduct.



Notwithstanding the foregoing, the Environmental Act is unique in the sense that it presumes the liability of the individual who causes environmental damage in the event that environmental protection laws are infringed. Therefore, the Act effectively places the burden of proof onto the infringer, who must successfully demonstrate the existence of Acts of God or Force Majeure in order to avoid liability for negligent or willful misconduct.

If environmental damage is caused, the infringer can be held liable to restore the harmed environment.

The Act stipulates that other regulations which set forth special rules on liability regarding environmental damage shall take precedence over the act itself. This calls for thorough analysis on a case-by-case basis regarding the potential existence of special rules on liability which could exclude those provided under the Act. The Act adds that, in matters not covered by either the Act itself or special laws, the general provisions relating to tort liability in the Chilean Civil Code shall apply.

Finally, the Act states that environmental liability which both forces the infringer to repair the damaged environment and assume civil liability, as well as stipulates monetary indemnification for the affected party, has a 5-year statute of limitations from the date of the damage is detected.

Administrative Liability

Law No. 20.417 created the Environmental Superintendence who is in charge of the following:

- Enforcing the standards, conditions and measures of: Environmental Qualification Resolutions, Prevention and Decontamination Plans, Environmental Quality Standards, Emission Standards, Management Plans and other environmental tools established by law;
- Certification: celebrating contracts for inspection, verification, measurements, and analysis of compliance with the standards, conditions, and measures of Environmental Qualification Resolutions, Environmental Prevention and/or Decontamination Plans, Environmental Quality Standards, and Emission Standards, when applicable, to suitable and duly certified third parties;





- Temporary suspension of operation authorizations contained in the Environmental Qualification Resolutions or the adoption of further urgent and transitory measures whenever the execution or operation of a project or activity generates serious and imminent damage to the environment as a result of some gross violation of the standards, measures and conditions provided for in said resolutions;
- Temporary suspension of Environmental Qualification Resolutions or the adoption of further urgent and transitory measures whenever the execution or operation of a project or activity generates effects that were not foreseen in the assessment, and which may as a result generate imminent and serious damage to the environment;
- Imposing sanctions. Sanctions which the Superintendence may apply include: Written admonitions; Fine of 1 to 10,000 *Unidades Tributarias* (Tax Units) per year; Temporary or final closedown, and Revocation of the Environmental Qualification Resolution.

The infringer may thus incur administrative liability as a result of non-compliance with environmental regulations and the provisions established in the Environmental Qualification Resolution of a project, leading to the imposition of a fine or other punitive measures by the Superintendence.

Criminal Liability

Currently, national laws include various standards that can give rise to criminal liability for offenses or acts against the environment, including special provisions in the Chilean Criminal Code.

In this way, both people and legal entities who commit environmental crimes can be criminally prosecuted and subject to penalties as determined by the law.

The institution responsible for investigating crimes and potentially accusing the responsible parties before the Courts of Justice is the Public Prosecutor's Office. According to this authority, environmental crimes are all acts that intentionally, accidentally, or negligently result in the destruction or impairment of certain natural systems, animal species, or plant life whose protection is considered valuable by humans for the maintenance of their living conditions, health, economic activities, or cultural practices.





Water Law

In Chile, water is a national public good that belongs to the Chilean Nation. Nonetheless, private individuals and companies are allowed to hold under ownership water rights that permit them to extract and use water from different bodies of land water, excluding maritime waters.

The form and continuity of extraction, as well as the quantities of water allowed to be extracted will depend on the characteristics of the specific water right, which is granted by the General Water Directorate through a special and highly regulated procedure.

It should be noted that, as in the case of mining, water rights are subject to the payment of a fee for the non-use of water. If the fee is not paid within a certain period of time, a judicial proceeding will be initiated to carry out a public auction of the water right. In addition, the authority may even decree the extinction of the right in certain cases when the non-use exceeds a certain period of time.

It is important to mention that in Chile water constitutes an essential good, due to the economic activity centered on agriculture and mining (which needs it for their production processes), as well as for energy generation, where a large part comes from hydroelectric power plants.

Therefore, the water regime is highly regulated, although it allows for economic development and projects through the granting of water rights that authorize the use of that resource.





Desalination

Climate change and hydric crisis has made it necessary to explore new ways to face the high demand of water and, due to Chile's long coastline, desalination has become an excellent alternative.

Due to the water regime in Chile referring to inland waters, as opposed to maritime ones, regulation regarding the development of desalination plant projects and the legal category of the resulting water from the process is scarce, although a more complete and organic regulation is expected in the coming years.

However, the aforementioned has not been an impediment for the development of desalination plants in the country. In fact, there are more than 20 operating plants as of 2024, and there are several in development.

It is worth mentioning that by the end of 2023, a law that enables the State, through the Ministry of Public Works to develop such projects was approved. In addition, there are several law projects pending in the National Congress that refer to or deal with different aspects related to desalination.

