

A LEGAL GUIDE TO FOREIGN INVESTMENT

DOING BUSINESS CHILE 2026



A general overview of the legal, tax and
regulatory framework for doing business in Chile

ABOUT THIS PUBLICATION

DOING BUSINESS CHILE 2026

A legal guide to foreign investment, prepared by the Cubillos Lama team.
Annual edition.

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Its partners come from the in-house legal departments of large companies, so they understand a company's deadlines, risks and day-to-day operations before tackling the legal issue. That inside-the-business perspective shapes both the firm's counsel and the approach of this report. At the end you will find how to work with us if you want to apply any of these matters to your company's specific situation.

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02

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KEY INDICATORS

POPULATION (2025)

19,859,921

inhabitants

GDP (2025)

US\$ 357.37

billion

GDP PER CAPITA (2025)

US\$ 17,994.6

per inhabitant

GDP GROWTH (2025)

2.5%

annual change

CPI INFLATION (2025)

4.2%

consumer prices, annual

UNEMPLOYMENT (2025)

9.0%

of the total labor force, ILO est.

LABOR FORCE PARTICIPATION (2025)

62%

of the total population aged 15+, ILO modeled estimate

Source: World Bank — datos.bancomundial.org/pais/chile

THE 8 DECISIONS THAT DETERMINE THE SUCCESS OF YOUR ENTRY INTO CHILE

1

Corporate vehicle

The SpA is the standard for subsidiaries of foreign parents. It requires no minimum number of shareholders, is not dissolved by having a single shareholder, and allows fully tailored corporate governance. A branch does not shield the parent; reserve it for limited, short-term operations. [See Business legal structures.](#)

2

Capital inflow route

If the investment exceeds USD 5M, the Foreign Investment Statute (Law 20,848) guarantees access to the formal foreign exchange market and allows a VAT exemption to be requested for capital goods. Below that threshold, Chapter XIV of the Central Bank is more agile. [See Foreign investment.](#)

3

Holding jurisdiction

The difference between a shareholder in a country with a double taxation treaty in force with Chile and one without a treaty is **9.45 points of tax burden on every 100 of remitted profit** (35% vs. 44.45%). It is decided once and its effect is permanent. [See Taxation.](#)

4

Protection against regulatory risk

Chile's constitutional guarantee is the floor, not the ceiling. For coverage against regulatory changes that strip your investment of value (regulatory expropriation), you need a BIT in force. A holding company in the right jurisdiction is what opens that door. [See Economic public order.](#)

5

True labor cost

Gross salary is only the starting point. Add employer pension contributions (~8.5% at full phase-in), unemployment insurance, workplace accident insurance and the phase-in of the 2025 pension reform. Total employer cost exceeds gross salary by 25–30%. [See Labor.](#)

6

Company tax regime

The Pro Pyme regime (revenue under UF 75,000) has a reduced corporate tax rate in 2026 and full credit integration without the 35% clawback. The regime decision affects cash flow from the first fiscal year and is hard to change retroactively. [See Taxation.](#)

7

Antitrust exposure

Merger control is a timing factor: a transaction above the thresholds cannot close without prior FNE clearance. Art. 3 of DL 211 captures exclusivity arrangements, conditional discounts and trade-association coordination. Collusion carries prison sentences. [See Antitrust.](#)

8

Compliance from day one

The Karin Law protocol, poorly structured fee-based contractor agreements and consumer adhesion contracts are the three most frequent sources of contingency in the first year of operations. Fixing them before operating costs a fraction of litigating them. [See the Labor and Consumer chapters.](#)



WHOEVER COMES TO CHILE DOES NOT NEED A PROMOTIONAL BROCHURE. THEY NEED TO UNDERSTAND THE RULES.

Investing or doing business in a new country requires a solid understanding of the framework in which you will operate. Whoever comes to Chile needs to understand, precisely and without detours, what the rules are, which obligations must be met and when, where the risks lie and how they are managed.

This report aims to be a first step in that direction. It is a guide to the Chilean legal framework, addressed not only to lawyers but also to foreign investors and companies assessing market entry or already operating in Chile.



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WHY CHILE

Chile offers a comparatively open framework, integrated into international trade and backed by economic institutions recognized across the region. Its appeal does not rest on any single incentive, but on the combination of openness, institutional stability and connection to global markets. Three features define that framework and recur throughout this report.

Openness

A foreign investor may own one hundred percent of a Chilean company, with no local partner and no prior authorizations merely for being foreign, except in narrowly defined, expressly regulated sectors.

Institutions

Constitutional-level economic guarantees, an independent judiciary, technical regulatory agencies and an autonomous Central Bank that reduce regulatory risk and offer effective avenues of recourse.

International integration

An OECD member with an extensive network of free trade and investment protection treaties.

That said, despite its trade openness, Chile has been criticized for excessive regulation of economic activities. The relevant question for a newcomer is therefore not only whether they can invest: it is **how to structure their entry** to avoid surprises that could disrupt their business planning.

FOUR PARTS, THE FULL CYCLE

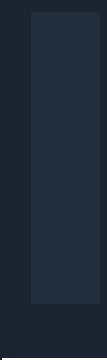
Part I • Market entry. Legal structures, foreign investment, economic public order and taxation.

Part III • Projects & infrastructure. Environment, public works concessions and water rights.

Part II • Business operations. Labor, antitrust, consumer protection, intellectual property and personal data.

Part IV • Compliance & risk. Criminal and regulatory compliance, insolvency and insurance.

Each chapter describes a legal figure or institution, grounds it in the applicable rules and, at the close of each topic, translates the rule into a business reading through a note titled "**OGC Insight**". The document can be read cover to cover or by subject; any specific figure should be confirmed against the official source before making a decision.



BUSINESS LEGAL STRUCTURES

The corporate form defines who controls the company, how far the partners' liability extends, how it is managed and how easily you will be able to transfer, finance or reorganize the investment.

IN THIS CHAPTER

Freedom of form · Incorporation routes · SpA · S.A. · SRL · EIRL · Branch · Comparative table

THE CORPORATE FORM IS NOT A FORMALITY

It defines who controls the company, how far the partners are liable with their own assets, how it is managed, how profits are distributed and how easily you will be able to transfer, finance or reorganize the investment.

Chilean law recognizes a plurality of vehicles, most of them familiar to international investors, and enshrines freedom of form as the general rule. Except for the exceptions detailed below, there is no obligation to adopt a predetermined type, and the decision is driven by the line of business, the number of participants, the committed capital and the management model.

Freedom of form and its exceptions

Chile recognizes broad freedom to carry out economic activities and allows foreign investors to hold equity in Chilean companies. A foreigner may own the entire capital of a local company without, as a general rule, being required to have a Chilean partner or to obtain special authorizations merely for being foreign.

This rule operates without prejudice to sectoral restrictions or limitations tied to strategic activities, natural resources, transport, fishing, media, maritime cabotage or the acquisition of certain real estate in border areas. There, the analysis also depends on the line of business, the location of the assets and the investor's nationality.

The exception to freedom of form is businesses subject to special sectoral regulation, for which the law requires a specific corporate type, an exclusive purpose and prior authorization from the regulator. That is the case for banks and financial institutions, insurance companies and general fund managers, which may only operate as special stock corporations under the permanent supervision of the Financial Market Commission (CMF); pension fund managers (AFPs), in turn, are governed by Decree Law No. 3,500 and supervised by the Superintendence of Pensions.

GENERAL AND SIMPLIFIED REGIMES

GENERAL REGIME

PUBLIC DEED

With limited exceptions, incorporation is executed by public deed before a notary, containing the company's bylaws. A certified extract must be registered with the Commerce Registry of the Real Estate Registrar of the corporate domicile and published in the Official Gazette within the statutory period.

Failure to observe the formalities or deadlines may affect the company's existence or validity, without prejudice to the curative mechanisms provided by law.

Recommended for companies with substantial capital, many partners, ambitions to scale, or in-kind contributions requiring valuation.

SIMPLIFIED REGIME

"YOUR COMPANY IN A DAY" • LAW NO. 20,659

The simplified regime, governed by Law No. 20,659 and known as "Your Company in a Day," operates through a free, State-run electronic Registry of Companies. Forms are signed with an advanced electronic signature or, failing that, before a notary, and allow companies to be incorporated, amended, converted, merged, divided, cured and dissolved. It admits, among other types, the SpA, the limited liability company, the individual limited liability enterprise and the closely held stock corporation, and cuts incorporation times from weeks to hours. It is the recommended route for companies with no major financing needs, limited short-term growth plans or a simple ownership structure. For structures with multiple partners, shareholders' agreements or tailored governance, the public deed still provides greater legal certainty.

It admits, among other types, the SpA, the SRL, the EIRL and the closely held S.A., and cuts incorporation times from weeks to hours.

Recommended for companies with no major financing needs or a simple ownership structure. For multiple partners, shareholders' agreements or tailored governance, the public deed provides greater legal certainty.

SPA: THE STANDARD INVESTMENT VEHICLE

The SpA is a capital vehicle, very commonly used to channel investment into Chile, that combines the flexibility of a capital company with formalities markedly lighter than those of the stock corporation. It is governed by Articles 424 et seq. of the Commercial Code and, in matters not covered by its bylaws or those provisions, supplementarily by the rules of the closely held S.A.

Its main features are as follows.

It may be incorporated by public deed or by private instrument with signatures certified and protocolized before a notary, registering and publishing the extract within sixty days, or under the simplified regime of Law No. 20,659. Its main features:

- It is formed by **one or more shareholders**, individuals or legal entities, Chilean or foreign, with liability limited to the amount of their contributions.
- Capital is divided into shares and the law **requires no minimum amount**. Unless the bylaws provide otherwise, subscribed capital must be paid in within five years of incorporation, on pain of being reduced by operation of law to the amount actually paid.
- Its most distinctive feature is broad statutory freedom, which allows nearly every aspect of the company's operation to be regulated — from management (one or more administrators, a third party or a board) and voting rights to share series with differentiated rights, dividends and shareholder entry and exit mechanisms.
- Unlike the stock corporation, **it is not dissolved when all shares come to be held by a single owner**, unless the bylaws so provide — making it ideal both for the individual entrepreneur and for a subsidiary wholly controlled by a foreign parent.

OGC INSIGHT

If your plan contemplates investment rounds or the future entry of partners, settle share series, dividend rules and entry/exit mechanisms in the initial bylaws; reopening those definitions later makes the negotiation more expensive. Generic bylaws leave you with the more rigid default rules of the closely held S.A.

S.A.: TRADITION AND FORMALITY

The stock corporation is the most traditional and formal structure in Chilean law: a legal entity formed by a common fund supplied by shareholders liable only for their contributions, managed by a board of essentially removable directors. It is governed by Law No. 18,046 and its regulations.

It is incorporated by public deed, the extract of which must be registered with the Commerce Registry and published in the Official Gazette within sixty days. The closely held form may use the simplified regime of Law No. 20,659; special corporations require the regulator's authorization to exist. Capital must be fully subscribed and paid within three years of incorporation, and is reduced by operation of law to the amount paid if not completed within that term. It requires a minimum of two shareholders and is dissolved by operation of law if all shares come to be held by one person for an uninterrupted period exceeding ten days, except in the cases exempted by law.

Closely held S.A.

Closely held stock corporation. It does not publicly offer its securities. Board of at least three members, shares not traded on an exchange and, as a general rule, no permanent CMF supervision or reporting. It is the usual alternative for ventures with several shareholders that do not open their capital to the securities market and seek the protection of formal legal requirements.

Publicly held S.A.

Publicly held stock corporation. It publicly offers its securities or meets the other conditions established by law and the CMF. Board of at least five members, registration of its shares in the CMF Securities Registry and permanent supervision, with disclosure, transparency and corporate governance obligations. Unless unanimously agreed otherwise, it must distribute at least thirty percent of the year's net profits as an annual dividend.

Special S.A.s

Banks, insurance companies, fund managers and other entities with their own legal statute. Their incorporation requires the regulator's authorization to exist and they remain under the permanent supervision of the CMF or another competent agency.

OGC INSIGHT

The S.A. offers solid, predictable governance, but pays for it in compliance costs. For a subsidiary of a foreign parent with no plans to go public, the SpA almost always achieves the same result with less friction. If you plan to raise capital in the market, anticipate that the publicly held S.A. carries the 30% minimum dividend and permanent CMF obligations that can condition your cash policy from the first fiscal year.

LIMITED LIABILITY COMPANY (SRL)

It is incorporated by public deed, with registration of the extract in the Commerce Registry and publication in the Official Gazette within sixty days, or through the simplified route of Law No. 20,659. Its business name must end with the word “Limitada”; omitting that word makes the partners jointly and severally liable for the company’s obligations.

Its logic is more personal and closed than the SpA’s. Any amendment of the bylaws requires, as a general rule, the unanimous agreement of the partners — unanimity usually also required to assign partnership rights, admit or withdraw partners and increase capital. That rigidity has displaced it in favor of the SpA, though it remains useful for a closed, stable company with few partners who value joint control.

OGC INSIGHT

The unanimity that protects the group is the same unanimity that paralyzes it. If there is any chance of disagreement among partners or of needing fresh capital, any dispute becomes a veto. When in doubt, the SpA’s flexibility lets you protect yourself without extreme rigidity.

INDIVIDUAL LIMITED LIABILITY ENTERPRISE (EIRL)

It may be formed under the general regime — public deed, registration of the extract in the Commerce Registry and publication in the Official Gazette — or through the simplified route of Law No. 20,659. It admits a single owner, necessarily an individual, which precludes admitting partners. Management rests with the owner, who may grant a mandate to a manager, and it may carry out any civil or commercial activity except those reserved by law to stock corporations.

OGC INSIGHT

The EIRL works for a strictly individual venture. If there is any chance of adding partners or raising capital, starting as an EIRL forces you to convert the entity later, at avoidable cost and delay; in that scenario it is better to start as an SpA from the outset, or as an SRL with one partner holding a nominal stake.

OPERATING WITHOUT A SUBSIDIARY: THE BRANCH

The agency or branch allows a foreign company to operate in Chile without creating an entity with its own legal personality. It is not an independent legal person, but an extension of the parent company within Chilean territory. It is governed by Articles 447 et seq. of the Commercial Code and by Law No. 18,046. To establish one, the law contemplates, in general terms, the following steps:

- 1** Protocolize before a notary the documents evidencing the parent's incorporation and good standing, a certified copy of its bylaws and the agent's general power of attorney, legalized or apostilled and translated into Spanish where applicable.
- 2** Execute a public deed in which the agent declares, among other statements, that the parent knows and submits its assets located in Chile to Chilean law, that the branch will maintain readily realizable assets sufficient to answer for its obligations, and that the agent assumes the representation with broad powers.
- 3** Register the extract with the Commerce Registry and publish it in the Official Gazette within sixty days. Thereafter, the branch is required to publish its balance sheet annually in the Official Gazette.

Its most significant consequence lies in the risk: **the foreign parent is fully and unlimitedly liable, with all of its assets**, for the obligations incurred through the branch in Chile. It allows operating without a local company, but does not insulate the parent.

OGC INSIGHT

A branch does not shield the parent. Any Chilean contingency — labor, tax, contractual — reaches the group's entire assets abroad directly, without the firewall a subsidiary provides. Reserve it for limited, short-term situations; when the goal is to limit asset exposure, the usual choice is to incorporate a local subsidiary.

THE VEHICLES, SIDE BY SIDE

Vehicle	Core statute	Owners	Liability	to	Management	Distinctive feature
SpA	Arts. 424 et seq., Commercial Code	1 or more	Limited contribution	to	Free (administrator, board or third party)	Maximum statutory flexibility; not dissolved by a single shareholder, unless the bylaws so provide
Closely held S.A.	Ley N° 18.046	2 or more	Limited contribution	to	Board (min. 3)	Formal governance without CMF supervision
Publicly held S.A.	Ley N° 18.046	2 or more	Limited contribution	to	Board (min. 5)	Supervised by the CMF; 30% minimum dividend
SRL	Ley N° 3.918	2 to 50	Limited contribution	to	Free; changes require unanimity	Partnership logic; rigid joint control
EIRL	Ley N° 19.857	1 (individual)	Limited contribution	to	Owner or manager	Individual venture with separate assets
Branch	Arts. 447 et seq., Commercial Code	Extension of the parent	Full liability of the foreign parent		Agent	Operates without its own legal personality; publishes annual balance sheet

WHICH VEHICLE IS RIGHT FOR YOUR
ENTRY INTO CHILE?

Talk to Cubillos Lama before incorporating.

SCHEDULE A MEETING



FOREIGN INVESTMENT IN CHILE

The relevant question is not whether you can invest, but under which statute to channel the capital to secure access to the foreign exchange market, repatriation of profits and regulatory protection.

IN THIS CHAPTER

Non-discrimination · Law No. 20,848 Statute · Chapter XIV · Comparing the routes · Protection treaties

AN OPEN FRAMEWORK, NO PRIOR AUTHORIZATION

Chile maintains one of the region's most open frameworks for foreign investment, with no general prior authorization and full freedom for a foreign investor to own one hundred percent of a Chilean company. The relevant question is not whether you can invest, but under which statute to channel the capital to secure access to the formal foreign exchange market, repatriation of profits and protection against regulatory risk.

Principle of non-discrimination

The law allows investment in virtually every sector without restricting full foreign ownership. This openness is complemented by the constitutionally rooted principle of non-arbitrary discrimination, under which the foreign investor receives treatment equivalent to a national.

Narrow sectoral limitations nonetheless remain — maritime cabotage, media, fishing, border areas and strategic activities reserved to the State such as nuclear energy and hydrocarbons — whose details, including the corporate types required in each case, are covered in the *Business legal structures* chapter of this report.

OGC INSIGHT

In almost every industry there is no barrier to full foreign ownership, so the effort should focus on the capital inflow route. The sectoral check only conditions the corporate design if the industry falls under an exception.

ROUTE 1 • LAW NO. 20,848 STATUTE

From USD 5,000,000

Certificate, guaranteed access to the foreign exchange market and VAT exemption on capital goods.

ROUTE 2 • CENTRAL BANK CHAPTER XIV

From USD 10,000

Agile foreign exchange registration, without the statute's certificate or benefits.

THE FOREIGN DIRECT INVESTMENT STATUTE

The Foreign Direct Investment Statute, contained in Law No. 20,848, is an elective protection framework for eligible foreign direct investment; it replaced the former Decree Law No. 600 of 1974. It was published on June 25, 2015, and the Foreign Investment Promotion Agency that administers it began operating on January 21, 2016. Its application is voluntary: the investor may opt in to obtain the certificate and the associated rights, or channel the capital through the general foreign exchange route.

Scope and concept of investor

Under Article 3 of Law No. 20,848, a foreign investor is an individual or legal entity formed abroad, neither resident nor domiciled in Chile, that transfers capital into the country under the terms of Article 2, and includes companies, foundations, foreign States and international organizations. Unlike DL 600, it does not benefit Chileans.

Forms of investment and minimum amount

Article 2 of Law No. 20,848 defines foreign direct investment as the transfer into the country of capital or assets of a foreign investor for an amount equal to or greater than USD 5,000,000 or its equivalent in other currencies, which is the minimum amount to opt into the statute. It may take the form of freely convertible foreign currency, physical assets, capitalizable technology, loans from related companies, capitalization of loans, reinvestment of profits, or the acquisition of a stake in a Chilean company conferring control of at least 10% of the voting rights. Access to the Formal Foreign Exchange Market derives from Article 6 and the exchange regulations.

Procedure and investor certificate

An investor wishing to opt in must request the certificate under Article 4 of Law No. 20,848 from the Foreign Investment Promotion Agency. The application must evidence the completion of the investment and its supporting documents. The Agency issues the certificate within fifteen days of receipt; once that period lapses without a decision, the rules of Law No. 19,880 on administrative procedures apply.

OGC INSIGHT

The certificate makes sense when the project justifies the minimum amount and prioritizes certainty of access to the formal foreign exchange market and the VAT exemption; for smaller or fast-moving transactions, Chapter XIV is usually quicker.

RIGHTS THAT GIVE THE OPERATION STABILITY

The statute recognizes, in Articles 5, 6, 8 and 9 of Law No. 20,848, rights that give the operation stability.

- **Remit abroad** the transferred capital and net profits, once tax obligations in Chile have been met.
- **Access the formal foreign exchange market** to convert the investment's currency and obtain the currency for remittances, at a freely agreed exchange rate.
- Exemption from Value Added Tax on the import of capital goods, subject to the legal requirements.
- Treatment under the common regime applicable to domestic investors, without arbitrary discrimination.
- Any claims must be pursued before local courts.

VAT exemption on the import of capital goods

Article 8 of Law No. 20,848 ties the VAT exemption for capital goods to Article 12, letter B, No. 10 of Decree Law No. 825. It is available to investors and recipient companies with projects in sectors such as mining, industry, forestry, energy, infrastructure, telecommunications, technological research and development, and the medical-scientific field. The investment must reach at least USD 5,000,000 and the exemption applies to capital goods of projects that will generate revenue no earlier than twelve months after the acquisition of the first goods. To obtain it, the investor files an application with the Ministry of Finance, attaching its foreign investor certificate where applicable. The Ministry must decide within sixty calendar days of receiving all documents; failing that, the application is deemed approved.

Articles 10 to 14 of Law No. 20,848 govern the foreign investment promotion strategy and the Committee of Ministers advising the President of the Republic. In any event, every project must comply with general and sectoral regulations, and may therefore require permits beyond those of the statute.

OGC INSIGHT

For a mining, energy or industrial project importing machinery above USD 5 million, the VAT exemption on capital goods can represent savings exceeding the total cost of structuring the investment. The typical mistake is importing before holding the investor certificate, because the exemption does not operate retroactively. The investment certificate takes up to 15 days; the Ministry of Finance has 60 days to rule on the exemption; and imports do not wait. Plan the sequence of filings before the first equipment arrives in the country.

THE CENTRAL BANK'S ALTERNATIVE MECHANISM

A foreign investment may be registered under Chapter XIV of the Central Bank's Compendium of Foreign Exchange Regulations, as an alternative to the Law No. 20,848 statute. These rules govern loans, deposits, investments and capital contributions from abroad, and do not apply to transactions of up to USD 10,000 or its equivalent. The transaction must be channeled through the formal foreign exchange market and reported to the Central Bank using the corresponding registration forms.

Chapter XIV allows capital inflows to be channeled and reported without requesting the Law No. 20,848 certificate, but it follows a different logic. It is only a foreign exchange and reporting route; by itself it grants none of the statute's benefits and gives no access to the VAT exemption. Its contribution forms are narrower than the statute's, since the investment is channeled through the inflow of foreign currency or pesos from abroad, and it also admits capital contributions paid in with shares or equity rights of companies formed abroad, pursuant to Chapter XIV of the Compendium. The statute, by contrast, guarantees access to the formal foreign exchange market to remit capital and profits and the option to request the VAT exemption.

OGC INSIGHT

Chapter XIV is the right route when the project does not reach the Law No. 20,848 minimum or does not need its benefits and speed is the priority; in exchange for that agility, the statute's formal guarantees are given up.



THE CAPITAL INFLOW ROUTES, SIDE BY SIDE

Criterion	Law No. 20,848 Statute	Alternative mechanism — Chapter XIV of the Compendium of Foreign Exchange Regulations
Nature	Elective and voluntary, via certificate	General foreign exchange regime, with reporting duty
Minimum amount	USD 5,000,000	USD 10,000
Contribution forms	Currency, physical assets, technology, related-party loans, capitalizations and equity stakes	Foreign currency or pesos from abroad, and shares or equity rights in foreign companies
Relationship with the State	Agency certificate, no contract	No contract, only registration with the Central Bank
Access to the formal FX market	Guaranteed for remitting capital and profits	Channeling and reporting, without a certificate or special statute of rights
Tax benefits	VAT exemption on capital goods, without tax invariability	No VAT exemption through this route alone
Current status	Regime in force	In force and frequently used

INVESTMENT PROTECTION TREATIES AND FREE TRADE AGREEMENTS

Chile has an extensive network of international agreements that can give foreign investors additional protection, through Investment Promotion and Protection Agreements and free trade agreements with investment rules. These instruments typically complement domestic law with standards such as fair and equitable treatment, national treatment, most-favored-nation treatment, protection against expropriation without adequate compensation, free transfer of funds and investor–State dispute settlement, subject to each treaty’s requirements.

Coverage depends on the applicable treaty, the investor’s nationality or structure, the protected asset and the reservations agreed by Chile. Before structuring a significant investment, check whether an agreement is in force with the jurisdiction from which the capital will be channeled and whether it contains substantive protection rules or access to international arbitration. The agreements in force can be consulted on the website of the **Subsecretaría de Relaciones Económicas Internacionales (SUBREI)**.

OGC INSIGHT

The existence of a treaty can tip the choice of jurisdiction from which the investment is structured; it does not replace Chilean law, but adds a layer of protection against regulatory or sovereign risks worth mapping before committing capital.

