

## economic measures to protect families from Chile by the impact of the COVID-19

President Sebastian Pinera together with the Finance Minister, Ignacio Briones, announced the following extraordinary economic measures:

1. Strengthen budget of the health system;
2. Protect family income; Y
3. To protect jobs and businesses that generate them.

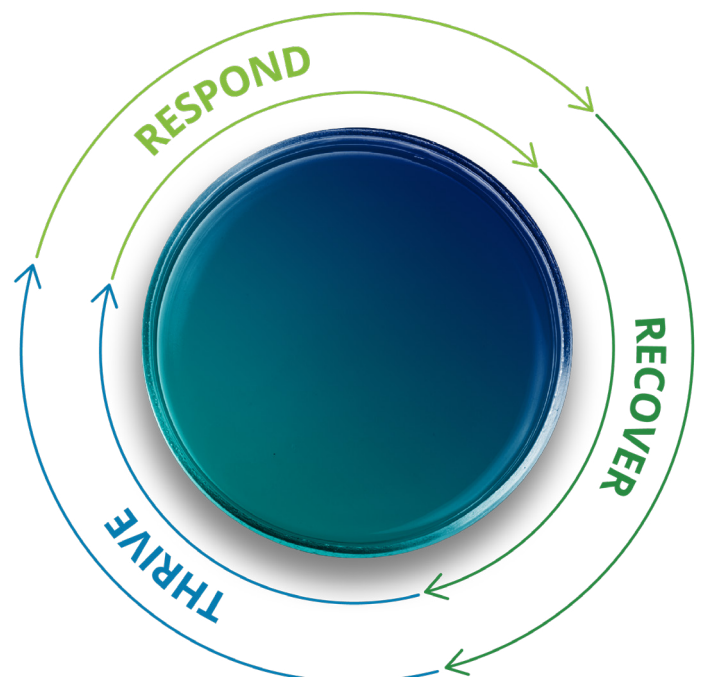
The measures as a whole will mobilize in the coming months fiscal resources to US \$ 11.750 per million.

Regarding the protection of jobs and businesses, and tax measures they were announced following work:

### Tax Measures

- Suspending monthly payments (PPM) of income tax for the next three months, in order to provide cash liquidity to 700,000 companies, approximately.
- VAT payment deferral the next 3 months for companies with lower sales to UF 350,000, allowing payment in 12 monthly installments real interest rate 0%. This would facilitate liquidity cash 240,000 companies during the second quarter of this year.
- Postponement payment of Income Tax for Business SMEs to July 2020, according to tax returns made in operating income next April. This decision adds to other measures aimed at facilitating SME liquidity of companies.

- Postponement April payment of contributions for companies with lower sales to 350,000 UF and people with properties appraised tax less than \$ 133 million. payment of this fee is allowed at any time of the year applying a real interest rate of 0%.
- Transient reduction of the tax stamp and stamps to 0% for all credit operations over the next 6 months. This measure focuses on boosting funding mechanisms for individuals and businesses.
- Relief and flexibility for Business SMEs and low-income people, respect their tax debts:
  - one. Possibility to conclude payment agreements with the General Treasury of the Republic, without application of interest and penalties;
  - two. Temporary suspension of legal collection actions and auction of tax debts.
- Acceptance as a tax expenditure of all disbursements associated to address the health risk generated by the "Covid-19". This measure will allow all expenses incurred by companies to prevent, mitigate and cope with the effects of the coronavirus, be deductible in respect of its tax revenue.



## (I) MEASURES WORK

- **New Bill "Covid-19" protection of labor income.**

payment of income to be guaranteed, for emergency reasons, must remain at home without possibility of performing the work remotely (telework). This income is permitted where there previously: Pact mutual agreement with the employer;

- (li) Terms of reference of the health authority.

When these conditions the worker will receive income from unemployment insurance, according to the usage rules in force, but maintaining the employment relationship and all their labor rights, so that the employer will continue to pay their dues.

- **Urgency to Bill Employment Protection.**

Which allows covenant (agreement employer and employee) to reduce working hours, offsetting the decline in compensation with funds from the Solidarity Severance Fund, provided they are companies and workers who are in any of these situations;

**(I) Companies whose average income in the last three months prior to the conclusion of the pact, for sales, services and other activities of the turn, They have experienced a decrease greater than or equal to 10% compared to the same period of the previous year.** In the case of the first exercise of the employer, you can always access your cash capital declared the start up, does not exceed 60,000 UF, depending on the value of this to the first day of the month of commencement of activities;

- **(li) Companies have tax losses in the outcome authorized by the Internal Revenue Service** the declaration of income tax made in 2020;

- **(lii) Companies that are currently in bankruptcy reorganization proceedings,** by resolution published in the Bulletin Concursal in accordance with Article 57 of Law No. 20,720, Law reorganization and liquidation of companies and individuals;

**( iv) companies that are currently in process of economic insolvency advice,**

as evidenced by certificate issued and validated under the terms of Articles 17 and 18 of the law of reorganization or closure of Micro and Small Enterprises in Crisis, contained in the eleventh article of the Law No. 20,416, which establishes special rules for companies smaller.

**(V) Worker subject to Ordinary Day to register ten monthly contributions to the Unemployment Solidarity Fund,** continuous or discontinuous, provided that such contributions have been recorded in the last 24 months preceding the date of the respective and additionally pact, the worker must record the last three consecutive contributions with the same employer who sign the pact temporary reduction in working hours.

## OTHER CONDITIONS ARE:

- **Period Reduction**

The temporary reduction in working hours may be agreed during the term of this law (12 months) but only for a maximum period of 5 consecutive months, for workers with permanent contract, and 3 consecutive months for workers employment contract fixed term, for a work or service work. The minimum duration of the Covenant shall be one month.

- **Reduced remuneration**

The employee is entitled to receive a compensation fee equivalent to part-time employer. To this effect, it considers the average taxable wages earned in the last three months prior to the start of the covenant. In addition, the worker is entitled to continue receiving wages or benefits whose corresponding payment made during the term of the pact, such as; bonuses, allowances, bonuses and other exceptional items or sporadic, and any other consideration that does not constitute remuneration (Article 41 of the Labor Code).

- **Complementary remuneration**

During this period, workers are entitled to a supplement under the Unemployment Solidarity Fund to be;

\* Day to be reduced by 50% supplement will amount to 25% of the average taxable income of the employee earned in the last three months prior to the start of the covenant.

\* Time to be reduced as less than 50%, the complement is determined proportionally.

However, the supplement will have a maximum limit of \$ 225,000 per affected worker to a regular working day, in accordance with the first paragraph of Article 22 of the Labor Code. This ceiling is reduced proportionately lower days if the reported before.

- **Quotes.** During the term of the agreement, the employer is obliged to pay pension and social security contributions, both from his position as a worker, corresponding to the taxable remuneration agreed in the pact.

- **Formality of the Covenant.** Must subscribe electronically, via the online platform to enable the Department of Labor for this purpose.

- **Term Labor Contract.** In the event that any of the parties shall put an end to the labor contract during the term of the Covenant or take after this, legal or conventional compensation that the worker is entitled to receive, shall be calculated in accordance with the pay and conditions contract in force prior the signing of the Covenant.

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