Ultimately, due to the importance of water for human consumption and for productive processes such as mining, agriculture and energy, among others, desalination emerges as a growing activity with a promising future for the country's development.





Labor

Chilean Labor Code regulates the following relevant matters: individual employment agreements; legal benefits for employees, trade unions and collective bargaining agreements; subcontracting; and supply of personnel.



Employment Agreements

The Labor Code defines the employment agreement as a contract by which the employer and the employee are reciprocally committed: the employee to render personal services under dependence and subordination to the employer, and the employer, in turn, to pay a certain remuneration to the employee for the services thus rendered. The Labor Code assumes that an employment agreement exists between them, even if no written evidence of such agreement exists.

The employment agreement must be set forth in writing within a period of 15 days from the first day in which the employee starts to work and must include, at least, the following matters: place and date of execution of the employment agreement; name of employer; name, nationality and birth date of the employee, the employee's e-mail address, as well as the date of initiation of his/her work; description of the nature of the services as well as the place or city where the services must be rendered; amount of the salary or remuneration agreed, and payment system; length and distribution of daily working hours, unless the employer has a shift system in place (in which case internal regulations shall apply); and the term of the employment agreement.



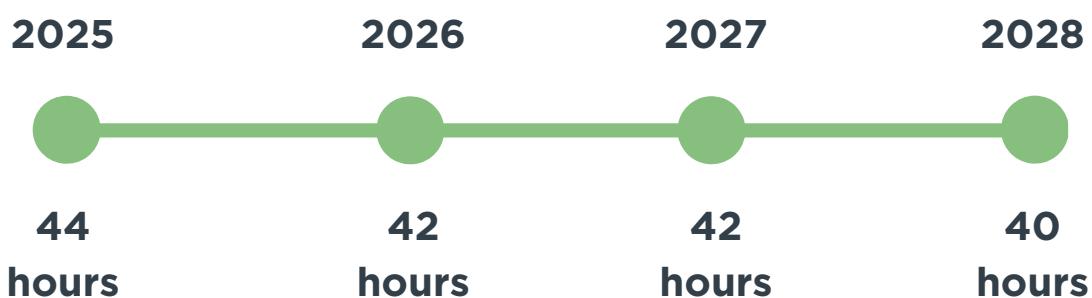
In within fifteen days following the execution of the Labor Agreement, the employer must register the employment contracts on the electronic platform of the Labor Directorate. Likewise, any modifications and terminations of said contracts must be registered at such public agency with the Labor Directorate.





Working Hours

Currently, normal working hours are limited to a maximum of 44 hours per week[6]. This maximum must be distributed in no less than four and no more than six consecutive days. The normal workday shall not exceed 10 hours. Overtime -which is defined as the time worked by the employee in excess of the legal or agreed workday, if shorter-shall be agreed only to take care of necessities or temporary situations of the company, which are all those circumstances that, while not permanent in the company's productive activity and deriving from occasional events or from unavoidable factors, do imply a greater work demand in a certain amount of time. Overtime is limited to a maximum of 2 hours per day. Overtime work agreements shall be evidenced in writing and be temporarily effective over a period not exceeding three months, renewable by agreement of the parties. Overtime must be paid at 50% above the agreed hourly rate.



In accordance with the provisions set forth in Article 33 of the Labor Code, the employer is obliged to maintain a record to monitor the attendance and hours worked by employees, which may consist of an attendance log or a time clock with a registration card. From the legal provision, it follows that maintaining an attendance control system is an obligation upon the employer, and therefore, it is the employer's responsibility to ensure that the chosen recordkeeping method, as stipulated by the aforementioned provision, is accurately maintained by their staff. The employer may take appropriate measures within their authority to direct, organize, and manage the company to ensure compliance with this objective.

Pursuant to the new Law No. 21,561 on reduction of the working day, which amended the second paragraph of Article 22 of the Labor Code, which refers to workers excluded from the limitation of the ordinary working day, only workers who render services as (i) managers, (ii) administrators, (iii) proxies with administrative powers and (iv) all those who work without immediate superior supervision due to the nature of the work performed are excluded. These workers are not entitled to overtime payment, and the employer cannot demand a working schedule.

[6] Pursuant to the application of Law No. 21,561 on the reduction of working hours, as from April 2026, the ordinary working day will be reduced to 42 hours per week and as from April 2028, the ordinary working day will be reduced to 40 hours per week.



Nationality of Employees

In companies with more than 25 employees, at least 85% of the employees hired must be Chilean. This percentage shall be calculated as a fraction of their total labor force in Chile.