FROM WHICH JURISDICTION
SHOULD YOU STRUCTURE YOUR
INVESTMENT IN CHILE?

SCHEDULE A MEETING



ECONOMIC PUBLIC ORDER

Chile offers the foreign investor constitutional guarantees written into the 1980 Constitution — whose validity was confirmed after the rejection of the 2022 and 2023 reform proposals — that reduce sovereign risk and limit State arbitrariness. What matters for the business is not the articles themselves, but what those guarantees do in practice.

IN THIS CHAPTER

Map of guarantees · Regulatory expropriation · Avenues of recourse · Risk-reducing institutions

WHAT PROTECTS YOU AND WHAT DOES NOT

The economic guarantees of the 1980 Constitution — whose validity was confirmed after the rejection of the 2022 and 2023 reform proposals — operate as the baseline protection framework for every investment in Chile.

Guarantee	What it means for your company	Limit or real risk
Freedom of economic activity Art. 19 N° 21	You can operate in any lawful business without asking permission for being foreign. Freedom is the rule; regulation is the narrow exception.	Regulated businesses (banking, insurance, AFPs, media, fishing, cabotage) have specific sectoral requirements. <u>See Business legal structures.</u>
No State discrimination Art. 19 N° 22	The State cannot treat you differently from a local competitor without legal grounds. If a competitor receives an arbitrary regulatory advantage, that difference can be challenged.	The test is arbitrariness, not mere inequality; lawful, proportionate differences are valid.
Protected property Art. 19 N° 24	What you acquire — physical assets, contracts, concessions, trademarks — is protected. An expropriation requires an express law and pays monetary compensation for the actual economic harm.	In mining, energy and water, what you acquire is normally a concession over State assets, with its own lapsing grounds. Lithium and hydrocarbons are not concessionable.
Tax equality Art. 19 N° 20	Taxes must be proportional. It allows manifestly arbitrary or disproportionate sectoral levies to be challenged.	It does not preclude differentiated sectoral taxes if they have a legal basis and are reasonably proportional.
Intellectual and industrial property Art. 19 N° 25	Trademarks, patents and intangible assets enjoy autonomous constitutional protection, in addition to the Industrial Property Law.	Effective protection depends on prior registration; unregistered rights are harder to defend.

THE REAL RISK: REGULATORY, NOT FORMAL, EXPROPRIATION

Direct expropriation — decree, seizure of assets, compensation — is the risk investors fear most and the one that occurs least in Chile. The real operational risk is **regulatory or indirect expropriation**: a regulatory change that strips your concession, license or business model of value without formally transferring the property.

The constitutional guarantee is not enough

Chile's constitutional guarantee **does not automatically cover** indirect expropriation. The protection of Article 19 No. 24 operates against the formal deprivation of property, not against rule changes that erode the value of the business.

Treaties add the missing layer

A **bilateral investment treaty (BIT) or the investment chapter of an FTA** can provide additional coverage through fair and equitable treatment standards. *See Foreign investment.*

The entry jurisdiction defines access

The choice of the **jurisdiction from which the investment is structured** can be decisive for accessing that arbitral protection. An intermediate holding company in a country with a BIT in force with Chile makes the difference.

HOW TO SEEK REDRESS: THE THREE AVENUES

Faced with a State act affecting the investment, Chilean law offers three paths, with very different deadlines and scope.

Avenue	When to use it	Key deadline	Practical limitation
Constitutional protection action Art. 20, Constitution	An unlawful or arbitrary act threatening an economic constitutional right; an emergency response.	30 calendar days from the act or from when it became known.	High inadmissibility rate if another suitable avenue exists; it does not resolve disputes on the merits.
Ordinary courts	Expropriation, damages, breach of contract by the State.	Depends on the type of action.	Lengthy procedural timelines; it is advisable to agree to arbitration in contracts with the State where the law allows.
International arbitration	When a BIT or applicable arbitration clause exists; higher-value sovereign disputes.	Depends on the treaty (generally 3–5 years from the event).	Only available if the investment was structured from a jurisdiction with a treaty in force with Chile.

INSTITUTIONS THAT REDUCE SOVEREIGN RISK

Three independent bodies limit arbitrary State behavior and provide operational certainty.

Judiciary

Courts of Appeals and a Supreme Court with guarantees of independence. The Constitutional Court can declare a rule inapplicable in a specific case. The system is predictable though not always fast; define dispute resolution mechanisms in your contracts and consider arbitration.

Office of the Comptroller General

It reviews the legality of administrative acts before they take effect (toma de razón). It reduces executive arbitrariness and gives certainty about the validity of the acts authorizing your operation.

Autonomous Central Bank

It is constitutionally barred from financing public spending by issuing money. It anchors monetary stability and access to the formal foreign exchange market. *See Foreign investment for the foreign exchange access rules.*

THE RIGHT QUESTION IS NOT “CAN THE STATE EXPROPRIATE ME?” BUT “WHAT DO I DO IF THE RULES OF MY SECTOR CHANGE?”

The constitutional protection action allows 30 days — a period that runs out before the board even meets — and the ordinary courts are not fast. Real protection comes from three decisions taken before investing: structuring from a jurisdiction with a BIT in force with Chile, documenting asset value from day one, and negotiating stabilization clauses in contracts with the State where possible. The constitutional guarantee is the floor, not the ceiling, of your protection.

- 1 Structure from a jurisdiction with a **BIT in force with Chile**.
- 2 Document **asset value** from day one.
- 3 Negotiate **stabilization clauses** in contracts with the State where possible.

OGC INSIGHT

The constitutional guarantee is the floor, not the ceiling, of your protection. The Chilean framework reduces sovereign risk, but coverage against regulatory change is built through the entry structure, the documentation and the contracts.

HOW DOES THIS FRAMEWORK APPLY TO YOUR PROJECT IN CHILE?

Talk to Cubillos Lama.

[SCHEDULE A MEETING](#)

IV

TAXATION

Chile's tax system rests on a handful of statutes and one main enforcement agency, the Internal Revenue Service (SII). For the foreign investor, the relevant figure is not the nominal rate but the total burden borne by profit as it leaves the country. With a double taxation treaty, the combined burden stays at 35%; without one, it rises to 44.45%. This chapter develops the rules that produce that result.

IN THIS CHAPTER

Income tax · VAT · Remittances abroad · SME regimes · Transfer pricing · Law 21,713

THE ARCHITECTURE OF THE SYSTEM

General structure and concept of income

The Income Tax Law (Article 1 of DL 824 of 1974) taxes income in broad terms, as all benefits, profits and increases in net worth that are received, accrued or attributed, whatever their nature, origin or name. It combines a company-level tax with final taxes at the owner level. The company-level tax is the First Category Tax (IDPC). The final taxes are two: the Global Complementary Tax — on individuals domiciled or resident in Chile, on their worldwide income, at graduated rates — and the Additional Tax — on persons and entities without domicile or residence in Chile, on their Chilean-source income, generally at a 35% rate. There is also the Second Category Single Tax on employment income. The IDPC paid by the company operates as a full or partial credit against the owner's final tax; this integration is the centerpiece of the system and defines the investment's total burden.

Residence, domicile and source

Persons and entities domiciled or resident in Chile are taxed on their worldwide income; non-residents, only on their Chilean-source income. This distinction determines the investor's entire taxation. An individual is a resident when they remain in Chile, continuously or not, for more than 183 days within any twelve-month period. The Income Tax Law does not define domicile, so the Civil Code applies, which understands it as residence accompanied by the intention to remain. As an incentive, a foreigner who establishes domicile or residence in Chile is taxed only on Chilean-source income during the first three years, a period the authority may extend; thereafter, they are taxed on worldwide income. Income is Chilean-source when it derives from assets located in Chile or activities carried out in the country, regardless of the taxpayer's domicile.

INCOME TAX REGIMES

Law 21,210 of 2020 reorganized the income tax regimes by company size and nature of activity. The two relevant to most investors are the partially integrated general regime – or semi-integrated – and the Pro Pyme regime. The partially integrated general regime (Article 14, letter A of the LIR) is the rule for larger companies. It applies a 27% IDPC on net taxable income, determined under full accounting. Owners are taxed on withdrawal, remittance or distribution, and credit 65% of the IDPC; the remaining 35% must be clawed back, hence the name “partially integrated.” The Pro Pyme regime (Article 14, letter D, No. 3), for smaller companies, applies a permanent 25% IDPC on a cash flow basis and integrates the credit fully, without the 35% clawback. There are also the tax transparency regime, the presumed income regime – for certain agricultural, mining and transport activities – and a special regime for taxpayers whose owners are not subject to final taxes, such as foundations and corporations.

Regime	Statute	IDPC rate	Credit integration	Tax base
Partially integrated general	Art. 14 A, LIR (DL 824)	27%	65% clawback)	(35% Full accounting, accrued income
Pro general Pyme	Art. 14 D N° 3, LIR (DL 824)	25% permanent; 12.5% for business years 2025, 2026 and 2027, and 15% for business year 2028	100% clawback)	(no Simplified cash flow
Pro transparent Pyme	Art. 14 D N° 8, LIR (DL 824)	Exempt at company level	Direct attribution to the owner	Cash flow, taxed at owner level
Presumed income	Art. 34, LIR (DL 824)	IDPC on a presumed base, by activity	By activity	Presumed (percentage of a reference value)

FIRST CATEGORY AND GLOBAL COMPLEMENTARY TAXES

First Category Tax

The IDPC taxes capital income, per the classification of Article 20 of the LIR. It is a proportional-rate tax, declared and paid annually. It covers income from commerce, industry, mining, real estate exploitation, income from movable capital and, in general, any income whose taxation is not provided for in another category or exempted.

The tax base is net taxable income, determined by deducting direct costs from gross income, then necessary expenses, and applying the legal adjustments, including monetary correction for inflation. An expense is deductible when it is necessary to produce the income of the current or future years, relates to the business, is paid or owed in the period and is substantiated before the SII. For payments abroad, deduction is on a paid basis and requires the corresponding Additional Tax to be declared and paid. Tax losses are carried forward indefinitely, but not back; they are non-transferable and may only be used by whoever generated them. During the year, IDPC taxpayers make monthly provisional payments (PPM) on account of the annual tax, which is paid with the April return, adjusted for inflation.

Global Complementary Tax

The Global Complementary Tax applies to individuals domiciled or resident in Chile on their worldwide income, at a progressive rate starting at 0% and reaching a top marginal rate of 40%. Its base gathers income withdrawn from or distributed by companies, gains on movable capital and employment income, the latter added only to increase the rate. The IDPC paid by the company on the profits it distributes is credited; when it exceeds the final tax, the individual may request a refund of the excess. Under the partially integrated regime, the creditable amount is 65% of the IDPC, raising the owner's maximum burden to 44.45%.

EMPLOYMENT INCOME AND THE ADDITIONAL TAX

Second Category Single Tax

The Second Category Single Tax applies to dependent employment income — wages, salaries and, in general, remuneration and pensions of those providing services under subordination and dependence — pursuant to Articles 42 No. 1 and 43 No. 1 of the LIR. It is a withholding tax; the employer deducts and remits it monthly, so the worker generally files no annual return for this income. Its rate is progressive in brackets over monthly remuneration, mirroring the Global Complementary Tax structure on a monthly basis. It starts with an exempt bracket and reaches a top marginal rate of 40%. Brackets are expressed in monthly tax units (UTM), which indexes the scale to inflation. The tax is “single” while the worker earns income from one employer only. When they receive simultaneous remuneration from more than one employer, or also earn other income subject to final taxes, they must re-liquidate in the annual Global Complementary Tax return, crediting the tax already withheld. Fees under Article 42 No. 2 of the LIR are not subject to this single tax; they are taxed under the Global Complementary Tax.

OGC INSIGHT

An expatriate executive who receives, on top of a Chilean salary, stock options, bonuses or allowances from the parent abroad does not settle up through the local employer’s monthly withholding alone — they must re-liquidate in April and pay the difference. The real problem is that many discover this when the SII sends a notice, not when the compensation package was designed. Structure the foreign management team’s remuneration considering the combined impact of all income sources from the first contract — not as a later adjustment once the executive is already operating.

Additional Tax on non-residents

The Additional Tax applies to Chilean-source income earned by persons or entities without domicile or residence in Chile. It generally operates as a withholding tax at a 35% rate, varying with the nature of the payment and the existence of a treaty. Withholding takes place when the remuneration is paid, credited to account or made available to the beneficiary, whichever comes first, and must typically be declared and paid within the first twelve days of the following month. In practice it is the exit tax on Chilean profit, and the treatment of distributions to foreign owners is the critical point for the investor.

INTEGRATION: 35% WITH A TREATY, 44.45% WITHOUT

The system integrates the company's tax with the owner's. The company pays IDPC; upon distributing profit, the owner pays the final tax and credits the IDPC already paid. The decisive question is what percentage of that credit can be applied, which under the partially integrated general regime depends on the owner's residence. If resident in a country with a treaty in force, they credit 100% of the IDPC and the combined burden stays at 35%. If resident in a country without a treaty, they credit only 65%, must return the remaining 35%, and the combined burden rises to 44.45%. This same clawback affects individual shareholders resident in Chile. The table shows the mechanics on a profit of 100 under the partially integrated regime.

Item	With treaty	Without treaty
Net taxable income	100	100
IDPC (27%) paid by the company	27	27
Profit distributed to the foreign shareholder	73	73
Grossed-up Additional Tax base	100	100
Additional Tax (35%)	35	35
IDPC credit (net of clawback)	27 (100% creditable)	17.55 (65% of IDPC, after the clawback)
Additional Tax payable (35 minus net credit)	8	17.45
Total tax burden	35%	44.45%
Net remittance received by the investor	65	55.55

Under the Pro Pyme regime the credit is applied in full, without clawback, so the owner's combined burden does not reach 44.45% even if resident in a country without a treaty. This makes Pro Pyme attractive not only for its lower IDPC rate, but for its full integration.

OGC INSIGHT

Model the combined burden with and without a treaty before deciding from which country and vehicle to invest. A holding company in a jurisdiction with a treaty in force with Chile can mean 9.45 fewer points of burden on every 100 of profit.

VALUE ADDED TAX

VAT is an indirect consumption tax, governed by DL 825 of 1974, operating on a debit-and-credit basis. The VAT charged on the taxpayer's sales and services is its fiscal debit; the VAT borne on its purchases is its fiscal credit. The difference, when debit exceeds credit, is the tax payable for the period. The general rate is 19%, set by Article 14 of DL 825, in force in 2026. As a general rule, taxable events include the habitual sale of tangible movable goods and constructed real estate located in Chile and services rendered or used in the country, plus imports, construction contracts, the leasing of furnished real estate and the licensing of trademarks, patents and processes.

Chilean VAT follows the destination principle. It taxes imports, but not exports; although exports are exempt, the exporter may recover the fiscal credit borne on purchases and services destined for its export activity, even through a cash refund. There is also a mechanism to recover VAT borne on fixed asset acquisitions, designed not to penalize investment.

Digital services from abroad

Law 21,210 brought digital services provided from abroad into VAT. A foreign provider supplying remote services to be used in Chile by consumers who are not VAT taxpayers must charge and remit the tax, for services such as digital entertainment, software, storage, platforms, IT infrastructure and advertising. If the user in Chile is a VAT taxpayer, the obligation to declare and pay shifts to that user.

Exemptions and administration

Among the exemptions relevant to the investor is the import of capital goods destined for investment projects, under the foreign investment framework, which requires an application to the Ministry of Finance and compliance with the requirements of Article 12, letter B of the VAT Law. Exports of goods and certain services classified as exports by the National Customs Service are also exempt. VAT is declared and paid monthly, no later than the 12th of the following month, extended to the 20th when filed online. The system requires documentary support — invoices, credit and debit notes, dispatch guides, today generally electronic — to use the credit-and-debit mechanism.

OGC INSIGHT

For an export business, VAT should not be a cost. The fiscal credit borne on purchases destined for export is recoverable, even in cash, but without electronic tax documentation from the outset it cannot be used and the cost becomes permanent.

TAXATION OF FOREIGN INVESTMENT AND REMITTANCES

A non-resident is taxed only on Chilean-source income. Remittances sent by the Chilean company or subsidiary to its foreign owners are, depending on their nature, subject to the Additional Tax at rates the law differentiates and treaties may reduce.

Profit distributions. Subject to a 35% Additional Tax, with the right to credit the IDPC under the integration rules already described. They produce the 35% burden with a treaty or 44.45% without one.

Interest. As a general rule, 35%. A reduced 4% rate applies to loans granted from abroad by foreign or international banks or financial institutions, subject to conditions; treaties may lower it, usually to 10% or 15% depending on the creditor's country. The thin capitalization rule of Article 41 F of the LIR applies: when total annual indebtedness exceeds three times equity at year-end, the excess is taxed with a single 35% tax, with the right to credit the Additional Tax declared and paid on those items.

Royalties. As a general rule, 30% under Article 59 of the LIR. The rate drops to 15% for certain royalties, such as those paid for the use of invention patents, utility models, industrial designs and drawings, and for the use of certain computer programs, without prejudice to treaties. To deduct as an expense a royalty paid abroad to a related entity, the payment must not, as a general rule, exceed 4% of the year's sales and services revenue, unless the rate in the beneficiary's country is 30% or higher or the transaction is between unrelated parties.

Services. As a general rule, 35%, with a reduced 15% rate for certain engineering, technical and professional services rendered inside or outside Chile. The law exempts from withholding certain services rendered abroad — freight, loading and unloading, storage, certain insurance and reinsurance operations, export commissions, international telecommunications — subject to the requirements of Article 59 of the LIR and to treaties.

Indirect sales. Capital gains of a non-resident on the disposal of shares or rights in companies formed abroad are subject to a 35% Additional Tax when those companies have an underlying asset located in Chile and the legal requirements are met, regardless of the buyer's domicile. This prevents the sale of a foreign company from leaving the underlying Chilean asset untaxed.

OGC INSIGHT

Each outbound flow has its own Additional Tax rate, and a treaty in force may reduce it. Before structuring intragroup financing or a license with the parent, check the applicable rate, the treaty, the thin capitalization rule and the expense deduction limits, because the difference between 35% and 4% on interest, or between 30% and 15% on royalties, changes the real cost.

SME REGIMES AND BENEFITS

The Income Tax Law offers regimes aimed at small and medium-sized companies, introduced by Law 21,210 of 2020. To qualify as an SME, gross revenue must not exceed an average of UF 75,000 over the last three years, counting related parties, with a cap of UF 85,000 in any single year; effective capital at the start of activities must not exceed UF 85,000; and at least 65% of revenue must come from non-passive activities.

Pro Pyme general (Art. 14 D No. 3). A permanent 25% IDPC rate, temporarily reduced to 12.5% for business years 2025, 2026 and 2027, and to 15% for business year 2028, under Law 21,755, published on July 11, 2025; the temporary reduction is conditional on the employer contribution of the pension reform reaching the level set for each year. It is taxed on a cash flow basis, with immediate depreciation of fixed assets, and owners credit the IDPC paid in full, without the general regime's 35% clawback. Disallowed expenses are subject to a 40% penalty tax. The PPM has a preferential 0.25% rate in the start-up year and when prior-year gross business revenue does not exceed UF 50,000; above that, the rate is 0.5%; the same Law 21,755 halved these provisional payments for business years 2025 to 2027.

Pro Pyme transparent (Art. 14 D No. 8). Available to SMEs whose owners are final-tax taxpayers, upon notice before the close of the fourth month of the year. The company is exempt from IDPC, and owners are taxed on an attributed basis on the income the company generates, regardless of withdrawals; the penalty tax on disallowed expenses does not apply. For structures with foreign investors, it requires verifying that the owners qualify as Global Complementary Tax or Additional Tax taxpayers.

Presumed income (Art. 34). An exception that can benefit agricultural, mining and transport SMEs, when effective income exceeds the presumed amount. The annual sales or net revenue limits are UF 9,000 for agriculture, UF 5,000 for transport and UF 17,000 for mining. Income is presumed at 10% of the property's fiscal appraisal in agriculture; 10% of the vehicle's current market value in transport; and per the legal scale on annual sales in mining. The option is exercised within the first four months of the year; whoever abandons it cannot return to it for five years.

Other benefits. The savings incentive of Article 14 E of the LIR, which allows deducting a portion of reinvested net taxable income, subject to a legal cap; instant or accelerated depreciation under certain regimes; and the fixed asset investment credit of Article 33 bis of the LIR, applied against the IDPC, with an annual cap of 500 UTM. Their availability depends on the regime, the revenue level and the type of asset or investment.

OGC INSIGHT

For a growing company, Pro Pyme combines a lower rate, full credit integration and a reduced PPM, improving cash flow in the early years. The transparent regime can be efficient when the owners are final-tax taxpayers, because it avoids the IDPC at company level. Review expected growth and ownership composition, because exceeding the revenue thresholds or failing the owner requirements forfeits the regime.

TRANSFER PRICING AND ANTI-AVOIDANCE RULES

Transfer pricing

Cross-border transactions between a Chilean taxpayer and related parties abroad must be agreed at market values. Article 41 E of the LIR empowers the SII to challenge prices, values or returns when they do not reflect market conditions between independent parties, and imposes an annual transfer pricing sworn declaration filed each June. When the SII identifies a discrepancy with normal market value, the adjustment is subject to the single tax of the first paragraph of Article 21 of the LIR, currently 40%, plus a possible 5% fine on the difference under Article 41 E, unless the taxpayer timely provided the required information.

General anti-avoidance rule

A hallmark of the system is the primacy of substance over form. Article 4 bis of the Tax Code requires tax obligations to be recognized and enforced according to the legal nature of the facts, acts or transactions performed, regardless of the form or name the parties gave them. It is the basis of the general anti-avoidance rule, which distinguishes two figures. Abuse of legal forms exists when, through acts with no relevant legal or economic result or effect other than the tax saving, the taxable event is avoided, the base is reduced or the obligation is deferred. Simulation exists when acts conceal the configuration of the taxable event, its true amount or its date. The law simultaneously recognizes legitimate tax options, allowing a reasonable choice among the alternatives the law itself provides.

OGC INSIGHT

A structure sustained only by its tax effect, with no business rationale to explain it, is vulnerable under the general anti-avoidance rule. Document the commercial logic and set intragroup transactions at market values, with the transfer pricing sworn declaration up to date, because any difference the SII detects is subject to a 40% tax plus a possible fine.

THE TAX COMPLIANCE REFORM

Law 21,713 of 2024 — enacted on October 21 and published on October 24, 2024 — reformed the tax compliance regime across the board. It amends the Tax Code, the Income Tax Law and the VAT Law, among other statutes. Its contents include the general anti-avoidance rule and the concept of abuse — adjusted shortly afterwards by Law 21,716 of 2024 — the SII's access to banking information and bank secrecy, passive income, exporter VAT, purchases through digital platforms, the fight against informality and organized crime, and the creation of a Tax Council within the SII. The reform confirms the Chilean system's direction toward greater compliance control. For the investor, aggressive tax planning has less room and transaction documentation gains importance.

OGC INSIGHT

Review existing structures, because some defensible under the previous regime may be exposed; every transaction must have a documented business rationale and be supported by information the SII can review. Tax is not a silo: the choice of regime, entry jurisdiction, corporate vehicle and intragroup financing touches at once the corporate structure, contracts, compliance and the foreign investment position, so each tax decision must be checked against the rest of the legal workstreams.

WANT TO REVIEW THE TAX BURDEN
OF YOUR STRUCTURE IN CHILE?

SCHEDULE A MEETING



LABOR, SOCIAL SECURITY AND IMMIGRATION

Chilean labor law is protective of the worker, exhaustive in its grounds for termination and demanding in social security matters, so the real cost of a job is not exhausted by the salary. This chapter covers the employment contract, working hours, remuneration, termination, subcontracting, union activity, the Karin Law, social security and the immigration status of foreign workers.

IN THIS CHAPTER

Employment contract · Working hours · Remuneration · Termination · Subcontracting · Unions · Karin Law · Social security · Immigration

LEGAL FRAMEWORK AND PRINCIPLES

Private sector labor relations are governed by the Labor Code (consolidated text set by DFL No. 1 of 2002 of the Ministry of Labor and Social Security). The right to work and to a non-discriminatory environment has constitutional rank under Article 19 No. 16 of the Constitution, and Article 2 of the Labor Code prohibits discrimination on grounds of race, sex, age, marital status, union membership, religion and nationality, among others.

Administrative enforcement and interpretation fall to the Labor Directorate, through the Labor Inspectorates, whose rulings set criteria binding on the employer, though not on the courts. Disputes are resolved before the Labor Courts, with challenges through the annulment appeal and, exceptionally, the unification of case law before the Supreme Court.

The organizing principle of the field is the **primacy of reality**. What defines an employment relationship is not the contract's name, but the effective presence of **subordination and dependence**. Article 7 of the Labor Code defines the individual contract as one under which the worker renders personal services under the employer's direction and dependence in exchange for remuneration. When a "fee-based" contractor keeps a schedule, receives instructions and depends economically on the company, courts tend to recognize an employment relationship with all its consequences, whatever the invoice says.