To calculate the above-mentioned provision, the Laboral Code specifies the following rules:

- The total number of employees that an employer employs within the national territory will be considered, not those of individual branches separately.
- Technical specialist personnel will be excluded.
- Foreigners will be considered Chilean if their spouse or civil partner or their children are Chilean, or if they are widowed from a Chilean spouse.
- Foreign residents in the country for more than five years will also be considered Chilean for this purpose.

Daily and Weekly Rest and Yearly Vacations

The workday must be divided into two periods, leaving at least a half-hour break for lunch between such periods. The lunch break must not be included in calculating the number of hours of the workday. The law also indicates some cases in which the resting period is longer, as in the case of restaurants, hotels and clubs.

Sundays and other legal holidays shall be non-working days, except for activities authorized by law to be performed on those days, for example retail, shopping, malls, grocery store, among others. Companies exempted from the above prohibition must compensate their employees with a paid day off in exchange for worked Sundays or holidays. However, in certain activities, at least two rest days in the month must be granted on Sundays. When more than one paid day off is accumulated in one week, the parties may agree on a special distribution or on a special remuneration mechanism. In this last case, remuneration for the compensated rest day cannot be less than 50% above the agreed hourly rate.

Employees who have worked for more than one year have the right to an annual paid vacation of 15 working days. After working ten years, continuously or not, for the same or different employers, vacations are extended by one working day for every three years of service.





Remunerations

Under the Labor Code, remuneration is any payment of money that the employee receives from his employer pursuant to an employment agreement. The following items, among others, are considered remuneration: salary in cash; payment for overtime; commissions over sales, purchases, or such operations which the employer performs with the employee's collaboration; participation bonuses; a proportion of profits; and voluntary bonuses.

The monthly amount of remuneration must be equal to or higher than the minimum monthly salary, that is currently stated at **CLP \$500.000 (approx. USD \$492)**. Part-time work must be remunerated proportionately[7].

Employers who are compelled to keep accounting books and which obtain profits or net returns in their businesses have the obligation to pay profit sharing to their employees. The Labor Code offers to the employer the following options of profit sharing (i) as a proportion of the net returns obtained in its business (a proportion that must be equal to or higher than 30% of the net returns obtained in its business), (ii) paying the employee 25% percent of the total annual remuneration of such employee (however, the bonus is capped at 4.75 minimum monthly salaries), or (iii) the employer and the employee can agree to a higher amount. Alternative (ii) has become a widespread profit-sharing practice in the labor market.

Termination

Chilean Labor Law does not accept dismissals "at employers will," therefore, any employment contract termination must be founded in one of the legal causes established in the Labor Code. Some of these legal causes for dismissal will entitle the employee to claim a severance payment.

Legal causes established in the Labor Code to proceed with the dismissal of employees: The employment contract can only terminate due to the grounds established in articles 159 to 161 of the Chilean Labor Code. Therefore, the employer must justify its decision to terminate the employment contract based on one of the following causes:

- A** **Parties' mutual agreement:** The agreement must be written and signed before a Public Notary. The employee will not be legally entitled to receive any severance payments. Nevertheless, to obtain the employee's consent, usually the parties negotiate paying a percentage or all the employee's severance.



[7] Accordance with Article 1 of Law No. 21,578, which adjusts the amount of the minimum monthly income, as of July 1, 2024, the minimum monthly income for workers over 18 and up to 65 years of age is \$500,000.



Employee's caused dismissal: The Labor Code establishes several cases in which the employer can dismiss an employee due to his behavior. In these cases, the Company must overcome a high burden of proof to convince the Labor Court that the employee does not deserve to receive labor severances. Some of the causes include in this dismissal options are (i) serious breach of employment contract duties; (ii) employee's dishonest behavior; (iii) sexual harassment; (iv) violence against the employer or other employees, among others.

Business needs: The employer can unilaterally terminate the employment contract due to business needs of the company. It must be founded on objective facts. For example, company modernization, low productivity of the Company, and market or economic changes. The employer must give the employee 30 days prior notice or pay the employee a severance equivalent to his last monthly salary. In addition, the employer must pay a severance equivalent to one month of salary per year (or any period of more than 6 months for the last year) that the employee rendered services to the company, with a legal cap of 330 days and a monthly salary of 90 UF (90 UF is currently 3,535 USD approximately[8]), unless the labor contract expressly state that shall not be applicable.

Employer's eviction: Employees who have power to represent the company (such as managers, sub-managers, and representatives with general administrative faculties), or employees who are in a position of trust and confidence, can be dismissed through employer's eviction. In this case the employer does not need to provide any reason to proceed with the dismissal. The employer must give the employee 30 days prior notice or pay the employee a severance equivalent to his last monthly salary. In addition, the employer must pay a severance equivalent to one month of salary per year (or any period of more than 6 months for the last year) that the employee rendered services to the company, with a legal cap of 330 days and a monthly salary of 90 UF (90 UF is currently 3,535 USD approximately[9]), unless the labor contract expressly state that shall not be applicable.

In the case of the letter, a), c) and d) above, the employee also has the right to receive the equivalent of his salary, in cash, for vacation time accrued.



[8] January, 2025.

[9] January, 2025.



The calculation of both the severance pay in lieu of notice and the severance pay for years of service is included in the employee's last month salary. This is equal to the total amount the employee earned during his last 30 days of employment, in cash or in kind, including amounts retained for his pension, but excluding overtime and annual bonuses. In the case of an employee whose monthly salary varies (as in the case of commissions), the monthly salary is calculated by averaging the employee's salary during the last three months worked.

Legal rights and actions of a dismissed employee after termination

Any employee who considers that the termination of his labor contract was unjust, unnecessary or did not comply with the relevant procedure as established in the Labor Code can lodge a complaint before a labor law judge within 60 business days of the date of such termination[10].

If the judge accepts the employee's complaint, he or she can order the employer to pay a severance amount in lieu of notice and a severance amount based on years served if such amounts have not already been paid. In addition, the judge can order a 30% increase in the severance pay for years served and, in some cases of unjust termination of employment, the judge may order up to a 100% increase.

Employees who face discriminatory acts in the course of their termination may additionally claim the following from the company: (i) to be reinstated in their work position, with the same terms and conditions in force before termination; or (ii) to be indemnified with the 6 to 11 monthly salaries, plus interest, adjustments and fines. Additionally, the labor court may set an indemnity for moral damages.

Visas

Chilean immigration laws provide that all foreign workers coming into Chile must obtain a Chilean Visa providing them work authorization. Depending on the duration of the services the person will render in Chile, there are two possible Visas or work authorizations in Chile:

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- [10] We hereby inform you that such deadline applies to cases in which the employee considers their dismissal to be unjustified and seeks a Labor Court to declare it as such. However, the Labor Code contemplates other statute limitation periods. For instance, (i) actions arising from acts and contracts governed by the Labor Code are extinguished in 6 months from the termination of services with the worker (such as the worker's action to claim the nullity of the dismissal or the action to claim payment of overdue overtime hours), and (ii) rights governed by the Labor Code are extinguished in two years from when they became enforceable.



→ **Less than 6 months**

According to Chilean Law, the “Temporary Stay Authorization” (*Permiso de Permanencia Transitoria*) is the authorization granted to foreigners who enter Chile without the intention of establishing themselves here, authorizing them to stay in Chile for up to 90 days, renewable for 90 additional days. This authorization is the commonly named “Tourist Visa”.

As the holder of this Temporary Stay Authorization, it is possible, in exceptional cases, to request a “Work Authorization” to the National Migration Service (“SERMIG”). This authorization is granted to people who are engaged in a specific and short term paid activity in Chile, such as lecturers, consultants, or technical experts.

The Work Authorization must be requested through the website of the SERMIG. The application must be submitted once the foreign person is in Chile. It may be submitted by the employee, a representative, or by the employer.

To apply for the Work Authorization, the employee shall submit the following documents:

- **Passport.**
- **Temporary Stay Authorization** (“Tourist Visa”), if applicable.
- **Valid Unique Migration Card or entry stamp in the passport** (the Migration Card or the passport stamp will be obtained in Chile’s airport when entering to Chile).
- **Notarized letter from a Chilean company or employment contract from a Chilean company, signed by both parties, legalized by Chilean Ministry of International Relations.** The letter or labor contract must contain at least the following information: (i) Identification of both parties; (ii) job responsibilities; (iii) place of work; (iv) starting and termination dates; and (v) a clause stating that “The obligation to provide services under this contract can only be fulfilled once the worker has obtained special authorization to engage in paid activities in Chile. It is often indicated that the employee’s salary is specified.

→ **More than 6 months**

According to Chilean law, a foreign person that intends to live in Chile for a limited period of time must obtain a “Temporary Residence” authorization (*Residencia Temporal*). The Temporary Residence authorizes a foreign person to live and work in Chile for a period that may not exceed two years, renewable for two additional years.





Chilean law lists fifteen “sub-categories” of Temporary Residence authorizations, depending on the reason why the foreign person is moving to Chile. The Sub-category N° 2, is applicable to people who will develop legal economic activities in Chile. This authorization is usually known as “Working Visa”. To apply for a Temporary Residence Authorization, the employee must present one of the following documents:

- **Employment agreement entered between the employee and a person or company in Chile.** The employer must have domicile in Chile or has a branch in Chile, and the authorization to start business in Chile granted by the Internal Revenue Service (“*Iniciación de Actividades*”). The term of the employment agreement must be at least 3 months. The employment contract must be signed by the employer before a notary public in Chile and by the employee before the Chilean consul in his country.
- **A formal job offer issued by a person or company in Chile, and a written acceptance of the job signed by the employee.** The employer must have domicile in Chile or has a branch in Chile. The offer must be legalized by a Notary Public in Chile, and the acceptance document must be granted before the Chilean consul in the employee's country. Once the employee enters to Chile, it will have 45 days to present a copy of the executed version of the employment agreement before the SERMIG, and the term of the authorization will be counted from such day.