OGC INSIGHT

The biggest silent risk in your workforce is fee-based contractors performing permanent tasks, because the classification cannot be settled by contract and a judicial reclassification drags back contributions, vacation, severance and fines. Map that portfolio by economic dependence before a court does.

THE EMPLOYMENT CONTRACT

The contract must be in writing and Article 10 of the Labor Code lists its minimum clauses, including identification and nationality of the parties, nature of the services, place of work, working hours, remuneration and start date. The employer must make the contract available to the worker within 15 days of starting, or 5 days if it is for a specific job or service or for less than 30 days. Failure to do so exposes the employer to a fine and creates a presumption that the worker's account of the terms is true. After signing, the employer must register it electronically on the Labor Directorate's portal within 15 days.

MINIMUM CLAUSES · ART. 10 OF THE LABOR CODE

Under Article 10 of the Labor Code, the contract must contain, at a minimum, the following stipulations.

- Place and date of the contract
- Identification of the parties, indicating the nationality, domicile and email address of both, if any, and the worker's dates of birth and start of employment.
- Description of the nature of the services and the place or city where they are to be rendered; the contract may specify two or more specific functions, whether alternative or complementary.
- Amount, form and payment period of the agreed remuneration.
- Duration and distribution of working hours, unless the company operates a shift system, in which case the internal regulations apply.
- Any other terms the parties agree upon.

Where applicable, the contract must also state any additional benefits provided by the employer in the form of housing, electricity, fuel, food or other in-kind benefits or services.

HIRING MODALITIES

The law prefers the indefinite-term contract, but admits temporary modalities. The fixed term has a maximum of one year, extendable to two for managers or persons with a professional or technical degree, and becomes indefinite upon a second renewal, upon continuation with the employer's knowledge after expiry, or upon 12 or more months of discontinuous service within 15 months of the first hiring. The contract for a specific job or task lasts as long as the work does, but chaining stages of the same work into successive contracts makes the relationship indefinite. There is no general probationary period, except for domestic workers (up to two weeks); in practice it is replaced by an initial fixed term that, if satisfactory, becomes indefinite.

OGC INSIGHT

The "probationary period" of other jurisdictions does not exist; the substitute is a limited fixed term. The blind spot is chaining, because a second renewal, or letting the worker keep coming in after expiry, makes the contract indefinite.

WORKING HOURS

Ordinary working hours are being gradually reduced by Law No. 21,561, published on April 26, 2023 (the 40-Hour Law). The current cap and its evolution are as follows.

44 h

44 hours per week from April 26, 2024.

42 h

42 hours per week from April 26, 2026 (the cap in force as of this report's cutoff date).

40 h

40 hours per week from April 26, 2028.

The reduction does not authorize cutting remuneration, and the Labor Directorate clarified that Law No. 21,561 does not require a proportional reduction for relationships whose hours are already below 40 (Ruling ORD. No. 886/34, of December 26, 2024). The same law narrowed the categories that may be excluded from the hours limit to managers, administrators, attorneys-in-fact with management powers and those rendering services without immediate senior supervision.

Overtime

Overtime is capped at two hours per day with a surcharge of at least 50% over the agreed salary. It may only be agreed for the company's temporary needs, in writing and for a term of no more than three months, renewable. The 40-Hour Law also allowed overtime to be compensated with rest days, up to five per year.

Remote work and telework

Remote work and telework, regulated since 2020, require a written agreement specifying the modality, the place of performance, supervision, treatment of working hours and a disconnection of at least 12 continuous hours of rest in every 24-hour period. Law No. 21,561 also added, for workers with children up to 12 or with their personal care, whatever their work modality, the right to a two-hour band within which they may bring forward or push back the start of their day by up to one hour.

OGC INSIGHT

Audit current contracts on two fronts. First, confirm that those agreed at 44 or 45 hours already reflect the current 42-hour cap, and schedule the adjustment to 40 hours in April 2028. Second, review who is excluded from hours limits under Article 22, paragraph 2, because Law No. 21,561 narrowed that figure; anyone listed as excluded without fitting one of those four categories is exposed to claims for unpaid overtime and Labor Inspectorate fines. Overtime agreements remain enforceable only in writing and with a maximum term of three months, renewable.

REMUNERATION

The base salary cannot be lower than the monthly minimum wage for a full ordinary workweek. Law No. 21,751, published on June 28, 2025, set the value in force from January 2026, and Law No. 21,830, published on June 22, 2026, provided the adjustment applying from May 2026.

OVER 18 AND UP TO 65

\$553.553

Workers over 18 and up to 65. CLP 539,000 gross per month from January 1, 2026 (Law No. 21,751) and CLP 553,553 from May 1, 2026 (Law No. 21,830).

UNDER 18 AND OVER 65

\$412.938

Workers under 18 and over 65. CLP 402,082 from January 1, 2026 and CLP 412,938 from May 1, 2026.

From January 1, 2027, the minimum wage will be adjusted automatically per accumulated CPI variation between May 1 and December 31, 2026, so confirm the value in force when setting salary bands.

Statutory profit-sharing bonus

The statutory profit-sharing bonus is an annual benefit that a for-profit company must pay when it earns net profits, and there are two alternatives. Article 47 of the Labor Code requires distributing among workers no less than 30% of those profits. Article 50 offers the alternative most companies adopt: paying each worker 25% of monthly remuneration accrued in the year, with an annual cap of 4.75 monthly minimum wages, which exempts the company from the 30% rule whatever the profit and makes the cost predictable. Remuneration is subject to the Second Category Single Tax, which the employer withholds and remits to the Treasury, progressive from 0% to 40%. [See Taxation.](#)

OGC INSIGHT

The Article 50 regime — 25% capped at 4.75 minimum wages — is the one most companies adopt because it makes the cost predictable: you know what you will pay in bonuses regardless of how good the year was. If not expressly agreed, the Article 47 regime — 30% of net profits — applies, which can be significantly more expensive in high-margin years. In structures with variable compensation — bonuses, commissions, equity — the taxable and tax treatment of each component changes the total burden for employee and employer; design the package before making the offer, not after the executive accepts it.

ANNUAL VACATION AND LEAVE

Annual vacation is 15 business days (Monday to Friday, excluding holidays) with full pay, for workers with more than one year of service, and 20 business days in the Magallanes and Chilean Antarctica and Aysén regions and the province of Palena. The excess over ten days may be split by agreement, and up to two consecutive periods may be accumulated.

Progressive vacation. Grants one additional day for every three further years to anyone with ten accumulated years of work, with a limit of ten creditable years from previous employers.

Collective vacation allows the establishment to close by aligning the closure with staff vacation.

Law No. 21,645, on work-life balance, added preferential vacation timing during school holidays for those with personal care of a child under 14 or an adolescent under 18 with a disability or dependence.

Only absences for illness, pregnancy and maternity or paternity leave carry a right to pay or subsidy; any other absence must be agreed between the parties. Subsidized medical leave has no annual limit, subject to prior affiliation and contribution to the health system.

OGC INSIGHT

Vacation accrues year by year and, if not taken, is paid out at contract termination as proportional vacation with no seniority cap. An uncontrolled balance inflates settlements with periods the company believed extinguished, so demand up-to-date tracking.

TERMINATION OF THE EMPLOYMENT RELATIONSHIP

Dismissal in Chile always requires cause. At-will dismissal does not exist, and the company must invoke an express legal ground, even when terminating several workers at once, since the law has no special rules for collective dismissal. The grounds are in Articles 159, 160, 161 and 163 bis of the Labor Code, and severance depends on which is invoked.

Article 159 • objective grounds. Mutual agreement, resignation with 30 days' notice, death of the worker, expiry of the term, completion of the job or service, and acts of God or force majeure. None gives a right to years-of-service severance.

Article 160 • forfeiture for acts attributable to the worker. Lack of probity, sexual harassment, physical assault, insults, unjustified absence, abandonment of work, intentional material damage and serious breach of contract. It also gives no right to years-of-service severance.

Article 161 — grounds generating severance. Needs of the company, establishment or service (rationalization, modernization, falling productivity or market changes); and written notice of termination, applicable to workers with management powers or positions of exclusive trust, dismissable by notice without stating cause.

Article 163 bis. The employer's entry into liquidation insolvency proceedings.

The settlement and its components

Upon termination, amounts owed must be paid in the settlement (*finiquito*), which includes:
Outstanding remuneration and statutory or proportional vacation. Always payable, whatever ground is invoked.

Pay in lieu of notice. Applies only under Article 161 when the 30-day notice is not given; equal to the last monthly remuneration, capped at UF 90.

Years-of-service severance. Also under Article 161; accrues for each year and fraction over six months of continuous service with the same employer; equal to one month of remuneration per year, subject to the caps of Article 172 of the Labor Code, i.e. a maximum of 11 years of service and a base limited to UF 90 of monthly remuneration.

FORMALITIES, THE BUSTOS LAW AND SURCHARGES

Dismissal formalities and the Bustos Law

Dismissal must be communicated in writing, stating the ground and the facts, within three business days of separation, and reported to the Labor Inspectorate and registered electronically within the same period, extended to ten days in cases of mutual agreement, resignation or death.

Social security contributions must be up to date at the time of dismissal. If they are not, the Bustos Law applies, incorporated into Article 162 of the Labor Code by Law No. 19,631: the dismissal does not end the contract until the owed contributions are paid in, so the employer keeps paying remuneration until validation. The same Article 162 provides a narrow exception when the amount owed does not exceed the lesser of 10% of the social security debt or 2 UTM and is paid within 15 business days of service of the claim. The settlement must be signed before a certifying officer (notary) to be enforceable.

Surcharges for unjustified dismissal

If the court declares the dismissal unjustified, undue or improper, the years-of-service severance is increased with the following surcharges:

+30%

undue invocation of company needs (Art. 161)

+50%

improper application of Article 159 grounds

+80%

for unjustified application of Article 160 grounds; may reach 100% when the court also declares that the invoked ground lacks any plausible basis.

The deadline to claim is **60 business days**, extended to **90 days** with a prior administrative complaint.

OGC INSIGHT

The cost of a termination depends on the ground and your ability to prove it; dismissal for company needs is the predictable path (a month per year, capped at UF 90 and 11 years) and the most commonly used ground in practice. Its requirements, however, are demanding. Case law requires the need to be real, concrete and duly evidenced, not a mere formal invocation. The rate of dismissals declared unjustified under this ground is high in the Labor Courts, which makes prior documentation of the process — memoranda, management reports, formalized reorganizations — a condition of success, not a formality. Invoking an Article 160 ground without solid proof shifts the risk to the company, because the burden is yours and failure renders the dismissal unjustified.

JOB PROTECTION (FUERO) AND FUNDAMENTAL RIGHTS ACTION

Certain workers enjoy **fuero**, which prevents their dismissal without prior judicial authorization. Protected groups include union leaders, pregnant and postpartum women, those involved in collective bargaining and members of the joint health and safety committee. In maternity matters, Article 201 of the Labor Code covers from pregnancy and, in general, up to one year after maternity leave ends.

Added to this is the **fundamental rights action**, which safeguards fundamental rights in the employment relationship, such as integrity, honor and privacy, freedom of conscience and expression, and non-discrimination. It lightens the worker's burden of proof — they need only show indications of the violation — after which it falls to the employer to justify the proportionality and reasonableness of its conduct. If it occurs in connection with dismissal, the employer pays additional compensation set by the court, of six to eleven months of the last remuneration.

OGC INSIGHT

Check for fuero before any termination, because dismissing a pregnant worker or a union leader without judicial authorization is void and requires reinstatement with back pay. Mind form as much as substance; a termination framed as a fundamental rights violation opens the additional compensation of the fundamental rights action (six to eleven months), on top of the ordinary severance.

SUBCONTRACTING AND STAFFING SERVICES

Subcontracting is the arrangement in which a contractor habitually performs works or services, at its own account and risk and with its own employees, for a principal company, under a civil or commercial agreement. It is lawful, but the principal company is not insulated from the contractor's labor and social security obligations toward its workers, including termination severance.

Liability is **joint and several** as a general rule, so the worker may pursue the principal or the contractor for the full amount. It softens to **subsidiary** when the principal exercises its information and retention rights — requiring the contractor to prove compliance with its labor and social security obligations and, upon breach, withholding from payments what is needed to cover the debts; it then answers only in subsidy, once enforcement against the contractor is exhausted.

Staffing services

Staff supply through temporary services companies is allowed only in the cases the law authorizes, for limited periods, and the temporary services company must be registered with the Labor Directorate and post a guarantee; outside those cases, the user company is deemed the direct employer.

OGC INSIGHT

When outsourcing, the information and retention rights are what lower your liability from joint and several to subsidiary. Institutionalize the monthly requirement of contractor compliance certificates and the withholding of payments upon breach; without that control, a contractor's worker can collect from you, in full, what the contractor failed to pay.

UNIONS AND COLLECTIVE BARGAINING

The Constitution and the Labor Code recognize the right to form unions, federations and confederations without prior authorization, and the rights to bargain collectively and to strike. Membership is personal, voluntary and non-delegable; a worker may belong to only one union per job.

Forming a company union requires minimum quorums depending on size and whether another union already exists.

In companies with more than 50 workers, a minimum of 25 representing at least 10% of the total is required; with no existing union, one may be formed with 8, but it must reach the ordinary quorum within a year, on pain of forfeiting its legal personality.

In companies with 50 or fewer workers, a minimum of 8 representing at least 50% of the total is required.

Collective bargaining takes place, as a general rule, between the company and the union, with guarantees such as job protection for those involved and the right to strike within the regulated procedure. The resulting instrument binds the company and the covered workers for the agreed term.

OGC INSIGHT

Union activity and collective bargaining trigger job protections and deadlines that condition workforce management. Where a union or an ongoing negotiation exists, anticipate any staffing decision, because those involved are protected by *fuero* and require prior judicial authorization for dismissal.

WORKPLACE HARASSMENT, SEXUAL HARASSMENT AND VIOLENCE

Law No. 21,643, published on January 15, 2024 and known as the **Karin Law**, amended the Labor Code on the prevention, investigation and sanctioning of workplace harassment, sexual harassment and violence at work. It took effect on August 1, 2024 and was complemented by Law No. 21,687, published on July 31, 2024. It requires every company to have a prevention protocol, defines the investigation procedure upon a complaint and incorporated workplace violence by third parties outside the employment relationship.

A company receiving a complaint must adopt immediate protective measures and conduct an internal investigation with impartiality and defined deadlines, or refer the file to the Labor Inspectorate, applying any applicable sanctions. A worker who is a victim of harassment retains the right to **constructive dismissal** for serious employer breach, with the corresponding severance. Article 154 bis requires the employer to keep confidential the worker's personal information obtained in connection with work.

OGC INSIGHT

The Law No. 21,643 protocol is subject to inspection; treat it as a day-one task, incorporated into the internal regulations with trained staff. The risk is not only the fine, but a mishandled complaint, which can escalate to constructive dismissal with severance, a fundamental rights action and reputational exposure.

SOCIAL SECURITY

The system rests on four pillars: pensions (old age, disability and survivorship), health (illness and maternity), workplace accident and occupational disease insurance, and unemployment insurance. As a general rule, pension and health contributions are borne by the worker, deducted and remitted monthly by the employer, while accident insurance and part of the other contributions are borne by the employer.

Pensions and the 2025 reform

The system was built on the individual capitalization of DL No. 3,500 of 1980, administered by the AFPs. The worker contributes 10% of taxable remuneration to their individual account, plus the AFP's commission. The legal retirement age is 65 for men and 60 for women, with no obligation to retire.

The 2025 pension reform operated on that base. **Law No. 21,735**, published on March 26, 2025, created a mixed pension system and a social insurance component in the contributory pillar, and improved the Universal Guaranteed Pension. Its core is a new employer contribution, phased up to 7%; added to the Disability and Survivorship Insurance contribution, the employer's total pension-related burden reaches 8.5% of taxable remuneration at full phase-in toward 2033. Of that total, 4.5% goes to the worker's individual capitalization account and the remaining 4% to the new Social Pension Insurance, administered through the Autonomous Pension Protection Fund (FAPP). Implementation began with an additional 1% contribution from August 2025; some benefits, such as the benefit for years contributed, are paid from January 2026. The reform also strengthened the Universal Guaranteed Pension, a non-contributory benefit created by Law No. 21,419 of 2022.

Health, accidents and unemployment

The health contribution is 7% of taxable remuneration, borne by the worker, under a public (FONASA) or private (ISAPRE) regime, the latter with additional contributions for greater coverage. Workplace accident and occupational disease insurance is governed by Law No. 16,744 and borne exclusively by the employer, with a basic contribution plus an additional one based on risk; the Disability and Survivorship Insurance (SIS), covering the worker's disability or death before accumulating retirement funds, is also employer-funded. The unemployment insurance of Law No. 19,728 is mandatory for all Labor Code workers, administered by the Unemployment Fund Administrator (AFC) with contributions from employer, worker and State depending on the contract type; it operates whatever the cause of termination and allows monthly withdrawals once unemployed, supplemented by a Solidarity Fund.

2026 CONTRIBUTIONS AND TAXABLE CAPS

Item	Reference rate	Borne by	2026 taxable cap
Pension (individual account)	10%	Worker	UF 90
Health (FONASA or ISAPRE)	7%	Worker	UF 90
Unemployment, indefinite contract	0.6% worker and 2.4% employer	Both	UF 135.2
Unemployment, fixed-term contract	3%	Employer	UF 135.2
Disability and Survivorship (SIS)	Borne by the employer	Employer	UF 90
Workplace accidents (Law 16,744)	Basic plus additional based on risk	Employer	UF 90
Pension reform / SIS (employer)	Phased up to 8.5% toward 2033	Employer	UF 90

The taxable caps are set annually by the Superintendence of Pensions. For 2026, the cap for pensions, health and Law No. 16,744 is UF 90.0 per month, and for unemployment insurance UF 135.2, effective from February 2026 payrolls. The additional accident contribution rates and AFP commissions vary by activity and administrator, so the exact cost is calculated case by case.

OGC INSIGHT

The real labor cost exceeds gross salary and grows over time, because employer contributions (unemployment, accidents, SIS and the progressive 2025 contribution) come on top of the worker's 7% health and 10% pension. Budget the full employer cost, not net pay, and model that the employer burden tied to Law No. 21,735 and the SIS rises gradually to 8.5% toward 2033.

FOREIGN WORKERS AND THE IMMIGRATION REGIME

Hiring foreigners is unrestricted, save for two limits. First, Article 19 of the Labor Code requires that in companies with more than 25 workers at least **85% of the workforce be Chilean nationals**. For the calculation, the law provides softening rules: the total workforce in the country is considered, not per establishment; specialist technical staff irreplaceable by nationals are excluded; and a foreigner who is the spouse, civil partner or parent of a Chilean child, the widow or widower of a Chilean spouse, or has more than five years of residence counts as Chilean. The second limit is immigration authorization: the foreigner needs a residence permit authorizing work, governed by the Migration and Aliens Law.

OGC INSIGHT

If your subsidiary expects to exceed 25 workers, monitor the 85% ratio from the first org chart. Favorable rules exist: irreplaceable specialist technical staff are excluded, and a foreign executive with a Chilean spouse or more than five years of residence counts as Chilean.

The law distinguishes four broad immigration categories.

Temporary Residence. A permit granted to a foreigner intending to settle in Chile for a limited time. It is valid for up to 2 years, except for the seasonal worker subcategory, and is organized into subcategories detailed further on.

Permanent Residence. A permit granted to a foreigner who already holds a temporary residence, entitling them to reside indefinitely and carry out any lawful activity in the country.

Transitory Stay Permit. A permit granted to a foreigner entering the country for tourism, business or other purposes, for a limited period and with no intention of residing or settling. It authorizes a 90-day stay, extendable once for another 90 days, and requires proof of sufficient means to support the stay. It includes subcategories such as persons entering for tourism, business or similar purposes; crew members of international passenger and cargo transport; persons covered by international treaties; inhabitants of border areas; and official residents concluding their missions.

Official Residence. A permit granted by the Ministry of Foreign Affairs to a foreigner on an official mission recognized by Chile, and to their dependents.

The immigration regime is set out in Law No. 21,325 on Migration and Aliens, published on April 20, 2021, and its general regulation, Decree No. 296 of the Ministry of the Interior; the temporary residence subcategories are developed in Decree No. 177 of 2022 and the instructions of the National Migration Service (SERMIG), which handles processing.

AUTHORIZATION TO WORK

The usual route to work is Temporary Residence in the subcategory of persons carrying out lawful paid activities, which requires, among other documents, a valid passport, a criminal record certificate from the country of origin or residence covering the last five years, an employment contract and proof of funds, and is applied for online through SERMIG. Once applied for in Chile and admitted to processing, the certificate of temporary residence in process authorizes a person over 18 to work while it is resolved.

From an employment perspective, what matters is which category authorizes work. The holder of a Transitory Stay Permit may not perform paid activities, except under an exceptional work authorization from SERMIG for specific, sporadic activities.

Category	Authorizes work	Reference duration
Work authorization (Transitory Stay)	Yes, exceptional, specific and sporadic activities	Up to 90 days, extendable once
Temporary Residence · lawful paid activities	Yes, dependent work with an employer in Chile	Temporary and extendable
Temporary Residence · seasonal workers	Yes, for the authorized seasonal activity	Limited to the seasonal work
Temporary Residence · multiple-entry business	Does not replace a dependent work permit	Up to six months per year
Temporary Residence — investors / Mercosur (reciprocity)	Depends on the subcategory or permit	Temporary and extendable
Permanent Residence	Yes, any lawful activity	Indefinite, subject to retention rules

Other temporary residence subcategories (seasonal workers, investors, multiple-entry business and Mercosur) are summarized in the table above. Family members obtain residence as dependents, but may not work unless they obtain their own authorization. After five years, an adult foreigner may access the vote and apply for naturalization.

Categories, requirements and timelines may change, so check the SERMIG portal before starting the process.

OGC INSIGHT

The most common trap is bringing in an executive under a Transitory Stay Permit and putting them to work, but that category does not allow paid activities except under an exceptional authorization. For a dependent hire, the route is Temporary Residence for lawful paid activities; start the process early, because the immigration decision takes time and sets the real start date.

QUESTIONS ABOUT EMPLOYMENT
CONTRACTS, CONTRIBUTIONS OR
VISAS FOR YOUR TEAM IN CHILE?

SCHEDULE A MEETING

VI

ANTITRUST

Chile has a mature antitrust regime, with a specialized tribunal, a prosecutor's office with broad investigative powers and mandatory merger control operating since 2017. For a foreign company, this means clear rules aligned with international standards, but also obligations that trigger before closing a transaction, fines of up to 30% of the sales associated with the conduct, and prison for executives involved in collusion. Review your exposure from the structuring stage.

IN THIS CHAPTER

Legal framework · Institutions · Anticompetitive conduct · Merger control · Leniency · Sanctions

LEGAL FRAMEWORK

The regime is set out in Decree Law No. 211 of 1973, whose consolidated text was fixed by DFL No. 1 of 2004 (published March 7, 2005; hereinafter “DL 211”). Its Article 1 seeks to promote and defend free competition. Article 3 contains a deliberately broad general clause sanctioning anyone who, individually or collectively, executes or enters into any fact, act or agreement that prevents, restricts or hinders free competition, or tends to produce those effects. Given its open nature, any conduct may be covered even if not specifically typified.

Law No. 20,945, published on August 30, 2016, reformed DL 211 and structures the current regime. It established mandatory prior control of concentration transactions administered by the FNE; toughened sanctions, raising the fine cap and adding disqualifications; and strengthened leniency. Merger control took effect on June 1, 2017.

The criminal regime for collusion is affected by Law No. 21,595 on Economic Crimes, published on August 17, 2023. Law No. 20,169, published on February 16, 2007, regulates unfair competition and assigns it, as a general rule, to the civil courts, and Decree No. 41 of 2021 approves the Regulation on notification of concentration transactions.

OGC INSIGHT

Before closing a deal or designing your commercial strategy, ask two questions: can this conduct restrict competition? And must it be notified to merger control? Article 3 is broad and also captures apparently innocuous commercial agreements, exclusivities and conditional discounts. Map that exposure from the start.

INSTITUTIONS

The system rests on two specialized bodies — one that investigates and prosecutes, another that adjudicates — plus the Supreme Court as reviewer.

Antitrust Tribunal (TDLC)

A jurisdictional body independent of the Government, subject to the oversight of the Supreme Court (Title II of DL 211). Under Article 5, it prevents, corrects and sanctions attacks on free competition. It comprises five sitting members: three lawyers and two economists. Its powers (Art. 18) include hearing contentious and non-contentious matters, issuing general instructions and resolving special appeals, including the review of an FNE resolution prohibiting a concentration. Acts executed in accordance with a non-contentious TDLC decision generate no liability (Art. 32), unless requalified on new evidence.