In both cases, when requesting the authorization, the employee must send documents that prove the financial capacity of the employer. This is usually proved with a document issued by the Chilean Internal Revenue Service named “Tax Folder” (“*carpeta tributaria*”).

Additionally, the employee must fulfill the general requirements, applicable to all subcategories of Temporary Residence Authorizations:

- To have a passport in force for a period not less than 12 months counted from the submission of the application to obtain the Temporary Residence authorization.
- Criminal Record Certificate issued by the relevant authority of the home country (if during the last 5 years the foreign person has lived in more than one country, it will be required to present Criminal Record Certificates from all those countries).

The authorization must be requested by each employee in his country through the Chilean Ministry of International Relations web page. The employee must create an account in said web page, request the relevant authorization and pay for the VISA.





Once the VISA is approved, the employee must download the "Electronic Stamp" within 120 business days, and once downloaded, the employee must do their entrance to Chile within 90 calendar days.

The Chilean immigration laws provide that holders of "Temporary Stay Authorization" (*Permiso de Permanencia Transitoria*) permits who are in the country are not eligible to apply for a residence permit, unless they meet the requirements established in Article 69 of Law N° 21.325, that is to say:

- That they can certify that they have family bond with Chilean persons or with permanent residents.
- Those whose stay is in accordance with the objectives of the *Política Nacional de Migración y Extranjería*.
- Those who apply as dependents of a Temporary Residence permit holder (spouse or partner of the temporal resident, children of the temporal resident, of their spouse or partner, under 18 years of age or disabled persons; and children over 18 but under 24 years of age, provided that they are studying in an educational institution recognized by the State).
- Other cases duly qualified by the *Subsecretaría del Interior* by means of a resolution, after a report from SERMIG.

On the other hand, the holders of temporary residence may apply for permanent residence only if the immigration subcategory to which they belong permits it. In the case of foreign workers providing services in Chile, the immigration subcategory for temporary residence would be "permit for foreigners engaging in lawful paid activities," and according to the provisions outlined in Decree 177, which establishes the immigration subcategories, they may apply for and obtain permanent residence permission despite the validity of the current temporary residence permit they hold.





Personal Data and Privacy Protection

The Political Constitution of Chile guarantees to all individuals the protection of personal data (art. 19 No. 4 of the Chilean Political Constitution).



This protection is governed by Law No. 19.628/1999, which has been amended by Law No. 21.719/2024 (hereinafter, referred to as the “Data Protection Law”). The amended Data Protection Law will be effective starting on December 1, 2026.

Relevant Definitions

The Privacy Protection Law defines main concepts essential for understanding Chilean regulations regarding personal data and privacy, of which the following are particularly relevant:

- **Personal Data (“*dato personal*”):** any information linked or related to an identified or identifiable natural person. A person shall be considered identifiable if their identity can be determined, directly or indirectly, in particular by means of one or more identifiers, such as name, identity card number, the analysis of elements specific to the physical, physiological, genetic, psychic, economic, cultural, or social identity of that person.
- **Sensitive Personal Data (“*datos personales sensibles*”):** personal data that refers to the physical or moral characteristics of individuals or to facts or circumstances of their private life or intimacy, that reveal their ethnic or racial origin, political, union or guild affiliation, their socioeconomic status, ideological or philosophical convictions, religious beliefs, health data, human biological profile, biometric data, and information related to sexual life, sexual orientation, and gender identity of a natural person.
- **Data Processing (“*tratamiento de datos*”):** any operation or set of operations or technical procedures, whether automated or not, that enable to collect, process, store, communicate, transmit, or use personal data or sets of personal data.





Scope of Application

The Data Protection Law applies to all processing of personal data carried out by a natural or legal person, except when it is done in the exercise of freedoms of opinion and information (Article 19, No. 12 of the Chilean Political Constitution), and when it is carried out by natural persons in relation to their personal activities. Additionally, the law will apply in the following cases:

- When the data controller or processor is established or constituted in Chile.
- When the processor carries out personal data processing operations on behalf of a controller established or constituted in Chile.
- When the controller or agent is not established in the national territory, but their personal data processing operations are intended to offer goods or services to data subjects located in Chile; and when national legislation applies due to a contract or international law.

Obligations of the Data Controller

A series of obligations are established for data controllers under the Data Protection Law, including the following:

- Informing and making available to the data subject the information that proves the lawfulness of the data processing.
- The data controller is obliged to maintain secrecy or confidentiality of personal data.
- Duty of protection by design and by default. The controller must apply appropriate technical and organizational measures from the design stage and during the processing of personal data. In the design, the controller must also ensure that by default only specific and strictly necessary personal data are processed.
- Duty to adopt security measures to ensure the confidentiality, integrity, availability, and resilience of data processing systems. They must also prevent unauthorized alteration, destruction, loss, processing, or access.
- Duty to report security breaches to the Agency.





Data protection impact assessment. There is an obligation to conduct an impact assessment prior to the start of processing when there may be a high risk to the rights of data subjects. The law also lists cases where such an assessment is always required, such as when there is massive or large-scale processing, and when sensitive and specially protected data are processed, except with consent.

Legal Bases

The Data Protection Law establishes as a general rule that the processing of personal data is lawful when the data subject has given their consent. It also establishes cases where personal data processing is permitted without the data subject's consent, such as when the processing is necessary for the execution or fulfillment of a legal obligation or as provided by law, when it is necessary for the conclusion or execution of a contract, and when the processing is necessary for the satisfaction of legitimate interests

Sanctions

A catalog of infractions is established, and fines are imposed according to their classification:

A

Minor infractions: written warning or fine of up to 5,000 UTM.

B

Serious infractions: fine of up to 10,000 UTM.

C

Very serious infractions: fine of up to 20,000 UTM.

In case of recurrence, the Agency may impose a fine of up to three times the assigned amount. For non-small businesses that repeatedly commit serious or very serious infractions, the fine can be up to 2% or 4% of the annual revenue from sales and services of the last calendar year.

Accessory sanctions: In case of repeated very serious infractions within a twenty-four-month period, the Agency may suspend the data processing operations and activities of the controller for up to thirty days.

National Register of Sanctions and Compliance: A public register of sanctioned controllers and imposed sanctions will be maintained, which will be managed by the Agency.





Other Relevant Provisions of the Data Protection Law

- **Principles:** The processing of personal data must be governed by the principles of lawfulness and fairness, purpose limitation, proportionality, data quality, accountability, security, transparency and information, and confidentiality. The law establishes that it is the obligation of the data controller to comply with these principles, and non-compliance is subject to sanctions.
- **Rights of Data Subjects:** The Data Protection Law included the right to access, rectification, erasure, objection, portability, and blocking of personal data. These rights must be exercised before the data controller, who must implement mechanisms and technological tools that allow the data subject to exercise their rights in an expedited, agile, and effective manner.
- **International Transfer of Personal Data:** The law explicitly establishes the cases in which the international transfer of personal data is permitted, including when the transfer is made to a country with adequate levels of protection and when the transfer is covered by contractual clauses, binding corporate rules, or other legal instruments that provide adequate safeguards.
- **Data Protection Agency:** The Agency ensures compliance with the law, with regulatory, supervisory, and sanctioning powers.
- **Infringement Prevention Model:** Data controllers may voluntarily adopt an infringement prevention model, which consists of a compliance program. The Agency must certify this model and include it in the National Register of Sanctions and Compliance.





Cybersecurity

Cybersecurity in Chile is primarily regulated under Law No. 21.663/2024, (hereinafter, referred to as the “Cybersecurity Framework Law”). The Cybersecurity Framework Law will be fully effective on March 1, 2025.



Additionally, there are laws and sector specific regulation that refers to cybersecurity, such as Law No. 21.459/2022 that establishes IT/computer crimes, and the Cybersecurity Standard (October 2022) and the Protocol of Notification of Cybersecurity Incidents (December 2021), both for the electrical sector.

Scope of Application

Pursuant to the Cybersecurity Framework Law, this law applies to:

- Institutions that provide services classified as essential: Essential services include those provided, (i) by the State Administration bodies and the National Electric Coordinator; (ii) under public service concession; and, (iii) by private institutions that carry out the following activities: generation, transmission, or distribution of electricity; transportation, storage, or distribution of fuels; supply of drinking water or sanitation; telecommunications; digital infrastructure; digital services and information technology services managed by third parties; land, air, rail, or maritime transport, as well as the operation of their respective infrastructure; banking, financial services, and payment methods; administration of social security benefits; postal and courier services; institutional health care provided by entities such as hospitals, clinics, health centers, and medical centers, and the production and/or research of pharmaceutical products.

Additional services may be included by the National Cybersecurity Agency.



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Institutions classified by the National Cybersecurity Agency as operators of vital importance: The Agency will classify as such those who meet the following requirements: (i) the provision of said service depends on IT networks and systems, and (ii) the disturbance, interception, interruption, or destruction of their services has a significant impact on security and public order, on the continuous and regular provision of essential services, on the effective fulfillment of the functions of the State, or, in general, on the services that the State must provide or guarantee. Those who do not meet these requirements but have a critical role or significant impact, as established in the Cybersecurity Framework Law, may also be classified as such.

The main practical differences between the two types of classifications consist in that operators of vital importance are subject to additional obligations and more severe sanctions in case of non-compliance.