National Economic Prosecutor's Office (FNE)

A decentralized, independent public service under the President's oversight through the Ministry of Economy. It is the prosecuting body and administrator of merger control. The Prosecutor's powers (Art. 39) include opening investigations, acting as a party before the TDLC and the courts, and setting notification thresholds by resolution. To pursue cartels it has enhanced intrusive powers: with prior authorization from the TDLC and a Court of Appeals judge, it may raid and force entry, search and seize documents, and intercept communications.

Supreme Court

It closes the system and reviews TDLC decisions, through its Third Chamber, when the corresponding appeal is filed. An appeal adds significant time to closing.

OGC INSIGHT

Any internal communication about prices, market allocation, customers or competitors can end up with the FNE. Treat it as a document a third party will read, and establish compliance policies, with regular training and a whistleblowing channel, which operate as mitigating factors. If you plan an agreement of doubtful legality, submit it to the TDLC's non-contentious consultation.

ANTICOMPETITIVE CONDUCT

Article 3 defines the general rule and, in its letters, illustrates it with four groups of conduct. The list is not exhaustive.

Collusion and agreements between competitors • letter a

The most serious conduct. It distinguishes hard-core cartels — agreements fixing purchase or sale prices, limiting output, allocating territories or market quotas, or rigging tenders — from agreements or concerted practices that, by conferring market power, determine marketing conditions or exclude competitors. For hard-core cartels, proving the agreement suffices, without proving market power; in the second hypothesis, market power is an element of the offense. The agreement may be express or tacit.

Abuse of dominance • letter b

It sanctions the abusive exploitation of a dominant position by an agent or a group under common control. The law does not punish holding dominance, but abusing it to exclude competitors or exploit customers and suppliers. DL 211 neither defines it nor sets a share threshold; the analysis is case by case. Abuses include arbitrary discrimination, unjustified refusal to sell, tying, resale price maintenance and certain discounts with exclusionary effects.

UNFAIR COMPETITION AND INTERLOCKING

Linked unfair competition • letter c

It sanctions predatory or unfair competition practices carried out to attain, maintain or increase a dominant position. Law No. 20,169 regulates unfair competition generally and assigns it to the civil courts; when such practices seek dominance, they also fall under the TDLC, so the same conduct can generate a civil action and an antitrust action in parallel.

Interlocking and minority stakes • letter d

It prohibits the simultaneous participation of one person as director or relevant executive in two or more competing companies (interlocking). It applies when each company's business group has annual revenue above UF 100,000 in the last calendar year, and the situation persists 90 days after that year ends.

Separate from merger control, there is also an obligation to report to the FNE, within 60 days, the direct or indirect acquisition of more than 10% of a competitor's capital, provided both the acquirer (or its group) and the target exceed UF 100,000 in annual revenue in the prior year.

OGC INSIGHT

Collusion risk also covers the exchange of sensitive commercial information, coordination via trade associations and the use of a common supplier as a bridge between competitors. If you hold a high market share, review exclusivities, loyalty discounts, refusals to sell and tying. And map interlocking and stakes above 10% in due diligence, which trigger cessation or reporting obligations with tight deadlines.

CONTROL OF CONCENTRATION TRANSACTIONS

Mandatory prior merger control is the most significant change of Law No. 20,945 (Title IV of DL 211, Arts. 46 to 61), regulated by Decree No. 41 of 2021.

When notification is mandatory

The obligation requires two cumulative conditions. First, that it is a concentration transaction (Art. 47), i.e. that two or more previously independent agents, from different groups, cease to be so by merger; by acquisition of rights allowing decisive influence over another's management; by association to form an independent, permanent agent; or by acquisition of control over a third party's assets. Second, that the FNE's sales thresholds are exceeded and the transaction produces effects in Chile.

Threshold	Current amount	Statute
Combined sales in Chile of the agents planning to concentrate	Equal to or above 2,500,000	UF Art. 48 letter a), DL 211; Exempt Res. No. 157 of 2019, FNE
Individual sales in Chile of at least two of the agents	Equal to or above 450,000 each	UF Art. 48 letter b), DL 211; Exempt Res. No. 157 of 2019, FNE

Both thresholds must be met jointly. Conversion to pesos uses the UF value at December 31 of the prior year. Below-threshold transactions may be notified voluntarily under the same procedure. The FNE may adjust the thresholds, so confirm the current amount.

OGC INSIGHT

Merger control is a timing factor. A transaction above the thresholds cannot close before clearance, so reflect this in the closing and the conditions precedent. Completing before clearance — so-called gun jumping — is a sanctionable infringement in itself.

PROCEDURE, DEADLINES AND REVIEW

Once notified, the transaction is suspended and cannot be completed until clearance (Art. 49). The procedure has two phases, preceded by a completeness review (deadlines under Art. 54).

Stage	FNE deadline	Possible outcome
Completeness review	10 business days from notification	Opens the investigation if complete; otherwise grants 10 business days to cure. Silence is deemed the start of Phase I.
Phase I	30 business days from the start of the investigation	Unconditional approval; approval with the notifying party's remedies; or extension to Phase II for up to 90 business days.
Phase II	90 business days	Unconditional approval; approval with remedies; or prohibition of the transaction.

FNE silence at the end of each phase is deemed approval on the terms proposed by the notifying party. Extension to Phase II allows interested third parties to submit evidence. The Regulation provides for simplified notification for less complex transactions.

Review by the TDLC

Against an FNE resolution prohibiting a transaction, the parties may file a special review appeal before the TDLC within 10 days (Arts. 18 No. 5, 57 and 31 bis). The TDLC calls a public hearing within sixty days of receiving the file, and judgment is issued within sixty days of that hearing. That judgment is generally unappealable, except when the TDLC approves subject to remedies different from the last ones proposed, in which case the parties and the FNE may appeal to the Supreme Court.

LENIENCY

Leniency allows a cartel participant who cooperates with the FNE to obtain exemption from or reduction of sanctions (Art. 39 bis). It requires providing precise, truthful and verifiable evidence proving the conduct and identifying those responsible; keeping the application confidential until the FNE files its complaint or closes the investigation; and immediately ending participation in the cartel, unless the FNE directs otherwise.

The benefits depend on order of arrival. The first applicant providing decisive evidence may obtain exemption from dissolution, from Article 26 fines and from criminal sanctions. The second who meets the requirements and provides additional evidence may obtain a fine reduction, which cannot exceed 50% of the highest fine sought against the other respondents. It does not reach whoever organized the cartel by coercing others to participate.

OGC INSIGHT

Leniency rewards speed. Being first makes the difference between full exemption and a partial reduction or none, and it does not protect against third-party damages claims. Assess the application immediately and with counsel.

SANCTIONS AND LIABILITY

The sanctions the TDLC may impose are in Article 26 and stack in three layers.

Administrative. Modification or termination of acts, contracts or agreements contrary to the law; modification or dissolution of the legal entity; and a fine payable to the Treasury of up to 30% of the infringer's sales in the line of business associated with the infringement during its duration, or up to twice the economic benefit obtained. If neither sales nor benefit can be determined, the fine may reach 60,000 UTA. It may be imposed on the legal entity and, additionally, on its directors, managers and anyone who took part; fines on individuals may not be paid by the company or its partners.

Criminal (hard-core cartels). The TDLC may bar contracting with the State and being awarded State concessions. Added to this is the criminal regime of Title V of DL 211 (Arts. 62 et seq.), with prison sentences for individuals who enter into, organize or execute the agreement. The 2023 Economic Crimes Law No. 21,595 included collusion among economic crimes. As for legal entities, the current Art. 65 provides that, until the law coordinates the concurrence of penalties for the infringement and the crime of collusion, they will not be criminally liable for collusion, without prejudice to antitrust sanctions and the criminal liability of their executives.

Civil. Anyone harmed by an infringement declared by the TDLC may seek damages before the same tribunal, through summary proceedings, with the ruling grounded on the facts of the prior infringement judgment, which eases the burden of proof.

Additionally, failure to notify a concentration is punished with a fine of up to 20 UTA per day of delay from completion (Arts. 3 bis and 26); failure to report a stake above 10% in a competitor falls under the general regime (Arts. 4 bis and 26).

OGC INSIGHT

The three layers stack and, for the board of a Chilean subsidiary, the risk is also personal, because fines on individuals cannot be shifted to the company.

INTERACTION WITH SECTORAL REGULATORS

DL 211 coexists with sectoral regulation. In regulated markets — telecommunications, energy, banking and insurance, transport — sector regulators operate alongside the general regime, so the same conduct may concern the FNE and the TDLC and, in parallel, the sector regulator.

OGC INSIGHT

If you operate in a regulated sector, map both fronts, because complying with sectoral regulation does not immunize you against DL 211, and conduct tolerated by the regulator can still be reviewed by the FNE if it affects competition.

DOES YOUR COMMERCIAL MODEL OR
PRICING STRATEGY HAVE DL 211
EXPOSURE?

Talk to Cubillos Lama.

[SCHEDULE A MEETING](#)

VII

CONSUMER PROTECTION

Consumer protection is one of the most active regulatory fronts for any company selling goods or services to the public in Chile. Law No. 19,496 on Consumer Rights Protection imposes obligations that operate day to day, from an advertisement to the fine print of an adhesion contract and the term of a warranty. For a foreign provider, the risk is not only the fine, but the class action, SERNAC enforcement and the reputational cost of the judgment.

IN THIS CHAPTER

Legal framework · Scope · Advertising · Abusive clauses · Legal warranty · Withdrawal · E-commerce · SERNAC
· Sanctions

LEGAL FRAMEWORK AND SYSTEM ARCHITECTURE

The backbone of Chilean consumer law is Law No. 19,496, known as the Consumer Protection Law (LPDC). Three reforms concentrate the bulk of the current obligations.

Law No. 20,555, published on December 5, 2011, created the Financial SERNAC and extended oversight to financial products and services, with disclosure duties on the cost of credit.

Law No. 21,081, published on September 13, 2018, strengthened SERNAC, raised fines, defined mitigating and aggravating circumstances, and gave it the power to interpret the rules administratively.

Law No. 21,398, published on December 24, 2021 and known as the Pro-Consumer Law, enshrined the pro-consumer principle, expanded rights in e-commerce and reformed the legal warranty.

The law seeks to correct the asymmetry of the consumer relationship with rights that cannot be waived in advance, so any clause waiving a consumer right beforehand is void.

CONSUMER, PROVIDER AND SCOPE

The LPDC defines the consumer as the individual or legal entity that, under any onerous legal act, acquires, uses or enjoys goods or services as end recipient. The provider is the individual or legal entity, public or private, that habitually carries out activities of production, manufacture, import, construction, distribution or marketing of goods, or provision of services, for which it charges a price or fee.

The law adds cases it expressly covers, including the supply of a furnished property for rest or tourism for periods not exceeding three months, certain aspects of basic, secondary and higher education services, home sales by construction companies, real estate developers and the Housing and Urbanization Service, and acts connected with health services, excluding benefits and financing regulated by special laws.

This includes the right to individual compensation where the special law provides no procedure for it. Thus, a bank, a health insurer or a telecommunications company regulated by the CMF, the Superintendence of Health or Subtel coexists with the LPDC in the matters the LPDC reserves.

Protection extends partially to smaller companies. Law No. 20,416, known as the SME Statute, establishes in its ninth article the protection of micro and small enterprises acting as consumers, making certain LPDC rules applicable to specific acts and contracts with their suppliers, though excluding the rules on SERNAC's role; actions are channeled to the competent Local Police Court or through whatever avenues apply at the company's option. SERNAC has held, in its Interpretive Ruling on Administrative Interpretation Request No. 36,258, of May 31, 2023, that micro and small enterprises may exercise the legal warranty in their consumer role, under the ninth article of Law No. 20,416.

OGC INSIGHT

The counterparty's size and the good's end use can trigger consumer protection in business-to-business sales; do not assume your wholesale channel is outside the LPDC.

BASIC CONSUMER RIGHTS AND DUTIES

Article 3 of the LPDC recognizes a core of basic rights, all unwaivable in advance. They include free choice of the good or service, truthful and timely information on goods and services and their conditions, freedom from arbitrary discrimination, safety in consumption and protection of health and the environment, adequate and timely repair and compensation of all material and moral damages in case of breach, and education for responsible consumption. In financial matters, the Pro-Consumer Law reinforced the right to go before the competent court. The same article sets duties for the consumer, such as informing themselves responsibly, dealing with established commerce and avoiding risks affecting their safety.

Two rules have immediate operational consequences. **Silence never constitutes acceptance** in consumer transactions; the provider cannot read a lack of response as a yes, nor charge for an additional service on that basis. And under the **pro-consumer principle** of Law No. 21,398, every provision of the law, and in particular the terms of an adhesion contract, is interpreted in the sense most favorable to the consumer, with the most favorable term prevailing over contradictory ones.

OGC INSIGHT

Assume any gap or ambiguity will play against the provider; protection lies in the clarity of the commercial flow, and no charge should be built on the customer's silence.

DUTY OF INFORMATION AND ADVERTISING

The LPDC requires the consumer to receive all basic commercial information relevant to an informed decision, including the price, taxes included, the contracting conditions and the characteristics of the good or service.

False or misleading advertising

Article 28 sanctions anyone who, through any medium, induces error or deception regarding relevant elements of the good or service, including components and composition, suitability for the intended purposes, relevant characteristics, price and payment method or cost of credit, warranty conditions, and characteristics relating to environmental harm or recyclability or reusability. Article 28 A adds the prohibition of advertising that causes confusion about the identity of companies, brands or other distinctive signs. Advertising binds the provider; objective conditions communicated become part of the contract and are enforceable, and the rules also reach labels, signage, promotions, offers and contests.

“From” pricing, fine print and financing bonuses

Advertising a product “from” a value requires that price to correspond to a real, available and sufficient offer, and that the conditions restricting it be as clear and visible as the highlighted figure. Hiding an essential condition in a footnote, smaller type or a secondary link exposes the provider to a misleading advertising charge under Article 28. The same applies to discounts conditional on the payment method and to financing bonuses — the rebate obtained only if the consumer takes the provider’s credit.

CONSUMER CREDIT, THE CAE AND TOTAL CREDIT COST

The LPDC's consumer credit section, reinforced by Law No. 20,555, imposes financial disclosure duties so the consumer can compare offers on a homogeneous basis. The credit provider must disclose the total cost of the credit, expressed as the **Equivalent Annual Charge (CAE)**, an annual percentage indicator integrating the interest rate, commissions, expenses and associated insurance. It must also disclose the total cost of the credit in pesos, the interest rate, the number and amount of installments, and the product's commercial and financial conditions.

These duties are developed in regulations. Decree No. 43 of 2012 of the Ministry of Economy approved the Regulation on consumer credit information; Decree No. 44 of 2012 that on bank and non-bank credit cards; and Decree No. 48 of 2020 that on the content and information of the settlement certificate, in addition to amending Decrees Nos. 42, 43 and 44 of 2012. For mortgage loans, Decree No. 42 of 2012 applies, whose current version should be checked against the rules applicable to the transaction.

OGC INSIGHT

Any condition limiting an offer must be as visible as the hook, the advertised price must be what the customer pays with taxes included, and the CAE and total cost in pesos are mandatory information, not fine print.

ABUSIVE CLAUSES AND ADHESION CONTRACTS

An adhesion contract is one whose clauses have been drafted and imposed unilaterally by the provider, with no ability for the consumer to alter them. The LPDC regulates it from two angles.

Formally, it must be legibly written, in Spanish, in a font size no smaller than 2.5 millimeters, and the consumer must be able to know its full content before being bound; the Pro-Consumer Law reinforced the requirement to make them available to the enforcement authority.

On substance, Article 16 declares abusive clauses to be entirely without effect and lists prohibited categories. These include clauses empowering the provider to unilaterally void, modify or suspend the contract; those establishing price increases for services, accessories, financing or surcharges unless the consumer can accept or reject them in each case; those charging the consumer for deficiencies, omissions or administrative errors not attributable to them; those reversing the burden of proof to their detriment; absolute liability limitations depriving them of redress for deficiencies affecting the product's or service's essential utility or purpose; those including blanks not filled in before signing; and those limiting their rights. It closes with a general clause condemning stipulations contrary to good faith that cause a significant imbalance to the consumer's detriment.

Articles 16 A and 16 B regulate the consequences. Once a judge declares one or more abusive clauses void, the contract survives with the rest, unless that is impossible given its nature or the parties' intent, and the pro-consumer principle also governs its interpretation.

OGC INSIGHT

Your terms and conditions are an adhesion contract under permanent scrutiny; the clause that seems to protect you — a unilateral amendment power or an exemption for essential failures — is usually the one a court strikes down. Have them legally reviewed before publishing.

LEGAL WARRANTY: THE TRIPLE OPTION

The legal warranty, regulated in Articles 19 to 21 of the LPDC, gives the consumer a remedy when a product is faulty or unfit for ordinary use. Faced with a defective product, they may choose, at their discretion, between **free repair** of the good, its **replacement** or a **refund** of the amount paid — the so-called triple option. This choice belongs to the consumer, not the provider, and the Pro-Consumer Law required it to be communicated in stores, branches and websites.

THE TRIPLE OPTION APPLIES IN THE FOLLOWING CASES:

When a product subject to mandatory safety or quality standards fails to meet the corresponding specifications.

When, due to deficiencies of manufacture, preparation, materials, structure, quality or sanitary conditions, the product is not fully fit for its intended use or the use the provider advertised.

When, after the warranty is exercised and technical service provided, deficiencies persist that prevent normal use of the good.

· Metal fineness lower than indicated in gold work and jewelry

When the materials, parts, pieces or components making up the product do not match the specifications they display or the label's statements.

When the provider and consumer agreed the product would meet certain specifications and it does not.

When the item has hidden defects or vices that make its habitual use impossible.

The term was one of the points reformed by Law No. 21,398. The current general term for durable goods is six months from the consumer's receipt of the product; before the reform it was three months. For food and perishables, the warranty is determined by the date on the packaging or, absent that indication, by a maximum of seven days, per Article 21, paragraph 7 of Law No. 19,496. If the good is sold with a voluntary warranty longer than six months, the longer term prevails. SERNAC systematized these terms in its Interpretive Circular on exercising the legal warranty, approved by Exempt Resolution No. 779 of 2023.

VOLUNTARY WARRANTY AND RIGHT OF WITHDRAWAL

Interaction between legal and voluntary warranties

The voluntary or contractual warranty is what the provider or manufacturer offers above the legal minimum. It neither replaces nor diminishes the legal warranty, which cannot be waived. SERNAC clarified in its Administrative Ruling on the application of legal and voluntary warranties, of November 18, 2021, referring to Articles 20 and 21 of Law No. 19,496, that where a compliant voluntary warranty exists, the consumer must first exhaust it before exercising the legal triple option.

Right of withdrawal

The right of withdrawal allows the consumer to unilaterally terminate the contract within 10 days from receipt of the product or from contracting the service and before its provision, without stating cause. It is regulated by Article 3 bis of the LPDC and operates in the following cases:

That period extends to ninety days when the provider fails to send the written confirmation of the contract required by Article 12 A. For higher education services provided by professional institutes, universities and technical training centers, Article 3 ter regulates a special withdrawal, whose ten-calendar-day period runs from the first publication of admission results for the Council of Rectors universities.

OGC INSIGHT

To exclude withdrawal in distance services, do it unambiguously, prominently and accessibly before contracting and payment; for goods, verify that a legal exclusion applies. Always send the written confirmation and document delivery and dispatch, because omitting it extends the period from ten to ninety days.

E-COMMERCE AND DISTANCE SELLING

E-commerce today concentrates most consumer litigation, and the LPDC applies rules combining the duty of information, the adhesion contract regime and the right of withdrawal. A provider selling through electronic means must, at a minimum:

Inform clearly, comprehensibly and unambiguously of the contract's general conditions and allow them to be stored or printed before contracting.

Confirm Send written confirmation once the consumer accepts.

Honor the conditions, terms and timelines offered or advertised, including delivery.

Not refuse unjustifiably the sale or service publicly offered.

Its terms and conditions are an adhesion contract, subject to Article 16 review and the pro-consumer principle, and breach of the offered dispatch time is an infringement and, as the case may be, a source of liability.

OGC INSIGHT

In e-commerce, operational details are legal obligations. Define in advance, with written protocols, how you will handle a pricing error or a stockout, because if handled poorly they can escalate to a class action.

INSTITUTIONS AND SERNAC'S ROLE

The National Consumer Service, SERNAC, oversees LPDC compliance. It enforces consumer regulation, interprets it administratively through circulars and rulings, proposes to the President the enactment, amendment or repeal of rules, manages complaints and conducts the voluntary procedure for protecting collective or diffuse interests. It may mediate and litigate, but does not impose fines itself — that decision belongs to the competent court. The administrative interpretation power, granted by Law No. 21,081, matters because its circulars and rulings set criteria guiding its enforcement, though their ultimate legal weight is defined by the courts.

Alongside SERNAC operate Consumer Associations, independent organizations that defend collective and diffuse interests and may bring the law's actions on behalf of consumers. The LPDC also created the SERNAC Seal, a certification the service may grant, at the provider's request, to adhesion contracts for financial products and services that comply with the law; its use has been limited.

OGC INSIGHT

SERNAC does not impose fines itself, but it is the main driver of consumer risk. It inspects, conducts collective mediations and brings court actions on behalf of consumers. Monitor its circulars and rulings, because they anticipate the criteria by which it will judge your conduct.

TYPES OF ACTION AND PROCEDURAL ROUTE

Breach of the LPDC gives rise to actions seeking to sanction the infringement, void abusive clauses, demand performance, stop the act and obtain compensation, classified into three categories according to the interest they protect.

The **individual interest action** defends the rights of a specific consumer. It is generally heard by the Local Police Court of the place where the contract was made, the infringement committed or its performance began, at the plaintiff's choice; for electronic contracts, when those places cannot be determined, the law provides a special rule tied to the consumer's commune of residence. No attorney is required, and clauses purporting to extend jurisdiction beyond the legal options are inadmissible.

The **collective interest action** defends the common rights of a determined or determinable group of consumers linked to a provider by a contractual bond, and the **diffuse interest** action protects an undetermined set. Both follow the special procedure of Articles 51 et seq., and may only be initiated by SERNAC, a legally constituted Consumer Association or a group of no fewer than fifty consumers. Once the suit begins, other affected parties may join, and the complaint interrupts the limitation period for damages actions.

Added to these routes is the voluntary procedure for protecting collective or diffuse interests, regulated in Articles 54 H et seq., a collective mediation SERNAC manages to reach an out-of-court agreement with the provider that repairs the harm. If the provider does not participate or the solution does not resolve the problem, SERNAC may bring the class action.

SANCTIONS AND LIMITATION PERIODS

Fines imposed by the court go to the Treasury and do not compensate the consumer, whose redress is obtained through damages. The LPDC contains no single schedule but scattered sanctions, and the general rule is a fine of up to 300 UTM, unless a specific sanction applies. False or misleading advertising can carry fines of up to 750 UTM, rising to 1,500 UTM when it concerns characteristics affecting public health or safety or the environment. Omitting instructions, warnings or safety measures for dangerous products, and other serious infringements, can reach fines of up to 2,250 UTM.

Law No. 21,081 introduced a system of mitigating and aggravating circumstances the court must weigh. Self-reporting and substantial cooperation with SERNAC operate as mitigating factors; being sanctioned for the same infringement within the previous twenty-four months, causing serious economic harm, affecting the consumer's physical or mental integrity, and endangering their safety or the community's operate as aggravating factors.

Actions to pursue infringement liability generally lapse after two years, though the computation depends on how the infringement is configured, especially for continuing ones. That period is suspended when the consumer files a complaint with the provider's customer service, a mediator or SERNAC. The LPDC also provides for the publication and registration of Local Police Court judgments, adding a reputational cost to the economic one.

OGC INSIGHT

The fine is rarely the biggest cost; the class action, the published judgment and the media coverage usually weigh more. Self-reporting and cooperation with SERNAC are mitigating factors, and finding the problem before the regulator does changes the company's position. In the same vein, implement a consumer compliance program. The law expressly recognizes compliance programs as a mitigating circumstance for infringement liability, and SERNAC has promoted their adoption as a preventive tool that orders internal processes, trains staff and enables detecting and correcting breaches before the regulator acts.

SECTORS WITH REINFORCED CONSUMER REGULATION

Some industries bear an additional layer on top of the LPDC. In financial services, SERNAC — with the Law No. 20,555 powers over credit disclosure and adhesion contracts — coexists with the Financial Market Commission (CMF) as prudential regulator. The Pro-Consumer Law added obligations to assess the consumer's solvency when contracting credit or financing products, and to disclose the result.

In telecommunications, Subtel regulates service provision, while the LPDC governs the consumer relationship in matters not covered by the special rules and in relation to collective or diffuse interests and individual compensation. In health and insurance, the Superintendence of Health and the CMF regulate providers and insurers, and the LPDC applies with the exclusions proper to benefits governed by special laws. In real estate, the LPDC reaches certain aspects of home sales by developers and construction companies, excluding construction quality, governed by the General Urbanism and Construction Law.