Obligations

General Obligations

A

Institutions obliged by this law must permanently implement measures to prevent, report, and resolve cybersecurity incidents. These measures may be technological, organizational, physical, or informational in nature, as appropriate, and must include the protocols and standards established by the Agency as well as the specific cybersecurity standards dictated in accordance with the respective sectoral regulations.

B

They also have the obligation of reporting to the National CSIRT the cyberattacks and cyber incidents that have significant impact, in the timelines set out in the law, with the first report having to be maximum 3 hours after taking knowledge of the attack or incident.

Specific obligations for operators of vital importance



Implement a continuous information security management system.



Maintain a record of the actions executed that comprise the information security management system.



- Develop and implement operational continuity and cybersecurity plans and certify them.
- Continuously conduct review operations, exercises, drills, and analyses of networks, IT systems, and systems to detect actions or software that compromise cybersecurity and communicate information related to these actions or software to the National CSIRT.
- Timely and expeditiously adopt the necessary measures to reduce the impact and spread of a cybersecurity incident.
- Obtain the certifications required by law.
- Inform potentially affected parties, as legally required, about the occurrence of incidents or cyberattacks that could seriously compromise their information or networks and computer systems.
- Have training, education, and continuous education programs for their workers and collaborators.
- Appoint a cybersecurity delegate.

Sanctions

A catalog of infractions is established, and fines are imposed according to their classification and differentiated if the infringement is incurred by an operator of vital importance:

- A** **Minor infractions:** fine of up to 5,000 UTM or 10,000 UTM if it's an operator of vital importance.
- B** **Serious infractions:** fine of up to 10,000 UTM or 20,000 UTM if it's an operator of vital importance.
- C** **Very serious infractions:** fine of up to 20,000 UTM or 40,000 UTM if it's an operator of vital importance.

When determining the fine, the following will be taken into consideration: the extent to which the offender adopted the necessary measures to safeguard the IT security of operations, the likelihood of the incident occurring, the degree of the offender's exposure to risks, the severity of the effects of the attacks, the repetition of the offense within three years from the time the incident occurred, and the size and economic capacity of the offender.

Other Relevant Provisions of the Cybersecurity Framework Law

- **Principles:** The Cybersecurity Framework Law is governed by the following principles: damage control, cooperation with the authority, coordination, security in cyberspace, responsible response, IT security, rationality, security and privacy by default and from the design.
- **National Cybersecurity Agency:** The Agency will advise the President of the Republic on cybersecurity matters and collaborate in the protection of national cybersecurity interests with regulatory, supervisory, and sanctioning powers. This Agency is supported by other institutions created by the Cybersecurity Framework Law, such as the Multisectoral Cybersecurity Council and the National CSIRT.





Intellectual Property

Trademarks

In Chile, trademarks encompass various forms including words, combinations of words, numbers, letters, symbols, drawings, and even auditory signs. Additionally, non-traditional trademarks like three-dimensional, olfactory, pattern, multimedia, holographic, motion, position, or tactile marks are recognized. The law permits registration of unconventional signs such as smells, textures, and flavors, provided they sufficiently distinguish the products or services and can be clearly represented. These signs must be accessible, understandable, durable, and objective, facilitating clear determination of the protection sought by both authorities and the public.

Those who own a trademark registration that is used without their consent have two types of legal actions:

- **Civil actions**, including compensation for damages.
- **Criminal actions**, for offenses defined by law.

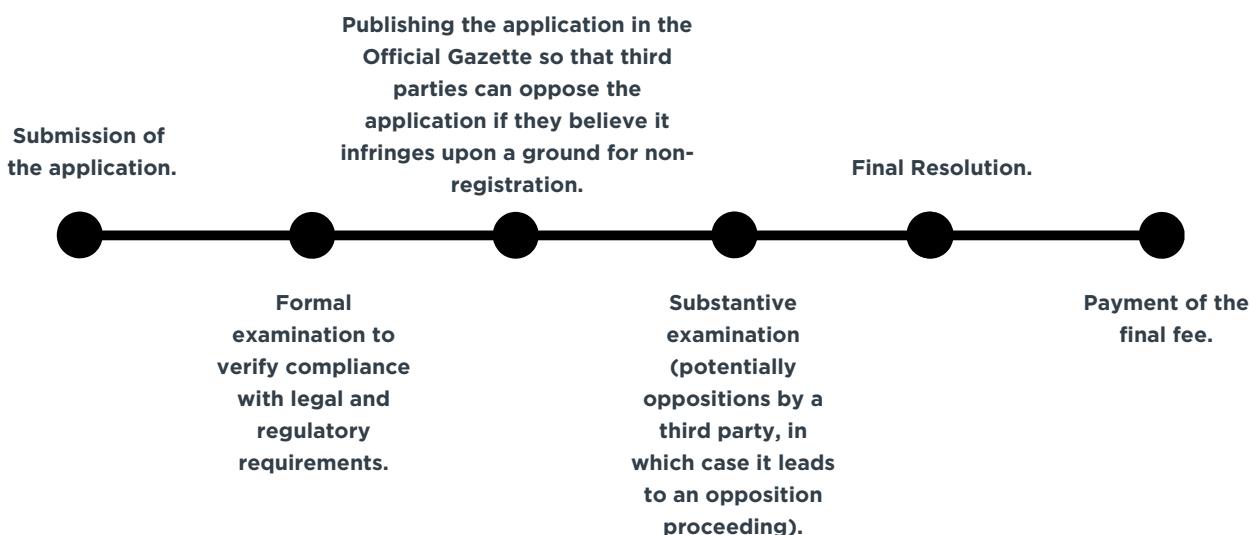
A trademark registration lasts for 10 years, starting from the date of registration. Additionally, it's worth noting that a trademark registration can be renewed indefinitely.

The procedure for registering a trademark is a regulated process, subject to the special processes and deadlines outlined in Law 19.039 on Industrial Property and Law 20.254.





This process can be summarized in 6 successive stages:



The registration process of Trademarks can be made online or in the offices of the *Instituto Nacional de Propiedad Industrial* (INAPI). The trademark application process takes about 6 months if there are no oppositions. The opposition procedure lasts around 1 year, with the possibility of appeal.

Patents

Patents, also known as invention patents, are the most widespread means of protecting inventors' rights. A patent is the right granted by the State to an inventor, allowing them to prevent third parties from commercially exploiting their invention for a limited period, typically 20 years from the filing date of the application. This right applies to the country where protection has been sought (principle of territoriality).

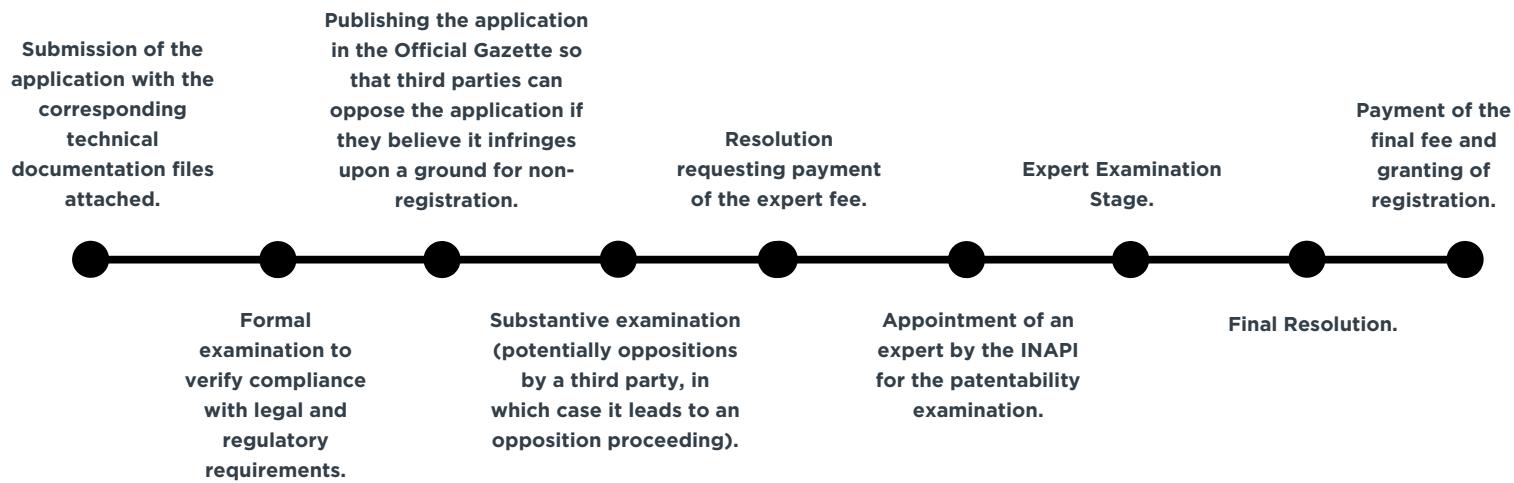
There are three fundamental criteria for patentability:

- **Novelty**, which means the invention does not already exist.
- **Inventive step**, which means that for someone skilled in the relevant field, the invention cannot be obvious or clearly derived from the prior art.
- **Invention must be capable of industrial application**, which means it should be producible or usable in any type of industry, whether manufacturing, craftsmanship, mining, agriculture, or others.





The procedure for registering a patent can be made online or, extraordinarily, in the offices of the *Instituto Nacional de Propiedad Industrial* (INAPI). The procedure can be summarized in the following stages:



In general, the patent application process takes about 3 years if there are no oppositions.





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Thank You



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