OGC INSIGHT

If you operate in a regulated sector, do not assume the sectoral rules displace the LPDC; collective or diffuse interests and individual compensation reappear even where a special regulator exists, and the overlap concentrates the complaints.

DO YOUR ADVERTISING, TERMS AND CONDITIONS AND ONLINE SALES CHANNEL COMPLY WITH LAW NO. 19,496?

[SCHEDULE A MEETING](#)

VIII

INTELLECTUAL PROPERTY

For many companies entering Chile, the most valuable asset is not a plant or a fleet, but a trademark, a patent or a trade secret. Chile protects intellectual property at the constitutional level and organizes it in two separate statutes, one for industrial property and one for copyright. Foreigners have access on equal terms with nationals and protection periods are long. This chapter explains how each intangible asset is protected, what terms apply and how filings are processed before INAPI.

IN THIS CHAPTER

Dual system · Trademarks · Patents · Designs · Trade secrets · INAPI · Copyright · .CL domains · Treaties

A DUAL SYSTEM OF PROTECTION

Industrial property is governed by Law No. 19,039 and covers trademarks, invention patents, utility models, industrial drawings and designs, layout designs or topographies of integrated circuits, geographical indications, appellations of origin and trade secrets. The authority is the National Institute of Industrial Property (INAPI), created by Law No. 20,254.

Copyright is governed by Law No. 17,336 and protects works of the intellect in the literary, artistic and scientific domains, including software, together with the related rights of artists, performers, phonogram producers and broadcasting organizations. The authority is the Intellectual Rights Department, under the National Cultural Heritage Service (Art. 90, Law No. 17,336).

The distinction matters in practice. Most industrial property rights require a title or registration before INAPI; trade secrets are not registered and are protected while kept confidential; and copyright protects the work from its creation, without formality, with a registry that serves evidentiary rather than constitutive purposes.

Above both regimes sits constitutional recognition. Article 19 No. 25 of the Constitution protects both copyright over scientific, literary, artistic or intellectual creations and ownership of inventions, trademarks, patents and other forms of industrial property, for the term the law establishes.

Access for foreign owners

The system does not discriminate by nationality. A foreign applicant must appoint an agent domiciled in Chile, but since accession to the Trademark Law Treaty (TLT) a simple power of attorney suffices, without legalization or consular authentication. The rights are transferable, licensable and chargeable, and their assignment is formalized by private instrument in Spanish, without protocolization or consular authentication.

TRADEMARKS

A trademark is a representable sign that distinguishes one person's products, services or establishments from another's, and includes words, figurative elements, color combinations and advertising slogans associated with a registered mark (Art. 19, Law No. 19,039). A sign without inherent distinctiveness may be registered if it acquired distinctiveness through sustained use (acquired distinctiveness or "secondary meaning"). Law No. 21,355 extended the concept to non-traditional signs; today three-dimensional, sound, olfactory, position, pattern, motion and holographic marks can be registered, provided they admit clear and precise representation.

Non-registrable signs include, among others, those generic or descriptive of the product or service, those misleading as to origin or quality, those contrary to morals and public order, official flags and emblems, and those graphically or phonetically identical or similar to a mark already registered or applied for covering identical or related products, such that confusion may arise. A well-known foreign mark enjoys reinforced protection and its owner may oppose similar signs and even seek the annulment of an already granted registration.

Chile applies the Nice Classification; the mark protects only the products or services in the covered classes. Since July 4, 2022, Chile is part of the **Madrid Protocol**, which allows foreign owners to designate Chile in an international application before WIPO.

Registration lasts **ten years** from its recording and is renewable for equal ten-year periods indefinitely. Renewal may be requested during the six months before expiry and up to six months after, with payment of fees and surcharges. Once that grace period lapses, the mark is lost and must be applied for anew. The owner must use "Marca Registrada," "M.R." or "®"; omitting the marking does not invalidate the mark, but bars criminal infringement actions and reduces protection to the civil route.

THE USE REQUIREMENT INTRODUCED BY LAW NO. 21,355

For decades Chile was the only country in Latin America where use was not a requirement to register or maintain a mark. Law No. 21,355 introduced **revocation for non-use** (Arts. 27 bis A and 27 bis B, Law No. 19,039). Total or partial revocation applies if, five years after grant, the mark has not been the subject of real and effective use in the national territory by its owner or a third party with its consent, or if use was suspended uninterruptedly for the same period. It does not proceed ex officio, but at the request of anyone with a legitimate interest, and the burden of proving use falls on the owner.

The change reorders portfolio strategy. Defensive registration and letting the mark sleep is no longer enough; you must document real use (invoices, advertising, points of sale) and, for licenses, register them and preserve evidence of the licensee's use.

5 years

without real and effective use since grant enable revocation

10 years

of registration validity, renewable indefinitely



without marking there are no criminal actions, only civil protection

INVENTION PATENTS

An invention is any solution to a technical problem giving rise to an industrial activity, whether a product or a process; the patent is the inventor's exclusive right to prevent its commercial exploitation by third parties for a limited term (Title III, Law No. 19,039). Inventions in all fields of technology are patentable if they meet three requirements: novelty, i.e. not forming part of the state of the art; inventive step, i.e. not obvious to a person skilled in the art; and industrial applicability.

Protection lasts **twenty years** from the filing of the application, is not renewable and is subject to payment of maintenance fees. The territoriality principle applies; patenting in your home country does not protect you in Chile by that fact alone.

The law provides a grace period. Disclosures made within the twelve months before the application do not affect novelty or inventive step if they come from the applicant or inventor themselves, or from an abuse against them. The law also provides supplementary protection for unjustified administrative delays in prosecution, for a term equal to the proven delay (Paragraph 2 of Title III, Arts. 53 Bis 1 et seq.). For criminal actions, the object must bear "Patente de Invención" or "P.I." followed by the number, except process patents, which are exempt; omission limits remedies to the civil action.

Chile has been a party to the **Patent Cooperation Treaty (PCT)** since June 2009. The PCT does not grant international patents; it unifies filing, and the applicant has thirty months from the priority date to enter the national phase in Chile. INAPI was designated an International Searching and International Preliminary Examining Authority under the PCT.

Employee inventions

When the invention arises from an employment or services relationship, ownership is defined by the nature of the relationship and the use of the employer's resources (Title VI, Law No. 19,039). If the contract's purpose is inventive activity, the right to seek registration and exploit the invention belongs to the employer, unless agreed otherwise. If the worker was not hired to invent, the right is theirs, but if they used the company's knowledge or means, ownership passes to the employer, who must compensate them in an amount agreed between the parties.

MODELS, DESIGNS, SECRETS AND INDICATIONS

Utility models

The utility model protects instruments, apparatus, tools, devices and objects, or parts of them, whose configuration gives them a utility or technical effect previously nonexistent for their function (Title IV, Law No. 19,039). It is patentable if it meets novelty and industrial applicability. Protection lasts ten years, is not renewable and runs from filing. The marking is “Modelo de Utilidad” or “MU” followed by the number, with the same consequence as patents if omitted.

Industrial drawings and designs

An industrial design is the three-dimensional shape or article serving as a pattern to manufacture identical items, distinguished by its shape, configuration or ornamentation, new and visible in character. An industrial drawing is the arrangement of figures, lines or colors incorporated into a product for ornamental purposes (Title V, Law No. 19,039). Designs whose appearance is dictated solely by technical or functional considerations are not registrable.

Protection is granted for a non-renewable term of up to fifteen years from filing. Law No. 21,355 also introduced a deposit certificate as a simplified route, likewise valid for up to fifteen years (Paragraph 2 of Title V, Arts. 67 bis A et seq.). The marking is “Diseño Industrial” or “Dibujo Industrial,” or “DI,” followed by the number.

Law No. 19,039 also protects layout designs or topographies of integrated circuits, i.e. the three-dimensional arrangement of a circuit’s elements (Title VII, Arts. 73 et seq.), a niche figure relevant to the semiconductor and electronics industry.

Trade secrets and know-how

Law No. 19,039 protects trade secrets, defined as any knowledge about products or industrial processes whose confidentiality gives its holder a competitive advantage (Title VIII, Arts. 86 et seq.). It sanctions their unlawful acquisition, unauthorized disclosure or exploitation, and breach of confidentiality by anyone with legitimate access, when acting with intent to gain undue advantage or cause harm. Law No. 21,355 strengthened this regime.

Unlike a patent, a secret requires no registration and has no term. It lasts while kept confidential, so its protection depends entirely on the holder’s measures; a secret leaked for lack of control ceases to be protected. Its legal value is built with confidentiality agreements, restricted-access policies, contractual clauses and access traceability.

The law also protects undisclosed information submitted to the Public Health Institute or the Agriculture and Livestock Service on the safety and efficacy of pharmaceutical or agro-industrial products with a new chemical entity. That information is confidential and cannot be used to grant sanitary registrations to third parties for five years for pharmaceuticals and ten years for agro-chemicals (Arts. 89 et seq., Law No. 19,039).

Geographical indications and appellations of origin

A geographical indication identifies a product as originating in a country, region or locality when a given quality, reputation or other characteristic is attributable to its geographical origin; the appellation of origin adds that those characteristics stem from natural or human factors specific to the area (Title IX, Law No. 19,039). INAPI administers their recognition and registration at the request of anyone representing a significant group of the area’s producers or the territory’s authorities.

SUMMARY TABLE

Figure	Protected subject matter	Term	Renewal	Marking for criminal action
Trademark	Distinctive sign for products, services or establishments, including non-traditional marks	10 years from recording in the registry	Indefinite, in equal 10-year periods	«M.R.» o «®»
Invention patent	New technical solution, with inventive step and industrial applicability	20 years from filing	Not renewable	«P.I.» número +
Utility model	Configuration of an object providing technical utility	10 years, non-renewable, from the filing of the application or from first commercial exploitation anywhere in the world, as applicable	Not renewable	«MU.» número +
Industrial drawing or design	New shape or ornamentation of a product	Up to 15 years from filing	Not renewable	«DI.» número +
Layout design or topography	Three-dimensional arrangement of an integrated circuit	10 years from filing or first exploitation	Not renewable	Per law
Trade secret	Confidential industrial or commercial knowledge with competitive advantage	While kept confidential	Not applicable	Not applicable
Geographical indication and appellation of origin	Products with qualities attributable to their geographical origin	Indefinite validity subject to registration	Per law	Not applicable

OGC INSIGHT

The patent-versus-secret dilemma is neither binary nor decided by a single rule; it depends on the nature of the asset, its commercial useful life and your real capacity to detect and pursue an infringement. A patent grants an exclusive, temporary, enforceable right — in Chile, twenty years from filing — in exchange for disclosing the invention and bearing prosecution and maintenance costs jurisdiction by jurisdiction; once the term ends, the technology enters the public domain. A trade secret does not expire while kept hidden, but it is fragile: it is lost through reverse engineering, a third party's independent development or a leak, and its legal protection requires showing you adopted reasonable safeguards, such as access controls, confidentiality agreements and information traceability. The decision is therefore one of portfolio, not all-or-nothing. Patent what a competitor can replicate or what will be exposed in the product — and do it before your own disclosure destroys novelty — and keep as secrets the know-how, processes and data that are hard to reconstruct from outside and hard to police. Define that strategy and its protective measures from product design, because a premature disclosure or an undocumented leak is, in practice, irreversible.

PROCEDURE BEFORE INAPI AND THE TDPI

Registration begins with the application before INAPI, which verifies formal requirements and orders publication of an extract in the Official Gazette. From publication runs the third-party opposition period: thirty days for trademarks and forty-five for patents, utility models, designs, topographies and geographical indications; for the latter figures an expert is also appointed to prepare a report. The INAPI Director decides at first instance, and the decision is appealed before the Industrial Property Court (TDPI) within fifteen days of notification, whether or not there was opposition. The TDPI is a special collegiate court, and its rulings admit cassation before the Supreme Court for errors of law affecting the operative part.

■ The law distinguishes two challenge actions:

■ Both are heard by INAPI with appeal to the TDPI. For trademarks, annulment must be brought within five years of registration, unless the registration was obtained in bad faith, in which case it never lapses (Art. 27, Law No. 19,039).

■ **Revocation.** Introduced forcefully by Law No. 21,355 for trademarks, it applies for lack of real and effective use. Both actions are heard by INAPI with appeal to the TDPI.

Processing time varies. An unopposed trademark is resolved in about six months and an opposed one in around a year; an unopposed patent takes on the order of three years due to substantive expert examination. These are reference figures, depending on INAPI's workload and case complexity.

OGC INSIGHT

Trademark registration works by publication and opposition. Each application is published in the Official Gazette and opens a short period — thirty days — for a third party to oppose. That deadline is fatal; once expired, it cannot be recovered. If you let the publication of a mark you do not want registered slip by, you lose the natural route to block its registration and are relegated to a later annulment action — longer, more expensive and uncertain. Portfolio defense is therefore not reactive but a matter of permanent surveillance. No one tells you a third party applied for a similar mark; it only appears in the Official Gazette. Implement a monitoring service — in-house or external — that reviews the publications, calendar the deadline as soon as you detect a conflict, and have the opposition decision resolved in advance, because reacting late is equivalent to losing the right to act through the most efficient route. The same logic works against you, since your own application can be opposed, so clear the risks with a prior-rights search before filing.

COPYRIGHT

Protected works and birth of the right

Law No. 17,336 protects works of the intellect in the literary, artistic and scientific domains, whatever their form of expression (Art. 1). The Art. 3 catalog is broad and illustrative, including books, musical, dramatic, audiovisual and photographic works, works of art, architectural projects and, expressly, computer programs, databases and compilations. Protection arises with creation, without registration or formality. The law distinguishes moral from economic rights. The moral right includes claiming authorship of the work and opposing distortions that harm it; it is inalienable and non-transferable (Arts. 14 to 16). The economic right entitles the owner to use the work and authorize its use by third parties, and that one is transferable (Arts. 17 et seq.).

Term of protection

Protection extends for the author's entire life and **seventy years** from their death (Art. 10). If ownership belongs to a legal entity, it lasts seventy years from first publication. These are among the longest terms in comparative law, in line with Chile's free trade agreements.

The software regime

A computer program is protected as a work from its creation, like any other under Law No. 17,336. Article 8 contains special ownership rules, always subject to written agreement to the contrary. For programs produced by employees in the course of their duties, the copyright owner is the employing company; for those produced on a third party's commission to be marketed at its own account and risk, the rights are deemed assigned to that third party. For a technology company, the contract governs software better than registration, and it should regulate economic ownership, use, modification, sublicensing, code exploitation and third-party components.

Registration, transfer and enforcement

Registering the work with the Intellectual Rights Department is not constitutive, but documents the creation date and authorship, useful for proving ownership (Arts. 72 et seq.). Transfer of economic rights, in whole or in part, must be made by public deed or a private instrument certified before a notary, and recorded in the registry within the legal period. Law No. 17,336 provides civil and criminal actions against unauthorized use. Law No. 20,435 of 2010 expanded the catalog of offenses and introduced a liability-limitation regime for internet service providers, with content-removal decisions entrusted to the ordinary courts (Arts. 85 L et seq.).

OGC INSIGHT

In content and software, the contract governs and registration backs it up. The default rule of Article 8 may not match who you believe is the owner, especially with external contractors, and an express assignment closes that flank; transferring rights requires a public deed or notarized private instrument plus recording, not a simple email.

.CL DOMAIN NAMES

Chile's ccTLD is .CL, administered independently by NIC Chile (University of Chile), under the Regulations for the operation of the .CL Domain Name Registry and its resolutions. Any person, Chilean or foreign, can register .CL domains online through www.nic.cl; the registration is deemed filed upon confirmation of the annual fee payment and the domain is published on a list for thirty days. Domains renew indefinitely while the conditions are met.

Anyone who believes their rights are affected may seek revocation under the .CL Domain Name Dispute Resolution Policy. Within the thirty-day publication period they may invoke a preferential interest; after that period, they must show the registration was abusive, cumulatively proving that the domain is identical or confusingly similar to a name, mark or expression over which they have prior rights, that the holder lacks rights or legitimate interests, and that the domain was registered or used in bad faith. Disputes are resolved by online arbitration.

OGC INSIGHT

Domains are assigned first come, first served, with no trademark check, so your brand can end up in a third party's hands. Secure the .CL the same day you file the trademark; recovering it later through abusive-registration revocation, with the burden of proving prior rights and bad faith on you, costs far more.

ENFORCEMENT, JUDICIAL PROTECTION AND TREATIES

In copyright, Law No. 17,336 criminally sanctions infringements and enables civil damages actions. When the violation stems from an arbitrary or unlawful act affecting a constitutional guarantee, the constitutional protection action lies before the Court of Appeals within the Art. 20 constitutional deadline.

At the border, the National Customs Service is empowered to suspend the clearance of goods presumed to infringe industrial property rights, under Law No. 19,912, detaining allegedly counterfeit products while the dispute is resolved.

OGC INSIGHT

The quality of your protection is decided before the conflict. An unrecorded license leaves the licensee without standing, missing legal marking closes the criminal route, and without prepared documentation, border measures before Customs arrive too late.

International treaties

Chile is a party to the main multilateral instruments. In industrial property, it has acceded to the Paris Convention, TRIPS, the PCT, the Trademark Law Treaty (TLT) and the Budapest Treaty. In copyright, it is a party to the Berne Convention. Added to these are the intellectual property chapters of its free trade agreements, including those with the European Union, the United States, Korea and Japan, which raise protection and enforcement standards.

OGC INSIGHT

Paris Convention priority, the PCT's thirty months for the national phase and the TLT's simple power of attorney are benefits lost through missed deadlines. Coordinate your Chilean strategy with your global portfolio from the start.

ARE YOUR TRADEMARK, SOFTWARE
AND KNOW-HOW PROTECTED IN
CHILE?

Talk to Cubillos Lama.

[SCHEDULE A MEETING](#)

IX

PERSONAL DATA PROTECTION

Chile changed the rules for processing personal data. Law No. 21,719, published on December 13, 2024, substantially reforms the previous regime, brings it closer to the European standard and creates an authority with the power to inspect and fine. It takes effect on December 1, 2026, so a foreign company processing data of people in Chile has a limited window to adapt before the new obligations and fines become enforceable.

IN THIS CHAPTER

Regime change · Core concepts · Principles · Lawful bases · Data subject rights · Obligations · Transfers · Agency · Fines

THE REGIME CHANGE AND WHY IT MATTERS

For twenty-five years, personal data processing in Chile was governed by Law No. 19,628 on the Protection of Private Life, published on August 28, 1999. A regional pioneer, it fell behind the digital economy. It allowed data processing with undemanding consent, provided no specialized supervisory authority and left compliance, in practice, to civil actions by affected parties before the ordinary courts. To a company accustomed to the EU's General Data Protection Regulation (GDPR), the Chilean regime seemed lax — and that perception is about to end.

Law No. 21,719, which regulates the protection and processing of personal data and creates the Personal Data Protection Agency, substantially amends Law No. 19,628 and brings it close to the GDPR model. It introduces express processing principles, redefines consent, expands data subject rights, imposes documentary obligations on the controller, regulates international data transfers explicitly for the first time and creates an administrative authority with inspection and sanctioning powers. The text sets fines of up to 20,000 monthly tax units for the most serious infringements.

With a vacancy of nearly twenty-four months, Law No. 19,628 in its original wording remains in force until **December 1, 2026**; from that day the reformed framework applies in full. That gap defines the adaptation timeline for any company with operations or customers in Chile.

For a foreign company, the relevant point is territorial scope. When the controller is not established in Chile, subjection to the Chilean framework must be reviewed case by case under the territorial scenarios provided by the law and the processing's effective connection with data subjects located in the country. A company headquartered abroad that offers services to people in Chile or monitors their behavior can fall within the law's scope even without a local office — an extraterritoriality taken from the European model.

OGC INSIGHT

December 1, 2026 should govern your compliance plan, and it is unwise to wait until that date to start, because the record of processing activities, impact assessments, processor contracts and international transfer mechanisms take months to implement.

THE FUNDAMENTAL RIGHT OF ARTICLE 19 NO. 4

Personal data protection is a constitutional guarantee in Chile. Article 19 No. 4 of the Constitution, in the text fixed by Decree 100 of 2005, assures all persons respect and protection of private life and, after the reform introduced by Law No. 21,096, published on June 16, 2018, the protection of their personal data, whose processing is governed by law.

Law No. 21,719 is the legal development of that right. Article 1 of Law No. 19,628, as amended, declares that it regulates the form and conditions of personal data processing in accordance with Article 19 No. 4 of the Constitution. For a company, non-compliance is not just an administrative fine risk, but the impairment of a constitutional guarantee, with the reputational burden and exposure to actions that entails.

OGC INSIGHT

Treat data protection as compliance with a fundamental right, not a formality. The underlying question is not whether you published a privacy policy, but whether the processing respects the informational self-determination of the people whose data you handle.

SCOPE AND CORE CONCEPTS

Law No. 21,719 works on four concepts that define who is accountable and why.

Personal data. Any information linked or referring to an identified or identifiable natural person. The identifiability standard is broad and not limited to a name or tax ID; an online identifier, an IP address or a combination of data that singles out a person can constitute personal data.

Sensitive personal data is a special category with a reinforced regime. It covers data revealing ethnic or racial origin, political, union or trade affiliation, socioeconomic status, ideological or philosophical convictions, religious beliefs, data on health, human biological profile, sex life, sexual orientation and gender identity, as well as biometric data. Its processing is allowed only with the data subject's express consent or in the enumerated cases the law authorizes, and the burden of proving the lawful basis falls on the controller.

Data controller. The individual or legal entity that decides the purposes and means of the processing, and who answers to the data subject and the Agency. In the typical structure of a foreign company, the parent that defines what data is collected and for what purpose will, as a general rule, be the controller.

The data processor is whoever processes data on the controller's behalf, under a contract. The cloud infrastructure provider, the mass-mailing platform or the payment processor usually act as processors. The law requires the relationship to be in writing and the processor to apply appropriate technical and organizational measures to ensure a level of security adequate to the risk.

OGC INSIGHT

Map your data flows and define, contract by contract, who is controller and who is processor. The same vendor can play different roles depending on the purpose, and that classification determines the clauses you need and the allocation of liability.

THE PROCESSING PRINCIPLES

Article 3 of Law No. 19,628, as amended by Law No. 21,719, sets the principles governing all personal data processing. They are not statements of good intent, but enforceable, sanctionable standards of conduct.

Lawfulness and fairness

Lawfulness and fairness require processing data lawfully and fairly, with the controller able to prove the basis enabling the processing.

Proportionality

Proportionality restricts it to the data necessary, adequate and relevant to the purpose.

Accountability

Accountability makes whoever processes the data legally responsible for complying with the principles.

Transparency and information

Transparency and information require the controller to give the data subject what they need to exercise their rights.

Purpose limitation

Purpose limitation requires collecting data for specific, explicit and lawful purposes, and limiting processing to those purposes.

Accuracy

Accuracy requires data to be exact, complete, current and relevant.

Security

Security requires guaranteeing adequate standards.

Confidentiality

Confidentiality imposes secrecy on those who process or access the data.

Law No. 21,719 turns these principles — previously scattered and without ex officio enforcement — into the axis of the model, and hands them to an agency with sanctioning power.

OGC INSIGHT

Proportionality is the principle that creates most friction with digital businesses, because collecting data just in case is no longer admissible. Review every form and permission in your application and, if a data point is not necessary for the declared purpose, stop asking for it.

LAWFUL BASES AND CONSENT

All personal data processing requires a lawful basis. Law No. 21,719 establishes a catalog of them, and the data subject's consent is one, but not the only one.

Consent, under the new law, must be free, informed, purpose-specific and unambiguous, and be expressed prior to the processing. It is a higher standard than Law No. 19,628's: tacit or presumed consent no longer suffices as a general rule, and the data subject may withdraw it at any time without affecting the lawfulness of processing prior to revocation. For sensitive data, consent must be express and given through a written or verbal declaration or an equivalent technological means, except in the special cases authorized by law.

Alongside consent, processing is lawful when necessary for entering into or performing a contract between the data subject and the controller, when expressly authorized or mandated by law, when necessary to fulfill a legal obligation of the controller, and when necessary to satisfy **legitimate interests** of the controller or a third party that do not override the data subject's rights and freedoms. Legitimate interest as a standalone basis is one of the changes with the greatest operational impact, because it allows certain processing without gathering consent, under a balancing test the controller must be able to justify.

OGC INSIGHT

Do not build your entire data model on consent, which can be withdrawn and requires sustaining evidence of how it was obtained. For structural processing, such as fraud prevention or platform security, legitimate interest or contractual necessity is usually a more solid basis.

DATA SUBJECT RIGHTS

Law No. 21,719 expands and systematizes the rights of the person whose data is processed. The following table summarizes each right and contrasts it, where relevant, with the Law No. 19,628 regime.

Right	Content under Law No. 21,719	Status under Law No. 19,628
Access	Obtain confirmation of whether their data is processed, access it and learn its origin, purpose and recipients.	Recognized more narrowly, focused on knowing what data is stored and to whom it is disclosed
Rectification	Demand correction of inaccurate, outdated or incomplete data.	Recognized for erroneous, inaccurate or incomplete data.
Erasure	Demand deletion when no basis justifies the processing or consent has been withdrawn.	Recognized when storage lacked a legal basis.
Objection	Object to specific processing, including profiling and direct marketing.	Not regulated as a standalone, general right.
Blocking	Request temporary suspension of processing operations while a rectification, erasure or objection request is resolved.	Law No. 19,628 provided for blocking, but not with the new regime's systematic scope.
Portability	Obtain the data in a structured, commonly used format and transfer it to another controller.	Not provided for.
Automated decisions	Object to and not be subject to decisions based solely on automated processing, including profiling, when they produce legal effects or significantly affect them.	Not provided for as a general standalone right.

These rights are exercised before the controller, which must respond within the deadlines and in the form the law sets; if it fails to respond or responds insufficiently, the data subject may complain to the Agency. Portability and objection to profiling are new rights, with no equivalent in Law No. 19,628, and especially sensitive for business models dependent on behavioral analytics.

OGC INSIGHT

You need an internal procedure to handle rights requests before the law takes effect: who receives the request, how the requester's identity is verified, which systems are consulted and within what deadline the response is given. Objection to direct marketing also forces a review of your campaigns and lists.

CONTROLLER OBLIGATIONS

Law No. 21,719 shifts the weight of compliance onto the controller and makes it demonstrable through the following obligations.

The duty of information requires giving the data subject, at the time of collection, the controller's identity and contact details, the processing purposes, the categories of data processed, the recipients or categories of recipients, the existence of international transfers and the rights available to them. It is the minimum content of a law-compliant privacy policy.

The security duty requires the controller and processor to apply appropriate technical and organizational measures to ensure a level of security adequate to the risk. The law also incorporates privacy by design and by default, requiring data protection to be built into product and service design and only the data necessary for each purpose to be processed.

The record of processing activities requires maintaining a documentary inventory of processing operations, which the Agency may request and which is the first evidence of compliance a company must be able to produce.

A data protection impact assessment is required when processing, by its nature, scope, context, technology or purposes, may produce a high risk to data subjects' rights. The law always requires it, among other cases, for systematic evaluations based on automated processing or decisions with significant legal effects, massive or large-scale processing, and systematic monitoring of publicly accessible areas. When it reveals a high risk the controller cannot mitigate, the Agency must be consulted.

The duty to report security breaches requires notifying the Agency of breaches affecting personal data and, depending on the severity and the type of data compromised, the affected data subject as well. A processor detecting a breach must report it to the controller.

The designation of a data protection officer is a figure the law contemplates to channel compliance and the relationship with the Agency. It is not a universal obligation for every controller, but should be assessed according to the operation and, especially, when the company adopts an infringement prevention model or certifiable compliance program. When designated, they act as a contact point and oversee observance of the framework.

OGC INSIGHT

The record of processing activities is the document to start with, because it forces you to map what data you process, for what purpose, on what lawful basis and with what recipients. With that map, the privacy policy, impact assessments and processor contracts are drafted far more easily.

PROCESSORS AND INTERNATIONAL TRANSFERS

The relationship between the controller and its vendors processing data on its behalf must be set out in a **processing agreement**. The law requires the processor to process data only per the controller's instructions, apply appropriate security measures, keep confidentiality and report any breaches it detects. When it subcontracts, the sub-processing chain is subject to the same requirements and liability is not diluted merely by subcontracting.

International data transfer receives, for the first time, express regulation. The general rule is that it is admissible when the destination country has an adequate level of protection, understood as a legal system with standards similar to Chilean law. When it lacks an adequate level, the transfer proceeds if the controller adopts safeguards justifying it, such as contractual clauses, binding corporate rules or other legal instruments. The Agency may issue recommendations, adopt precautionary measures and, in qualified cases, temporarily suspend the sending of data abroad.

On December 19, 2025, Exempt Resolution 202503748 of the Ministry of Economy was published, approving **standard contractual clauses** for international transfers, reducing the burden of negotiating instrument by instrument and giving predictability to companies moving data between Chile and other jurisdictions.

OGC INSIGHT

For a foreign company, international transfer is usually the critical point, because its normal operation involves sending data of people in Chile to servers outside the country. Check where your data goes and under what safeguard; if the destination lacks an adequate level, standard contractual clauses are the most direct route, and don't assume you're covered just because your vendor is a well-known global company.

THE PERSONAL DATA PROTECTION AGENCY

Law No. 21,719 creates the Personal Data Protection Agency as an autonomous public-law corporation, technical in nature, decentralized, with its own legal personality and assets. It is the missing piece in the Law No. 19,628 regime and the one that fundamentally changes the incentive to comply.

The Agency oversees compliance with the law's principles, rights and obligations, resolves data subjects' complaints against controllers, investigates and determines infringements, imposes sanctions and adopts preventive or corrective measures. It also has powers over international transfers, where it can suspend data transmissions, and issues instructions and criteria clarifying how the law should be applied.

Institutional preparation is already under way. Decree 12, published on June 17, 2025, created a ministerial advisory commission for implementing Law No. 21,719.

OGC INSIGHT

There is now an authority that can inspect ex officio, demand documentation and fine. Being able to show it your record of processing activities, your impact assessments and your processor contracts is what separates a prepared company from an exposed one.

THE FINES REGIME

Law No. 21,719 establishes a tiered sanctions regime based on the severity of the infringement, with the fine caps per category summarized in the following table.

MINOR Up to 5,000 monthly tax units maximum fine	SERIOUS Up to 10,000 monthly tax units maximum fine	VERY SERIOUS Up to 20,000 monthly tax units maximum fine
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Added to this scale are rules that aggravate exposure. In case of recidivism — understood as having been sanctioned twice or more in the last thirty months for infringing the law — the Agency may impose a fine of up to three times the amount assigned to the infringement. If the infringer is not a smaller company and repeats a serious or very serious infringement, the fine may reach the higher of that rule and up to 2% or 4% of annual revenue from sales, services and other business activities in the last calendar year, for serious and very serious infringements respectively. A repeated very serious infringement within a twenty-four-month period may also carry accessory sanctions, including suspension of processing operations for a limited period.

The data subject retains, in parallel to the administrative route, their civil action for damages caused by the unlawful processing, liability that may fall on the controller or the processor depending on their involvement in the infringement.

OGC INSIGHT

The cap in monthly tax units adjusts over time, so it's worth calculating in current currency. But what should weigh most in an investment decision is the recidivism-aggravated rule, because it exposes companies that don't qualify as smaller businesses to a percentage of annual business revenue.

EFFECTIVE-DATE TIMELINE AND PREPARATION PLAN

From **December 1, 2026**, the new framework's obligations and the Agency's sanctioning powers are enforceable. A reasonable plan chains together, in order, the record of activities, the lawful basis of each processing operation, the privacy policy, processing agreements, enabling international transfers, high-risk impact assessments, the rights-request procedure and the breach-response protocol, and the eventual designation of a delegate.

OGC INSIGHT

A full adaptation program at a mid-sized company with digital operations takes several months. And data protection is not something you close out and file away — it is an ongoing function that changes with every new product, vendor or purpose, and that the Agency will keep refining through its instructions. Starting with margin, and sustaining it over time, is what separates arriving prepared from arriving exposed.

WILL YOUR COMPANY BE READY
WHEN LAW NO. 21,719 TAKES EFFECT
ON DECEMBER 1, 2026?

[SCHEDULE A MEETING](#)



ENVIRONMENT

In Chile, almost no investment project of any scale reaches operation without first passing through the environmental authority. Energy, mining, aquaculture, agroindustry, infrastructure and large real estate developments must be assessed before construction, and the environmental approval they obtain conditions the rest of the permits. This chapter explains how that assessment works, who enforces compliance, what happens when something goes wrong and what trends an investor in the country should keep in mind. The text is informational and does not constitute legal advice for any particular case.

IN THIS CHAPTER

Institutional architecture · SEIA · DIA and EIA · Public participation · SMA enforcement · Environmental damage · Climate change · Trends

THE ARCHITECTURE OF CHILEAN ENVIRONMENTAL LAW

The central statute is Law 19,300 on General Bases of the Environment, published on March 9, 1994 and thoroughly reformed in 2010. It sets the framework for the right to live in a pollution-free environment, environmental protection, nature preservation and conservation of environmental heritage, organizing under common principles the preexisting sectoral rules on water, air, soil or waste and creating the management instruments that structure the regulation today. Its constitutional basis is Article 19 No. 8 of the Constitution, which guarantees that right and imposes on the State the duty to protect it, backed by the Article 20 constitutional protection action before the respective Court of Appeals — a frequent route for challenging investment projects, so litigation risk does not end once permits are obtained.

Environmental institutions were born with **Law 20,417**, published on January 26, 2010, which created the Ministry of the Environment, the Environmental Assessment Service and the Superintendence of the Environment, and contains the Superintendence's Organic Law (LOSMA), governing enforcement and sanctions. Two years later, **Law 20,600**, published on June 28, 2012, created the Environmental Courts as a specialized jurisdiction. These three laws assembled the current model, in which assessment, enforcement and judicial review sit with separate bodies.

Even so, environmental law remains scattered across numerous statutes and there is no single code, so anyone assessing a project must review Law 19,300, its regulation, the applicable quality and emission standards, sectoral permits and the industry's regulation. That fragmentation complicates planning.

OGC INSIGHT

The boundary between the administrative and judicial routes concentrates the risk of missing a deadline. Map both appeal deadlines as part of the schedule, not as a contingency, and clarify from the start who decides what.

ENVIRONMENTAL INSTITUTIONS AND THEIR ROLE

Each body plays a different role and engages with the project holder at different stages.

Institution	Creating or governing statute	Main function
Ministry of the Environment (MMA)	Law 20,417 (2010); Final Title of Law 19,300	Designs environmental policy and regulation, issues quality and emission standards and prevention/decontamination plans, and coordinates the State's environmental action
Environmental Assessment Service (SEA)	Law 20,417 (2010); Paragraph 6 of the Final Title of Law 19,300	Administers the Environmental Impact Assessment System, conducts project assessment and standardizes technical criteria.
Environmental Assessment Commission / SEA Executive Director	Law 19,300, Paragraph 2 of the Final Title	Environmentally qualifies each project and issues the Environmental Approval Resolution, regional or interregional as applicable
Superintendence of the Environment (SMA)	Law 20,417 (2010), which contains the LOSMA	Enforces compliance with RCAs, plans and environmental standards, and conducts sanctioning proceedings
Biodiversity and Protected Areas Service (SBAP)	Law 21,600	Conserves biodiversity, manages the National System of Protected Areas and inspects activities in protected areas within its competence
Environmental Courts	Law 20,600	Resolve claims against environmental acts, environmental damage remediation lawsuits, and authorize certain SMA measures.
Committee of Ministers for Sustainability and Climate Change	Law 19,300	Hears administrative claims against certain RCAs and proposes sustainability policies.

The design deliberately separates functions. The SEA assesses but does not enforce; the SMA enforces and sanctions but does not qualify projects; the Environmental Courts review both bodies' decisions; and the Committee of Ministers acts as an administrative review body in the most sensitive matters. This prevents any single body from concentrating assessment, control and sanction.

THE ENVIRONMENTAL IMPACT ASSESSMENT SYSTEM

The SEIA is the country's most important environmental management instrument and, for most investors, the first real contact with the regulation. It is governed by Law 19,300 and its regulation, Supreme Decree No. 40 of 2012, administered by the SEA. It is permeated by the preventive principle: certain projects cannot be executed without first being assessed and obtaining an **Environmental Approval Resolution (RCA)** authorizing them, so the SEIA is, above all, a market-entry condition.

Which projects must be filed

Article 10 of Law 19,300 lists the types of projects or activities that, being capable of causing environmental impact, must be submitted to the SEIA, and Article 3 of Supreme Decree No. 40 develops them in greater technical detail, setting thresholds and conditions. These include major hydraulic infrastructure works, high-voltage electric transmission lines and their substations, generating plants above a certain capacity, nuclear reactors and facilities, transport works (airports, highways, public roads, ports and maritime terminals), urban or tourism development projects outside approved plans, industrial or real estate projects in areas declared latent or saturated, mining projects above a certain scale, oil and gas pipelines, industrial, agroindustrial, forestry, fishing and aquaculture projects above the applicable thresholds, handling of hazardous substances, waste treatment and disposal systems, and projects in national parks, protected areas or urban wetlands.

The list is exhaustive, but the thresholds and conditions of Supreme Decree No. 40 matter as much as the typology, because the same type of project may fall in or out depending on its size, location or capacity. Modifications to an already approved project are also assessed when they are significant changes, and a project holder may always voluntarily submit a project to obtain the legal certainty a favorable RCA provides.

Law 19,300 prohibits splitting projects in bad faith to change the filing instrument or avoid the SEIA. If the SMA detects this, it may open a sanctioning proceeding and, after an SEA report, require the holder to properly file the project; a project genuinely executed in stages is exempt, which the holder must be able to prove.

ENVIRONMENTAL IMPACT STATEMENT OR STUDY

Filing takes one of two routes, one of the earliest technical decisions of the project. The general rule is the Environmental Impact Statement (DIA); the exception, reserved for higher-impact projects, is the Environmental Impact Study (EIA). The dividing line is Article 11 of Law 19,300: if the project generates any of these effects, it must file through a Study.

EFFECTS UNDER ARTICLE 11 · LAW 19,300

Risk to public health from the quantity and quality of effluents, emissions or waste.

Resettlement of human communities or significant alteration of the livelihoods and customs of human groups.

Significant alteration, in magnitude or duration, of an area's scenic or tourism value.

Significant adverse effects on the quantity and quality of renewable natural resources, including soil, water and air.

Location in or near population centers, protected areas, priority conservation sites, protected wetlands and glaciers susceptible to being affected, and the territory's environmental value.

Alteration of monuments or sites with anthropological, archaeological, historical or, in general, cultural heritage value.

Criterion	Environmental Impact Statement (DIA)	Environmental Impact Study (EIA)
When it applies	General rule. The project generates none of the Art. 11 effects of Law 19,300	Exception. The project generates one of the Art. 11 effects of Law 19,300
Nature	Sworn declaration by the project holder	Detailed technical assessment with environmental baseline
Core content	Project description, justification that it generates no Art. 11 effects, regulatory compliance and required permits	Project description, baseline, prediction and assessment of impacts, and mitigation, remediation or compensation measures
Public participation	May be ordered for 20 days in projects with environmental burdens on nearby communities. The request must be filed within the statutory deadline, currently 30 days, and come from at least 10 individuals or 2 citizen organizations	Always applies, for a period of 60 business days from publication
Outcome	Favorable or unfavorable RCA	Favorable or unfavorable RCA

The difference is not minor. The Study requires a complete environmental baseline, a description of significant impacts and mitigation, remediation or compensation measures to address them. The Statement is a sworn declaration in which the holder certifies that the project complies with regulation and generates none of the Article 11 effects. The deadlines in the following table are those the law sets for qualification, not counting suspensions from requests for additional information, which usually extend the process.

OGC INSIGHT

This is the decision that most shifts the schedule and cost, and where the temptation to force the fast track is greatest. Assess the Article 11 effects realistically from the design stage and put in writing the grounds for the chosen route; that record is your best defense if the classification is challenged.

PUBLIC PARTICIPATION AND INDIGENOUS CONSULTATION

Public participation is a structural piece of the SEIA and one of those with the greatest bearing on a project's viability. It is mandatory in Studies; in Statements it is not automatic, but may be ordered when the project generates environmental burdens on nearby communities, per the deadlines and requirements in the table above. Law 21,449 extended to 30 days the deadline to request it in Environmental Impact Statements. SEIA deadlines are counted in business days, unless stated otherwise.

The SEA must address citizen observations with reasoned grounds in the resolution qualifying the project, and failure to duly consider them is one of the defects most frequently alleged when challenging an RCA. Whoever submitted them and believes they were not properly considered has standing to appeal.

Added to this is indigenous consultation. Chile ratified ILO Convention 169, which requires consulting indigenous peoples when measures are contemplated that may directly affect them, a duty whose integration into the SEIA has been clarified mainly by the higher courts' case law. Projects located in territories with indigenous presence must anticipate this component, because its omission or defective handling is a common cause of litigation.

OGC INSIGHT

Treat public participation and indigenous consultation as project risk, not formality; early engagement with communities is what sustains the RCA against a challenge. If your site touches indigenous territory, that flag should be raised at the design stage, not mid-assessment.

SECTORAL PERMITS AND MANAGEMENT INSTRUMENTS

The one-stop window

The system's great advantage is the so-called one-stop window. For the sectoral environmental permits covered by the SEIA Regulation, a favorable RCA resolves the environmental aspects assessed and certifies the corresponding requirements, so sectoral agencies cannot deny them on environmental grounds already resolved or impose new environmental requirements beyond those the RCA set, without prejudice to reviewing non-environmental requirements. Conversely, if the RCA is unfavorable, they must deny the permits.

Still, its scope should not be overstated. There are non-environmental permits — sanitary, construction, concession and others — handled independently of the SEIA, before municipalities or autonomous agencies, and the RCA does not replace them.

OGC INSIGHT

The one-stop window only covers the environmental permits listed in the regulation; the rest — sanitary, construction, concession — is usually the real bottleneck. Map the full universe of permits with their timelines and agencies from the start, and treat the RCA as a milestone, not the finish line.

Quality standards, emission standards and plans

Beyond the SEIA, Law 19,300 provides management instruments that set the standards projects must meet and define the framework against which the SMA enforces.

Environmental quality standards set the maximum or minimum permitted levels of elements or substances in the environment. Primary standards protect public health and apply nationwide; secondary standards protect the environment and natural resources. When an area's levels approach the standard's limit, it may be declared a latent zone; when they exceed it, a saturated zone. That declaration matters to the investor, because certain industrial projects sited in latent or saturated zones must file with the SEIA on that basis alone. Emission standards, in turn, regulate the amount of pollutants a source may release into air, water or soil.

Latent or saturated zone declarations come with planning instruments attached. In latent zones, prevention plans apply, to keep levels from exceeding the quality standards; in saturated zones, decontamination plans apply, to restore the levels the standard requires. These plans impose concrete obligations on the zone's polluting activities and are enforced by the SMA, as with the Metropolitan Region's atmospheric prevention and decontamination plan.

OGC INSIGHT

Before fixing the site of an industrial operation, check in the land due diligence whether the area is declared latent or saturated and what plan governs there. That plan can impose emission reductions that change the economics and, by itself, trigger SEIA filing.

ENFORCEMENT AND SANCTION BY THE SMA

Once a project is operating, the environmental relationship shifts from the SEA to the Superintendence of the Environment. The SMA enforces compliance with Environmental Approval Resolutions, prevention and decontamination plans, quality and emission standards and the other instruments. Its regime is in the LOSMA, contained in Law 20,417.

The sanctioning procedure

The SMA brings charges when it detects breaches and conducts a sanctioning proceeding ending in a resolution. Infringements are classified, under Article 36 of the LOSMA, as very serious, serious and minor according to the severity of the breach and its effects, and that classification determines the sanction range.

The catalog of sanctions is in Article 38 of the LOSMA and includes written reprimand, a fine of one to 10,000 annual tax units, temporary or permanent closure, and revocation of the Environmental Approval Resolution. Article 39 assigns the ranges by severity. Minor infringements allow a reprimand or fine of up to 1,000 annual tax units; serious ones, up to 5,000; very serious ones, up to 10,000, in both latter cases with possible RCA revocation or closure. One annual tax unit equals twelve monthly tax units, so the 10,000 UTA ceiling represents, in major projects, billions of pesos.

The SMA may also adopt urgent, provisional measures to prevent imminent harm, and even suspend authorizations contained in an RCA, though the most significant ones require authorization from the competent Environmental Court.

LEVES

1,000 UTA

reprimand or maximum fine

GRAVES

5,000 UTA

possible RCA revocation or closure

GRAVÍSIMAS

10,000 UTA

possible RCA revocation or closure

COMPLIANCE PROGRAM AND SELF-REPORTING

The sanctioning regime does not end with the fine. The LOSMA provides two instruments that incentivize compliance and change strategy in the face of a proceeding.

The compliance program, regulated in Article 42 of the LOSMA, is a plan of actions and goals the holder submits once charges are filed to restore compliance with the infringed regulation and, where applicable, address its effects. If the SMA approves it and the holder executes it satisfactorily, the proceeding is suspended and may end with no fine; if the holder breaches the approved program's commitments, the proceeding resumes and exposes it to a larger fine than would otherwise have applied.

Self-reporting (Art. 41 LOSMA) is the written communication in which the infringer informs the SMA that it is committing an infringement within its jurisdiction. Anyone self-reporting can obtain exemption from or reduction of the fine, provided they supply precise, truthful and verifiable information and immediately adopt measures to reduce or eliminate the negative effects. It rewards a holder who detects a problem and fixes it before the authority discovers it.

OGC INSIGHT

When facing charges, you have more options than paying or litigating. The Article 42 compliance program can close the proceeding without sanction and Article 41 self-reporting can exempt or reduce the fine, but both have strict deadlines, so the decision must be made as soon as charges arrive.

LIABILITY FOR ENVIRONMENTAL DAMAGE AND CRIMES

Environmental damage

Alongside the SMA's administrative regime, Law 19,300 establishes a liability regime for environmental damage that operates in the courts and is independent of the administrative sanction. It provides two actions. The environmental remediation action, regulated in Article 53 et seq. of Law 19,300, seeks to have the responsible party restore, at its own cost, the damaged environment to a state similar to before, and may be brought by any individual or legal entity that suffered the damage, the local municipality and the State, through the State Defense Council. The damages action seeks economic compensation for the harm and belongs only to whoever was directly affected.

Liability for environmental damage generally requires intent or fault. Even so, the law presumes fault when the damage resulted from breach of environmental quality standards, emission standards, prevention or decontamination plans, or environmental regulation in general. That presumption reverses the burden and eases the plaintiff's position. The environmental remediation action lapses after five years from the damage's clear manifestation, and is heard, like claims against SEA and SMA resolutions, before the Environmental Courts.

OGC INSIGHT

Paying the administrative fine does not close your exposure. You remain exposed to the environmental remediation action, which can force you to restore the environment, and to the civil liability of those directly harmed, with fault presumed when there is a regulatory breach; manage it in a coordinated way from day one.

Environmental crimes and corporate criminal liability

The Economic Crimes Law 21,595 strengthened the criminal dimension of certain environmental conduct and connected it to corporate criminal liability under Law 20,393. A serious environmental breach can simultaneously trigger SMA enforcement and sanction, an environmental remediation action, third-party civil liability and, when the elements of the offense are present, criminal prosecution of individuals and of the company.

Criminal attribution to the legal entity does not arise automatically from any infringement. The conditions of Law 20,393 must be met: the catalog offense is perpetrated within the scope of the company's activity, by or with the involvement of an individual connected to it, and the act was favored or facilitated by the lack of effective implementation of an adequate prevention model. That is why environmental compliance must be coordinated with the crime prevention model described in this report's [criminal and regulatory compliance chapter](#), so criminal risk matrices align with RCAs, sectoral permits, waste management, emissions and internal reports.

OGC INSIGHT

If your operation has an RCA, emissions, waste, resource extraction, hazardous substance handling or intense interaction with inspectors, those risks belong in your criminal risk matrix, not just the environmental file. An environmental program disconnected from the crime prevention model leaves a gap exactly where Law 21,595 and Law 20,393 now focus their attention.

CLIMATE CHANGE AND ITS LEGAL FRAMEWORK

Chile's climate change framework is no longer a bill — it is law in force, with regulation underway. Law 21,455, the Climate Change Framework Law, was published on June 13, 2022 and forms the institutional basis of the country's climate policy. This is worth clarifying because the idea persists that it remains a pending bill, and it is not.

Law 21,455 sets the goal of achieving greenhouse gas emissions neutrality — the balance between emissions and absorptions — by 2050 at the latest. To that end it structures climate change management instruments, including the Long-Term Climate Strategy, the Nationally Determined Contribution, sectoral mitigation and adaptation plans, and regional and municipal action plans, several under preparation since 2024. The law brings Chile's commitments as a Paris Agreement party into domestic law and makes them enforceable through concrete instruments.

For investment projects, the practical consequence is that emissions management is no longer a voluntary or reputational matter, but is progressively integrated into regulation. The law provides for a certification system for greenhouse gases and water use, whose regulation has been under consultation, anticipating growing measurement and reporting requirements for large emitters.

OGC INSIGHT

With Law 21,455 in force, the carbon footprint is no longer a branding matter. Anticipate measurement, reporting and emission reduction requirements, especially in sectors intensive in energy, water or land use; getting ahead of it lowers regulatory risk and improves your standing with project financiers.

TRENDS FOR INVESTMENT PROJECTS

The most significant trend is the reform of “permisología” — the set of permits and authorizations a project must obtain. The underlying criticism, held for years by the productive sector, is that processing in Chile is slow and scattered. The response came through two laws. Law 21,755, published on July 11, 2025, introduced amendments on regulatory simplification and promotion of economic activity. Law 21,770, published on September 29, 2025, established a Framework Law on Sectoral Authorizations seeking to organize, digitize and set firm deadlines for sectoral permit processing through a Unified Sectoral Permits Information System. Its rollout is gradual; a February 2026 decree of the Ministry of Economy set the timeline for sectoral agencies’ obligations to take effect and for digital processing to be enabled. It is a young reform whose effect will depend on implementation.

A second trend is the institutionalization of biodiversity protection. Law 21,600 created the Biodiversity and Protected Areas Service and the National System of Protected Areas, and during 2026 decrees have been issued transferring staff from the National Forestry Corporation and the Undersecretariat of the Environment to the new service. For projects sited in or near protected areas, this adds a counterpart and a protection standard that was previously more scattered.

A third trend is the strengthening of enforcement and sanctions. The Council of Ministers for Sustainability and Climate Change approved a bill to reform the LOSMA aimed at strengthening the SMA’s powers; it is a bill, not law in force, but the direction points to more demanding environmental control, not less. Added to this is the amendment of the SEIA regulation. Supreme Decree No. 17 of 2025 of the Ministry of the Environment, published on January 21, 2026, amended Supreme Decree No. 40 of 2012, so those planning medium-term projects must review the current text before defining typologies, thresholds, admissibility and filing content, bearing in mind rules may change during development.

OGC INSIGHT

The framework is moving in two directions at once. The Framework Law on Sectoral Authorizations seeks to speed up and organize permits, while enforcement and biodiversity protection are strengthened. This is not a relaxation of compliance, but a framework more predictable in timing and more demanding in substance. Review the current regulation before fixing typologies and thresholds.

**MUST YOUR PROJECT FILE WITH THE
SEIA, AND THROUGH WHICH
ROUTE?**

Talk to Cubillos Lama.

SCHEDULE A MEETING

XI

PUBLIC WORKS CONCESSIONS

Chile's public works concession system is one of Latin America's most consolidated public-private partnership mechanisms. For three decades it has used private capital to finance highways, airports, hospitals, prisons, reservoirs and desalination plants. This chapter explains the legal framework, bidding, the economic regime and dispute resolution for the foreign investor or builder. It is not legal advice for a specific project.

IN THIS CHAPTER

Concession model · Legal framework · Bidding · Economic regime · Financing · Amendments · Disputes · Risks

THE CONCESSION MODEL AND ITS LEGAL FRAMEWORK

The regime allows a private party to finance, build, maintain and operate a public work for a fixed term, under an administrative contract with the Ministry of Public Works. The concessionaire does not acquire ownership of the work, but a temporary right to operate it subject to the bidding terms, the contract and State oversight. Remuneration comes from tolls, subsidies, Treasury payments or other mechanisms set in the bidding terms. The State allocates it construction, demand and operation risks, with Administration prerogatives and compensation mechanisms preserving the economic balance. At the end of the term, the work reverts to the Treasury. Distinguish it from the public works contract (MOP Supreme Decree No. 75 of 2004), under which the Ministry commissions a work and pays a price without the third party operating it; a concession is remunerated through operation.

OGC INSIGHT

The choice between a works contract and a concession defines your financing; decide it first.

The regime rests on three main statutes.

Public Works Concessions Law. Consolidated text set by MOP Supreme Decree No. 900 of 1996, published on December 18, 1996. It consolidates MOP DFL No. 164 of 1991, the system's original source, under Article 5 of Law No. 19,460 of July 1996. Eleven chapters and forty-four permanent articles, plus three transitional ones.

Concessions Law Regulation. MOP Supreme Decree No. 956 of 1997. Develops the concession procedure, with the deadlines and conditions the law only states in outline. Amended, among others, by MOP Decree No. 215 of 2010 and MOP Decree No. 206 of 2022.

Per-project instruments. The bidding terms define the object, term, technical conditions, tariff regime and award criteria; alongside them operate clarifying circulars and the award decree, plus the Budget Law's budgetary frameworks and Treasury authorizations.

OGC INSIGHT

Structuring a bid on the law alone, without the Regulation or the bidding terms, is incomplete information.

INSTITUTIONS

Ministry of Public Works

Bids, awards, oversees and supervises concessions and executes the contracts. Prepares the bidding terms, inspects the work and grants provisional and final commissioning authorizations.

Public Works Concessions General Directorate

Unit specializing in infrastructure through public-private partnership. Created by Law No. 21,044, published on November 25, 2017, which raised the former Concessions Coordination Office to a general directorate.

Concessions Council

Advisory body created by Law No. 20,410 that reviews projects and rules on the concession modality. Under Article 1 bis of MOP Supreme Decree No. 900, it comprises the Minister of Public Works, a councilor designated jointly by Public Works and Finance who chairs it, two Finance councilors and two Public Works councilors. It only advises.

Technical Panel and Arbitration Commission. The system's two dispute-resolution bodies (see below).

The system's two dispute-resolution bodies, introduced and strengthened by Law No. 20,410. Developed further later in this chapter.

THE CONCESSION PROCESS

Any person, individual or legal entity, Chilean or foreign, may participate. The process originates in two ways that define who bears the studies.

Public initiative. The project originates in the Ministry or another authority and is submitted to the Concessions General Directorate. Before the call for tenders, Finance and Social Development approval is required; once approved, the bidding process is called and published in the Official Gazette and a national newspaper.

Private initiative. A private party proposes the project to the General Directorate, which verifies it is unique, not already under development, and of public interest. Once so declared, a procedure is set with minimum studies, reporting deadlines, a government inspector and the guarantee under Article 10 of the Regulation. The proponent does not obtain the award; the project is tendered competitively, with reimbursement of studies and an evaluation bonus.

Bidding terms, prequalification and award. For complex projects, Law No. 20,410 introduced a prequalification stage assessing technical, legal and financial capacity before allowing bids; the tender combines technical and economic offers.

Award rule. Transparent tender, with no direct bilateral negotiation, as a general rule to the bidder whose economic offer receives the best evaluation while meeting the technical requirements. Factors usually include the tariff, term, subsidies and payments for preexisting infrastructure. It is formalized by supreme decree of the Ministry of Public Works, co-signed by Finance.

Concessionaire company. Once awarded the contract, the winning bidder protocolizes the decree and incorporates a Chilean single-purpose company or registers a local branch as the bidding terms require; only then does it execute the contract and become a concessionaire. The single-purpose requirement isolates assets, cash flows and risks.

ECONOMIC REGIME, GUARANTEES AND INSURANCE

Tariffs or tolls. The primary income source in concessions charging the end user, such as highways. Their structure, adjustments and caps are set in the bidding terms and are an award variable.

State subsidies. Contributions the Treasury commits when demand does not sustain the investment; their amount is usually an award variable.

Minimum guaranteed income. Ensures the concessionaire a revenue floor and covers the shortfall if actual revenue falls below the threshold, shifting part of the demand risk to the Treasury. In exchange, the bidding terms usually incorporate revenue sharing in favor of the State when collection exceeds certain levels; check its formula case by case.

OGC INSIGHT

Fiscal supports reduce your demand risk with trade-offs; what matters is how floors and caps interact.

Guarantees and insurance

The bidding terms require a sequence of guarantees.

Bid bond. Ensures the awardee executes the contract.

Performance bond. Covers its obligations during construction and operation.

During construction. Those required by the Ministry reach up to fifteen percent of the official budget and must be demanded within three-quarters of the total term; those agreed with the concessionaire, up to twenty-five percent.

During operation. Unilaterally required guarantees exceeding five percent of the official budget or UF 100,000 must be tendered, as must agreed ones exceeding five percent or UF 50,000.

Insurance. As required by the bidding terms, covering the work and third-party damages.

Special pledge on the public works concession. Security in favor of financiers (see below).

OGC INSIGHT

Guarantees in favor of the State are a capital cost, not a formality; they tie up resources for years.

FINANCING AND MODIFICATION OF WORKS

Financing is generally structured under **project finance** principles: the concessionaire company takes on debt repaid from the project's cash flows, not the sponsor's balance sheet. The piece that sustains the scheme is the **special pledge on the public works concession**. The contract may be pledged in favor of financiers or bonds the concessionaire issues, and includes the rights arising from it, the concessionaire's revenue and the payments the State has committed. The law also recognizes the procedure for changing the concessionaire and enforcement upon default, allowing creditors to protect their claim without halting the work.

OGC INSIGHT

The special pledge makes the concession financeable with long-term debt; your creditors will require it.

Modification of works and complementary agreements

Once the contract is executed, the Ministry may, if it deems it in the public interest, alter the characteristics of the works and services. The law does not define the public interest, but any modification obliges it to compensate the concessionaire. Article 19 of MOP Supreme Decree No. 900, amended by Law No. 20,410, sets limits on additional investments.

Compensation. It only indemnifies, without altering profitability, so it must yield a net present value of zero; for those awarded through public tender, it is limited to the amount of the winning bid plus administration costs. It is implemented through complementary agreements approved by decree.

OGC INSIGHT

What protects you is zero-net-present-value compensation; build it into your model.

SUSPENSION, TERMINATION AND DISPUTE RESOLUTION

The Regulation allows the concession to be suspended for force majeure, destruction of the works preventing their use, or other causes set in the bidding terms. During suspension all payments to the concessionaire are paused, including subsidies and tariffs, and losses are compensated through term extension, greater contributions or tariff adjustment.

In the normal course, the concession ends upon expiry of its term or by mutual agreement. In early termination, especially with a special pledge in place, the pledgee creditors' rights and release of the security must be considered. It may also end for serious breach; the Ministry requests the declaration from the Arbitration Commission, appoints an intervenor and, with Treasury approval, reassigns the remaining term through a new tender. Early termination for public interest during construction also applies, following a Concessions Council report and Public Works and Treasury decrees, when a change in circumstances makes the works unnecessary or adjustments require investments exceeding twenty-five percent of the official budget, with statutory compensation.

Two-tier dispute resolution

The system offers a two-tier architecture, resolving technical and economic aspects first and only afterward, if the dispute persists, legal ones. Law No. 20,410 strengthened it.

Technical Panel. It has existed since 2010 to resolve technical or economic discrepancies during execution. Either party may request it and it issues a reasoned recommendation with no binding force. It comprises five members, under Article 36 of MOP Supreme Decree No. 900: two lawyers, two engineers and one professional in economic or financial sciences.

Arbitration Commission. Regulated in Article 36 bis of Decree No. 900. Disputes over the contract's interpretation or application may be brought to the Commission or, at the claimant's choice, to the Santiago Court of Appeals; technical or economic aspects go first to the Technical Panel. It comprises three members appointed from panels of the Supreme Court, for the lawyers, and the Antitrust Tribunal, for the technical experts. It acts as an arbitrator *ex aequo et bono* and weighs evidence per sound judgment; its ruling is issued in accordance with law and admits no appeal.

RISK ALLOCATION

The Chilean concessionaire faces recurring infrastructure risks, allocated through mechanisms in the bidding terms, such as time and cost relief provisions, cost-overflow sharing schemes and minimum guaranteed income, plus the Technical Panel and the Arbitration Commission.

RECURRING RISKS

- Incomplete engineering designs delivered by the authority
- Delays in expropriations
- Delays in environmental authorizations
- Conflicts with communities
- Rigidity of some contracts
- Lack of a clear tariff policy
- Exposure to political-cycle changes

OGC INSIGHT

Risks are not eliminated, they are allocated; expropriation, environmental permits and incomplete design weigh most.

ARE YOU CONSIDERING BIDDING ON
A PUBLIC WORKS CONCESSION IN
CHILE?

Talk to Cubillos Lama.

[SCHEDULE A MEETING](#)

XII

WATER RIGHTS

Water is a critical input and a legally scarce resource in Chile. For a mining, energy, agriculture or green hydrogen project, securing the right to use it decides whether the investment is viable, and the 2022 reform changed the rules.

IN THIS CHAPTER

Legal framework · Types of rights · Law 21,435 reform · Fee and forfeiture · Registry · Transactions · Desalination

LEGAL FRAMEWORK

Water is a public good and its use by private parties requires a water use right constituted or recognized under the Water Code. That right is an asset distinct from the land where the water is captured, may be transferred, encumbered and recorded, and is subject to availability, effective use, registration, oversight and forfeiture. Since the title is independent of the land, **buying the property does not guarantee the water**; Chile ranks among the countries with the highest water stress in the world, with northern basins where no new rights are granted, so any water-intensive project must address it from the outset.

The **Water Code** was set by DFL No. 1,122 of 1981, of the Ministry of Justice, published on October 29, 1981, and defines water and the use right and how it is constituted, exercised and forfeited. The most profound amendment is **Law No. 21,435**, published on April 6, 2022: it made new rights temporary, raised human consumption and subsistence to legal priority, strengthened lapsing and forfeiture for non-use, and introduced non-extractive or in-situ rights; much of its effect operates through transitional provisions still in force.

Adjustment laws followed. Law No. 21,586 (July 13, 2023) extended the registration deadline and introduced title perfection under the DGA; Law No. 21,727 (February 18, 2025) extended the registration deadline to April 6, 2027; Law No. 21,740 (April 23, 2025) amended DGA enforcement and oversight.

The **General Water Directorate (DGA)**, under the Ministry of Public Works, is the central regulator. It grants rights, declares availability or exhaustion of sources, sets the ecological flow, administers the Public Water Registry, applies the non-use fee and conducts lapsing and forfeiture. The risk lies in subsequent reforms and still-live transitional deadlines, so pin down the version and date of each deadline when deciding.

NATURE AND TYPES OF RIGHTS

Water, in any of its states, is a public good (Article 5 of the Water Code), not subject to private appropriation. What is granted to private parties is the water use right (Article 6 of the Water Code), a real right entitling its holder to use and enjoy the resource. The final paragraph of Article 19 No. 24 of the Constitution grants ownership over those rights, with constitutional protection the 2022 reform did not remove for already-constituted rights. Three features define it.

It is a real right. Its holder can defend it against third parties and dispose of it.

It is recordable in the competent Registrar's Water Property Registry and registered in the DGA's Public Water Registry; after the reform, failing to record it carries serious consequences.

It is independent of the property. The landowner and the right holder can be different persons.

The Code distinguishes several classes whose combination defines what the holder may do and their certainty over the flow.

Consumptive. Entitle the holder to consume the water without returning it (industrial, sanitary or agricultural).

Non-consumptive. Require the water to be returned per the constituting act (run-of-river hydropower).

Permanent. Authorize capture at any time subject to availability.

Contingent. Only authorize use of surplus water once permanent rights are satisfied; over a stressed source they are worth far less than their nominal flow.

Continuous, discontinuous or alternating. Depending on whether use is uninterrupted, by periods or by turns.

Surface and groundwater. The groundwater regime is more demanding; a 200-meter protection radius applies against third-party wells.

Non-extractive or in-situ. Introduced by Law No. 21,435 for environmental conservation, sustainable tourism or recreational projects; they keep the water in its channel and, requiring no works, are not subject to the non-use fee.

OGC INSIGHT

The nominal flow is not the right's value; the combination of classes sets supply security, so demand the full classification.

CONSTITUTION OF RIGHTS AND THE REFORM

There are two routes: applying for the right before the DGA or acquiring it from a holder. Original constitution proceeds if third-party rights are not harmed, water is available and the public interest is respected. Availability is the hardest condition. It has a physical dimension — water existing at the source — and a legal one, since rights cannot be constituted over those already recognized to third parties, and a minimum ecological flow must be respected. Scarcity has made two restrictive figures on groundwater frequent. In restriction areas the DGA only grants provisional rights; in prohibition zones it grants no new ones. In both cases, by operation of law a Groundwater Community (CASUB) is constituted. When several applications compete for insufficient water, the DGA resolves by auction (Articles 142, 143 and 144 of the Water Code).

OGC INSIGHT

In northern basins or those under restriction or prohibition, assume the route will be to buy, and commission the legal availability report before choosing the location.

The five changes of Law No. 21,435

Under the previous regime, the right was constituted in perpetuity. The reform preserves ownership of already-constituted rights, but introduces for new ones a focus on water as a human right, with five changes.

Temporariness. New rights are granted as 30-year concessions, renewable unless the DGA proves non-use or harm to sustainability; those constituted before retain their perpetual character, without prejudice to certain forfeiture grounds.

Priority of human consumption and the subsistence function, which always prevails.

Reinforced obligation of effective use and of the lapsing and forfeiture grounds for non-use, requiring the capture and return works to be built.

Strengthened DGA powers to manage scarcity, set the ecological flow, declare restriction and prohibition areas and require metering.

Protection of indigenous peoples and communities, with differentiated treatment in several regularization and forfeiture rules.

OGC INSIGHT

An idle right, without works or without up-to-date registration, is an asset at risk of forfeiture.

ECOLOGICAL FLOW, NON-USE FEE AND LAPSING

Three mechanisms give effect to the reform and operate in a chain.

Minimum ecological flow. The water that must remain at the source to preserve the ecosystem. The DGA sets it under Article 129 bis 1 of the Water Code, as a limit on legal availability.

Non-use fee. Charged to a holder who does not make effective use of the resource for failing to build the capture or return works (Arts. 129 bis 4 et seq.). The reform raised it and scaled it up over time; if unpaid, it can end in a judicial auction of the right.

Forfeiture for non-use. The final step, when the holder does not build the works. The period is five years for consumptive rights and ten for non-consumptive ones, counted from publication of the resolution first including the right on the fee-subject list. For rights constituted before the reform that have not built the Article 129 bis 9 works, forfeiture of the not-effectively-used portion operates ten years after the law's publication. The holder has 30 days to object; once remedies are exhausted, the DGA requests the Registrar to cancel the recording. Exceptions exist (rural sanitary services, agricultural and indigenous communities).

OGC INSIGHT

Buying a never-used right inherits its fee and its forfeiture clock; check which list it appears on and whether it has works.

REGISTRATION, DISCLOSURE AND TRANSACTIONS

The reform turned registration into an obligation with severe consequences. Rights constituted as of the publication date of Law No. 21,435 are subject to forfeiture if not recorded in the competent Registrar's Water Property Registry and registered in the DGA's Public Water Registry within the legal deadline. The original 18-month deadline was extended by Law No. 21,586 and further extended by Law No. 21,727 to April 6, 2027. Non-compliance can result in forfeiture by operation of law, subject to the same exceptions.

Added to this is the obligation under the fifteenth transitional article of the Water Code, granting five years from the publication of Law No. 21,435 to make a marginal annotation on the recording, evidencing registration in the Registry. That deadline also expires on April 6, 2027; until it is made, the Registrar cannot record transfers of ownership. Law No. 21,586 also introduced the title-perfection procedure under the DGA, to determine each right's data and incorporate it into the Registry.

OGC INSIGHT

The sanction can be loss of the right; audit your recordings and, in any purchase, require the right to be recorded, registered and with an up-to-date marginal annotation.

Transactions on use rights

The use right is transferable, and in closed basins purchase is the only practical route to secure water. The transfer is formalized by public deed, with the DGA resolution's data (coordinates, flows and status of the capture point) and price, and must be recorded in the Water Property Registry; it may also be leased and pledged as security. Moving the capture point to another source or location requires prior DGA authorization. If the right comes from a users' organization, verify the seller owes it nothing, on pain of having to pay it or risk the supply being cut off.

OGC INSIGHT

Treating the purchase of water rights like that of real estate is the original mistake. Due diligence requires confirming, before paying, recording and registration in the Registry, classification, works, the non-use fee and forfeiture lists, debts to organizations and location relative to restriction or prohibition.

USERS' ORGANIZATIONS AND SECTORAL RELEVANCE

Managing water among those sharing a source is entrusted to users' organizations with their own legal personality. **Vigilance boards** manage the waters of a basin or section; **canal associations**, the users of a canal; **water communities**, those sharing a common source or work; and **CASUBs**, which the law imposes in restriction areas and prohibition zones. A member receives the flow under their title and takes part in decisions; in exchange, they pay administration and shared works costs, whose non-payment can lead to the supply being cut off. In stressed basins, a new project can face opposition from existing users, even with the regulatory authorizations in hand.

OGC INSIGHT

Identify early the organization managing the source and its financial situation; opposition from irrigators does not show up in the title.

Sectoral relevance

In mining in the arid north, securing continental water is a bottleneck that has pushed the sector toward desalination, with a special regime for miner's water. Article 56 bis of the Water Code defines it as water the concessionaire finds in its exploration and exploitation work, and allows its use for operations, with an obligation to report it to the DGA within 90 calendar days of discovery (DGA Exempt Resolution No. 2,600 of 2022); it does not separate from the concession and is extinguished with it. In run-of-river hydropower, the right is the non-consumptive one, with a ten-year forfeiture period. In agriculture and irrigation, old rights, water communities and canal associations coexist with mandatory registration of numerous small holders. In real estate and sanitary projects, priority for human consumption favors drinking water. Green hydrogen, given its large electrolysis volumes, also depends on desalination.

DESALINATION: LAW NO. 21,813

Desalination has become a central response to scarcity; by 2025 more than 30 desalination plants were operating in Chile, with mining as the main consumer. Previously it was governed by the general rules on maritime concessions, because the Water Code governs continental, not maritime, waters.

That framework changed with **Law No. 21,813 on the use of seawater for desalination**, published on May 12, 2026, which creates a special regime of maritime concessions and allocations, a National Desalination Strategy and rules on enforcement, sanctions, renewal, lapsing and termination. For ongoing projects, review the transitional rules and their effective dates.

OGC INSIGHT

The sector defines the water strategy before any clause; mining and green hydrogen depend on desalination under Law No. 21,813.

WOULD YOUR PROJECT'S WATER
RIGHTS SURVIVE DUE DILIGENCE?

Talk to Cubillos Lama.

SCHEDULE A MEETING

XIII

CRIMINAL & REGULATORY COMPLIANCE

Chile no longer treats compliance as a voluntary good practice. Today the company answers criminally, with its assets and its existence, for crimes perpetrated within the scope of its activity when it did not effectively implement an adequate model to prevent them. The 2023 Economic Crimes Law expanded the catalog of acts triggering that liability and raised the penalties, and since September 1, 2024 that reinforced regime applies to legal entities. The crime prevention model went from a shelf document to the main line of defense in a criminal investigation.

IN THIS CHAPTER

Corporate criminal liability · Economic Crimes Law · Prevention model · Penalties · Sectoral compliance · UAF · Governance

TWO INTERSECTING COMPLIANCE LEVELS

Two logics coexist in Chile. **Criminal compliance** is mandatory insofar as the law attributes criminal liability to the company for certain crimes perpetrated within the scope of its activity, when the act is favored or facilitated by the lack of effective implementation of an adequate prevention model. **Sectoral regulatory compliance** arises from the antitrust, data protection, consumer, environmental, anti-money laundering and financial markets frameworks.

The two intersect. The same undue payment to an official to speed up a permit can simultaneously trigger a bribery crime implicating the legal entity and a regulatory infringement before the sectoral agency. Compliance is no longer just the lawyer's domain; it has become a business risk-management variable.

OGC INSIGHT

Treat compliance as a risk item with impact on assets and operational continuity, governed from the board, not as an appendix to the corporate bylaws.

CORPORATE CRIMINAL LIABILITY

Corporate criminal liability was introduced by Law No. 20,393, published on December 2, 2009, “Establishing the criminal liability of legal entities for the offenses it specifies” (Law 20,393, BCN, idNorma 1008668), to close Chile’s gap against OECD bribery standards, with an original catalog later expanded by subsequent laws.

The rationale is not that the company “wants” to commit crimes, but an organizational defect — not having established an effective structure to prevent offenses typical of its activity, avoided through the model under Art. 4 of Law No. 20,393. Following the Law No. 21,595 reform, the legal entity is liable when a catalog offense is perpetrated within the scope of its activity by or with the involvement of an individual holding a position, function or role within it, or who provides it services managing its affairs before third parties, provided the perpetration was favored or facilitated by the lack of effective implementation of an adequate model. It is not liable when the act is perpetrated exclusively against it, when it is the victim and there is no connection to its activity as a benefiting or facilitating organization. A diversion of funds to its detriment does not implicate it; a bribe paid within the scope of its activity to obtain an authorization or a tender does.

This liability is **autonomous** from the individual’s. The company can be convicted even if the specific individual is not identified, or even if that person’s liability lapses, so it cannot hide behind “it was an employee acting on their own.” The line between “for its benefit” and “against it” is proven with internal records, controls and the reaction upon detecting the act, so detecting, reporting and cooperating leaves the company in a better position than concealing it.

THE CHANGE BROUGHT BY THE ECONOMIC CRIMES LAW

The 2009 regime was transformed by Law No. 21,595, the “Economic Crimes Law,” enacted on August 7, 2023 and published on August 17, 2023 (Law 21,595, BCN, idNorma 1195119), which did three things. It systematized economic crimes into four categories with their own penalty regime, harsher than the ordinary one. It expanded the catalog of offenses for which the legal entity answers, from a handful of figures to more than 250 base offenses per available counts, a figure that should be checked against the current legal catalog at each update. And it amended Law No. 20,393 itself through its Title IV, revising attribution criteria, demanding more of the models, and introducing new penalties, including submission to a court-appointed supervisor.

The effective date matters decisively. The rules affecting individuals apply from publication, in August 2023, but the amendments to Law No. 20,393 — and thus corporate liability — began to apply on **September 1, 2024**. The supervisor’s introduction was made subject to Decree 97 of the Ministry of Justice, published on September 26, 2024.

OGC INSIGHT

A model designed before September 2024 and not reviewed is outdated by definition, because the catalog grew, the evaluation criteria changed and new penalties appeared. The update is not cosmetic; it should be dated and documented.

THE CATEGORIES OF ECONOMIC OFFENSES

Category	Inclusion logic	Examples of base offenses
First	Always an economic offense, by its nature.	Collusion, insider trading, false information to the market or the CMF, bribery, money laundering, dis-loyal management.
Second	Economic only if committed while holding a company position or for its benefit.	Fraud, tax and customs crimes, cybercrimes, offenses against intellectual and industrial property.
Third	Public official offense involving someone from the company or benefiting it.	Bribery, incompatible negotiation, illicit enrichment.
Fourth	Receiving stolen goods and laundering assets from economic offenses in the other categories.	Receiving stolen goods, money laundering of assets of illicit economic origin.

The category defines criminal treatment and access to alternatives to prison, and lets the company map its exposure. Law No. 21,595 also provides an inapplicability rule for micro and small enterprises regarding certain offenses in the second, third and certain fourth-category scenarios, assessed case by case, considering whether the company belongs to a business group, since group revenue must then be added to determine its size under Law No. 20,416 (Prelafit, BH Compliance).

That logic classifies the offense as economic, but criminal attribution to the legal entity also requires meeting the conditions of Art. 3 of Law No. 20,393. The Economic Crimes Law added an environmental layer to this catalog, with new offenses such as illegal waste disposal, omitting an environmental impact assessment when required, and unauthorized water extraction in scarcity areas. For an industrial, mining, agricultural or waste-management company, this layer is an unavoidable part of the criminal risk map and connects to this report's [environment chapter](#).

OGC INSIGHT

What matters is not memorizing the categories, but determining which of these offenses the specific operation can trigger, because exposure varies by business line and the model is built on that map, not a generic template.

THE CRIME PREVENTION MODEL

Adopting and effectively implementing the model, prior to the offense, allow the company to be exempted from or have mitigated its criminal liability by showing it fulfilled its direction and supervision duties. It is not an automatic shield and does not stop the Public Prosecutor's Office from investigating, but to convict, it must prove the perpetration was favored or facilitated by the lack of effective implementation of an adequate model. What decides its value in court is real quality, not mere existence. Article 4 requires a set of minimum elements, and the reform raised the standard above the 2009 one.

Identification of risk activities. Mapping processes at risk of committing the catalog offenses, with a living criminal risk matrix, specific to the business line and updated after the 2023 reform.

Prevention and detection protocols and procedures. Concrete rules to prevent and detect risk conduct, with a secure whistleblowing channel and internal sanctions for breach, communicated to workers and service providers and built into contracts, backed by written policies, operational controls and an enforced disciplinary regime.

Crime prevention officer. One or more persons responsible for applying the protocols, with autonomy and independence, effective direction and supervision powers and direct access to management, with traceable staffing and budget.

Periodic evaluation and update. Periodic evaluations by independent third parties and improvement mechanisms based on them, with reports, executed plans and traceability of updates.

Added to this is counterparty due diligence, which although Art. 4 does not name it is now part of the standard, because much criminal risk enters through third parties. A distributor, agent or supplier who pays bribes can drag down the company that hired them, so a serious model incorporates integrity screening before contracting, compliance clauses and monitoring. A model that does not look at counterparties sees only half the problem. This layer also connects to M&A due diligence, where hidden liabilities can pass to the acquirer under liability-succession rules in mergers, conversions and spinoffs.

PENALTIES APPLICABLE TO THE LEGAL ENTITY

A company cannot go to prison, so its penalties differ from an individual's. The catalog of Law No. 20,393, reinforced by the Economic Crimes Law, includes the following.

Day-fine. The amount results from multiplying the number of day-fines by the value of each. The legal entity's own scale is in Law No. 20,393, with a minimum of 2 and a maximum of 400 day-fines, unless a special legal rule applies (the general scale of Law No. 21,595, of up to 300 day-fines, applies to the responsible individual). The day-fine value is tied to the convicted party's average daily net income in the year before the investigation targeted it, so it scales with the company's economic size and is the main financial consequence.

Prohibition from contracting with the State. Temporary or permanent depending on severity, sensitive for State suppliers or those bidding on public tenders.

Loss of tax benefits. Total or partial, relevant for companies with franchises, exemptions or tax incentives.

Submission to a court-appointed supervisor. Imposable as a precautionary measure or a penalty, with a corrective purpose for the prevention system, to fix the organization without dissolving the company.

Dissolution or cancellation of legal personality. Extinction of the company, in cases of maximum severity or recidivism.

Confiscation of proceeds and publication of the judgment. Seizure of the offense's proceeds and disclosure of the conviction; it applies even without a prior conviction in certain cases.

Under Articles 6 and 7 of Law No. 20,393, self-reporting, substantial cooperation in clarifying the facts, and adopting effective measures to prevent recurrence, among others, operate as mitigating factors. The prevention model, beyond its exempting role, weighs in mitigation when it falls short of exempting.

OGC INSIGHT

Size the exposure with numbers. Modeling fine scenarios for the offenses most exposed by the business line convinces the board to fund a real program better than any principled argument.

SECTORAL REGULATORY COMPLIANCE

Criminal compliance coexists with regulatory compliance spread across regimes with their own enforcer and frequent, fast and, in several sectors, substantial administrative sanctions. Most of these matters have their own chapter. This is the cross-cutting map that integrates them into a common matrix.

Antitrust. Collusion is a first-category offense under the Economic Crimes Law, so a price agreement, market allocation or output limitation adds, to the administrative exposure before the Antitrust Tribunal and the National Economic Prosecutor's Office, criminal exposure for individuals and the company. Its compliance program is both regulatory and criminal defense.

Personal data protection. Practically every company processes personal data and must fulfill lawfulness, information and security duties. In a multinational group this intersects with transfers to the parent or cloud vendors, which require a lawful basis.

Consumer protection. Companies selling to end consumers are subject to Law No. 19,496 and SERNAC, whose infringement generates individual complaints and collective proceedings.

Environmental compliance. The Superintendence of the Environment imposes severe fines for breach of environmental approval resolutions and sectoral rules, and the Economic Crimes Law criminalized serious environmental conduct, so the same act can generate an administrative sanction and criminal liability at once, requiring environmental compliance to be integrated into the model.

Labor compliance. Compliance has centered on preventing workplace harassment, sexual harassment and violence at work, under Law No. 21,643, known as the Karin Law, published on January 15, 2024 and amended by Law No. 21,687, enacted on July 31, 2024 (Law 21,643, BCN, idNorma 1200096; Law 21,687, BCN, idNorma 1205338), which requires the employer to have a prevention protocol and an investigation and sanction procedure. Added to this are subcontracting rules, with joint-and-several or subsidiary liability for the principal.

Public procurement. Disqualifications, supplier registries and ChileCompra rules define who can bid. The connection is direct, because the prohibition from contracting with the State is a penalty for the legal entity, and a conviction can close it out of the public market.

ANTI-MONEY LAUNDERING PREVENTION AND THE UAF

The anti-money laundering and counter-terrorism financing regime is cross-cutting and affects a broad universe of obligated entities. **Law No. 19,913** created the Financial Analysis Unit (UAF) and established the preventive system, and was one of the statutes originally amended by Law No. 20,393, showing the link between anti-money-laundering prevention and corporate criminal liability (Law 20,393, Art. Third, BCN, idNorma 1008668). Obligated entities are numerous and include banks and financial institutions, factoring and leasing companies, fund managers, exchange houses, insurance companies, casinos, customs agents, real estate brokers, notaries and real estate registrars, among others. Their main obligations are three.

Report suspicious transactions to the UAF: those lacking apparent economic or legal justification, regardless of amount and with confidentiality never serving as an excuse.

Keep records for five years of cash transactions exceeding ten thousand dollars, available to the UAF.

Comply with the instructions the UAF issues through circulars, such as Circular 62, of March 19, 2025, addressed to the obligated entities under Art. 3 (UAF Circular 62, BCN, idNorma 1212282).

Added to this is declaring to the National Customs Service the carrying of cash or bearer negotiable instruments exceeding ten thousand dollars when entering or leaving the country. A good-faith report releases the obligated entity from liability; non-compliance is punished with fines depending on the infringement, and can reach directors and legal representatives who voluntarily took part in the conduct.

OGC INSIGHT

If the company is an obligated entity, UAF compliance leaves no room for improvisation: it needs an internal officer, a know-your-customer policy, a system for detecting suspicious transactions and records that withstand a request. And treat regulatory compliance not as isolated programs, but as a single matrix showing, for each front, what obligation exists, who enforces it and what evidence can be produced.

GOVERNANCE, EVIDENCE AND PROGRAM AUDIT

A compliance program is worth what its evidence is worth. In an investigation or inspection, the company does not defend itself by asserting it “had a program,” but with the documents proving it operated. Governance starts at the board, because the reform reinforced that compliance is senior management’s responsibility and not a task simply delegable to a subordinate position. The board must know the risk map, approve the model, resource it and review its operation, and evidence of that oversight, in minutes and reports, is part of the model itself. Periodic legal audit by independent third parties closes the cycle Article 4 requires.

OGC INSIGHT

When implementing a model at a Chilean subsidiary, copying the group’s and translating it is not enough. It must respond to the Chilean catalog, the local business line and the chain of counterparties in Chile, and leave evidence that it operates; a model imported without adaptation is, before a Chilean court, nearly as weak as having none.

IS YOUR CRIME PREVENTION MODEL
UPDATED TO LAW NO. 21,595?

[SCHEDULE A MEETING](#)

XIV

INSOLVENCY AND REORGANIZATION

Chile replaced its old bankruptcy regime with a modern insolvency system that favors preserving a viable business over its immediate liquidation. Law No. 20,720 and its 2023 reform organize the available proceedings, define the bodies conducting them and set the rules for paying creditors. For a foreign creditor or investor, knowing them before contracting with a Chilean counterparty makes the difference between recovering part of the claim in an orderly fashion and getting caught in a process one does not understand. This chapter does not constitute legal advice for any particular case.

IN THIS CHAPTER

Legal framework · Institutions · Reorganization · Liquidation · Creditor priority · Cross-border insolvency

LEGAL FRAMEWORK AND PROCEEDINGS

The **Law No. 20,720**, published on January 9, 2014, replaced the old bankruptcy regime of Book IV of the Commercial Code with a reorganization and liquidation law for companies and individuals, favoring preservation of the viable company's operation as more efficient for paying creditors, suppliers and workers than auctioning its assets. Where before there was a bankrupt party and a receiver, today there is a debtor company, a receiver overseeing the reorganization and a liquidator conducting the sale of assets. In 2023, **Law No. 21,563**, published on May 10, 2023, modernized these proceedings, reduced documentary burdens, shortened deadlines and added simplified versions for micro and small enterprises.

The system provides three central insolvency proceedings.

Reorganization. Restructures liabilities and assets so the viable company continues operating.

Liquidation. Orders the sale of the non-viable debtor's assets to pay its creditors.

Debtor renegotiation. An administrative procedure allowing individuals to restructure their debts.

Added to these, since the reform, are a simplified reorganization and a simplified liquidation for micro and small enterprises.

OGC INSIGHT

The name of the proceeding defines your strategy. Reorganization keeps the company operating and opens room to collect under an agreement; liquidation puts the assets up for sale. Confirm which of the three was opened before moving resources.

INSTITUTIONS OF THE INSOLVENCY SYSTEM

The system rests on three pillars.

Superintendence of Insolvency and Reentrepreneurship (Superir)

Superintendence of Insolvency and Reentrepreneurship (Superir). Regulatory body. It oversees liquidators, receivers, intervenors, insolvency auctioneers and other persons under its control. It administers debtor renegotiation, the only central administrative-track procedure. It maintains the Receivers' Roster and the Liquidators' Roster, public registries of certified, supervised professionals. It administers the Insolvency Bulletin, a free public platform where resolutions are published. Notices are served through the Bulletin, not the Official Gazette, and deadlines to verify claims run from that electronic publication.

Receiver and liquidator

They are the technical bodies. The receiver takes part in reorganization, fosters agreements and safeguards creditors' interests; it does not take over management, since the debtor retains control. The liquidator takes part in liquidation, realizes the debtor's assets and pursues payment per the statutory priority order; unlike the receiver, it does take over representation of the debtor's assets once liquidation is declared.

Tribunales ordinarios

Chilean law has no special insolvency courts. The court of the debtor's domicile has jurisdiction. Banks, financial institutions, insurance companies and other regulated entities are subject to special regimes, separate from the general regime of Law No. 20,720.

OGC INSIGHT

The counterparty's corporate domicile fixes the court for any future insolvency, and the entity type determines whether Law No. 20,720 or a special regime applies. Resolve both as due diligence before contracting.

REORGANIZATION INSOLVENCY PROCEEDING

Reorganization is the heart of the system. It seeks an agreement between the debtor company and its creditors allowing it to keep operating, because creditors recover more from a going concern than from a liquidated one.

Commencement. Filing by the debtor company before the competent court, with an inventory of assets and liabilities and a list of creditors. In parallel, the debtor requests the Superintendence to appoint a receiver (Art. 22, Law No. 20,720). Once requirements are met, the court issues the Reorganization Resolution (Art. 57, Law No. 20,720).

Insolvency financial protection. From notification, and for an initial period of sixty days, no liquidation may be commenced against the debtor, nor executory proceedings, enforcement of any kind, or repossession in lease proceedings. The period may be extended, under Article 58, by up to one hundred twenty additional days, subject to the creditor support the law requires. During protection, existing contracts remain in force and the law prohibits early unilateral termination, early acceleration of obligations and enforcement of security based solely on the commencement of the proceeding. A creditor breaching this prohibition is subordinated in the payment order.

Forms of the agreement. The judicial reorganization agreement is reached within the proceeding. The out-of-court one is negotiated outside the procedural framework and, to be enforceable against non-parties, must be submitted for judicial approval.

Simplified reorganization. The 2023 reform introduced a simplified version for micro and small enterprises (Law No. 21,563).

CREDITOR DEADLINES AND AGREEMENT QUORUM

Creditor deadline. After the Reorganization Resolution, creditors have fifteen days from notification to prove their standing, indicating their representatives' powers to review, amend and adopt the agreement (Art. 57 No. 6, Law No. 20,720). The liabilities are determined based on the list of claims the debtor submits and the objection regime of Articles 70 and 71.

Meeting decisions are adopted by weighted majorities. The general rule is an absolute majority of creditors entitled to vote. For the most important decisions, such as approving the agreement, the law requires a special quorum of **two-thirds of total verified or recognized liabilities entitled to vote** (Art. 79). Once reached, the agreement must be approved by the court, and the judicial reorganization agreement binds all parties, even creditors who did not participate. If no agreement is reached, the company is declared in liquidation.

15 days

to prove standing from notification

60 + 120days of insolvency financial
protection, initial and extendable**2/3**of voting liabilities to approve the
agreement**OGC INSIGHT**

Your leverage hinges on the fifteen-day deadline to prove standing and the two-thirds liability threshold. If your claim is smaller, coordinate early with other creditors to reach critical mass.

LIQUIDATION INSOLVENCY PROCEEDING

Liquidation applies when the company is not viable. The liquidator realizes the assets and distributes the proceeds per the statutory priority order.

Voluntary or forced commencement. In the voluntary case, the debtor starts the proceeding if it meets the requirements and has not already commenced a reorganization. In the forced case, any creditor may sue to commence it only if a ground under Article 117 of Law No. 20,720 exists, including ceasing to pay an obligation evidenced by an executory title. The 2023 reform added a simplified liquidation shortening deadlines and eliminating creditor meetings, unless requested (Law No. 21,563).

Effects of the declaration. The court appoints the liquidator, who takes over representation of the debtor's assets. All judicial actions consolidate before the court hearing the liquidation. The debtor loses administration of its attachable assets; the declaration does not transfer ownership to creditors, but suspends the power to dispose until claims are paid. Individual enforcement is suspended. As an exception, pledge and mortgage creditors retain the right to separately pursue their security, but must likewise verify their claims.

Creditor deadline. Thirty business days from publication of the declaration in the Insolvency Bulletin to verify claims with supporting evidence. Day periods are computed in business days under Article 7 of Law No. 20,720. Only claims on the recognized-claims list take part in the distribution. This period differs from the fifteen-day period in reorganization.

THE CREDITOR PRIORITY ORDER

The debtor's assets form the estate, which the liquidator realizes to pay creditors. As a general rule, claims are paid pro rata, unless a statutory preference applies. The priority order is set by the Civil Code (Arts. 2470 et seq.) and Law No. 20,720 itself.

First class (Art. 2472 Civil Code). General privilege. Includes court costs in creditors' general interest, proceeding administration and asset realization costs, worker wages and family allowances, unpaid social security contributions and certain Treasury claims for withholding and surcharge taxes.

Second class. Pledge claims, paid from the proceeds of the pledged asset.

Third class. Mortgage claims, paid from the proceeds of the mortgaged property.

Fourth class and beyond. Other preferred claims. Common or unsecured claims are paid only from the remainder.

The law allows a payment plan alternative to the default statutory order, provided it does not contravene the preference order or the recognized amounts. Once the proceeding ends, obligations predating its commencement are extinguished by operation of law, and the debtor regains administration of any remaining assets.

OGC INSIGHT

In liquidation your recovery depends almost entirely on your claim's class, and unsecured creditors collect only from the remainder. Pull that lever when contracting, by requiring a pledge or mortgage that moves you to second or third class.

RENEGOTIATION AND CROSS-BORDER INSOLVENCY

Debtor renegotiation

Debtor renegotiation is the route for individuals who do not qualify as a debtor company. Unlike reorganization and liquidation, which are judicial, it is an administrative procedure before the Superintendence of Insolvency and Reentrepreneurship, allowing personal debts to be restructured with its mediation. For a foreign company or investor it matters when the counterparty is an individual, such as a guarantor, surety or sole proprietor, whose insolvency is channeled through this route rather than the company proceedings.

OGC INSIGHT

A personal guarantee given by an individual falls into administrative renegotiation before the Superir, with rules and deadlines different from a company's. When designing guarantees and sureties, consider reinforcing the deal with real security.

Cross-border insolvency • Chapter VIII

Law No. 20,720 introduced, for the first time in Chile, a cross-border insolvency regime in its Chapter VIII, adopting the 1997 UNCITRAL Model Law on Cross-Border Insolvency. It promotes cooperation between courts of different countries and facilitates the reorganization of debtor companies with international presence. The regime provides two assistance scenarios.

OGC INSIGHT

A foreign proceeding has no automatic effect on assets located in Chile, and protection depends on obtaining Chapter VIII recognition before a Chilean court. If your group faces an insolvency outside Chile with local assets, coordinate the foreign representative early with counsel licensed in Chile.

FOREIGN CREDITORS AND SECURITY

Law No. 20,720 makes no distinction between Chilean and foreign creditors. The resolution declaring liquidation may be served on creditors located outside Chile, inviting them to appear and verify their claims within the statutory deadline, on equal terms with local creditors and subject to the same priority order.

Foreign creditors in Chile. They may appear in Chilean insolvency proceedings and exercise the rights the law recognizes, including claim verification. If a foreign insolvency proceeding must have effect in Chile, its recognition is requested under Chapter VIII, normally by the foreign representative with counsel in Chile; once recognized, the representative may seek measures to protect related assets or interests.

Chilean creditors abroad. They may request the Superintendence of Insolvency and Reentrepreneurship to act on their behalf, and Chilean courts may communicate directly with foreign courts. Where cooperation is not accepted under the foreign jurisdiction's framework, they must resort to traditional recognition through an international letter rogatory.

For recognition and enforcement of foreign judgments, including those issued in insolvency proceedings, the Chilean system applies a framework based mainly on the international treaties signed with the jurisdiction of origin. Absent a treaty, the principle of reciprocity governs. Without a treaty or reciprocity, enforcement may proceed on the basis of general principles of law, provided the judgment does not contravene Chilean public policy or jurisdiction rules. Once the requirements are met, there is no restriction preventing the return of assets to a foreign representative, on the same terms as to a Chilean one.

The law also regulates **set-off of related obligations**, relevant for international financial creditors. The general rule prohibits set-off not carried out before notice of the liquidation resolution, with an exception for related obligations: those which, even in different currencies, derive from derivative transactions — futures, options, swaps and forwards — entered into between the same parties under the same master agreement. The rule authorizes the Central Bank to set the general terms applicable to those agreements. When valid set-off yields a net amount payable by the debtor company, that amount is added to the liabilities.

THE INSOLVENCY PROCEEDINGS, SIDE BY SIDE

Aspect	Reorganization	Liquidation	Renegotiation
Who commences	Debtor company	Debtor (voluntary) or creditor (forced)	Individual debtor
Venue	Judicial, debtor's domicile	Judicial, debtor's domicile	Administrative, before the Superir
Body	Receiver (supervises)	Liquidator (manages and sells)	Superir
Management	The debtor keeps management	The debtor loses it over attachable assets	Administrative mediation
Protection	60 days extendable up to 120 more (Arts. 57 and 58)	Suspension of individual enforcement, except real security with verification	Per the administrative procedure
Creditor deadline	15 days from notice of the Reorganization Resolution to prove standing (Art. 57 No. 6); liabilities per list and objections (Arts. 70 and 71)	30 days from publication in the Insolvency Bulletin to verify (Art. 170)	Per the administrative procedure
Core quorum	Two-thirds of voting liabilities (Art. 79)	Meeting rules, ordinary or simplified	No meeting applies in the same terms
Outcome	The company keeps operating under the agreement	Sale of assets and extinction of prior debts	Restructuring of personal debts

OGC INSIGHT

Two questions fix your defense when a counterparty enters insolvency: which proceeding was opened and what filing deadline applies to you. From the moment you contract, keep Insolvency Bulletin monitoring active so deadlines don't run without you noticing.

HAS A KEY COUNTERPARTY ENTERED
INSOLVENCY, OR ARE YOU SEEING
WARNING SIGNS?

Talk to Cubillos Lama.

SCHEDULE A MEETING



INSURANCE AND RISK MANAGEMENT

The Chilean insurance market is sophisticated and open to foreign capital, with two features worth understanding before investing. The insurance contract is built in favor of the insured, with mandatory rules, and only companies incorporated in Chile may insure local risks, subject to narrow exceptions. The regulator is the Financial Market Commission, which requires an exclusive purpose, local incorporation and solvency standards.

IN THIS CHAPTER

Legal framework · CMF · Exclusive purpose · Insurance contract · Auxiliaries · Reinsurance · Mandatory insurance · Parametric

MARKET STRUCTURE AND REGULATOR

The market is developed, with international groups operating through local subsidiaries and two segments, life insurance and general insurance. Given the country's high seismic exposure, local retention of catastrophic risk is limited and cross-border reinsurance is structural.

Insurance law rests on two statutes plus the regulator's rules. The first is Decree with Force of Law No. 251 of 1931, of the Ministry of Finance, on Insurance Companies, Stock Corporations and Commodity Exchanges, which governs who may insure risks in Chile, the incorporation and operation of companies, their capital and solvency requirements and reinsurance. The second is the Commercial Code, which governs the insurance contract in Book II, Title VIII, Articles 512 et seq., entirely replaced by Law No. 20,667, published in the Official Gazette on May 9, 2013 and in force since December 1, 2013. On top of both sits the administrative regulation of the Financial Market Commission (CMF).

OGC INSIGHT

Much of the operational rules live in CMF regulations, not the law; before closing catastrophic coverage, demand visibility into the reinsurance, because the reinsurer's solvency matters as much as the coverage.

The Financial Market Commission

The insurance market supervisor is the Financial Market Commission (CMF), created by Law No. 21,000, published on February 23, 2017, which replaced the former Superintendence of Securities and Insurance (SVS). Under Law No. 21,130 of 2019, the functions of the former Superintendence of Banks and Financial Institutions (SBIF) were integrated into the CMF. Any reference to the former SVS in insurance matters is now understood as referring to the CMF.

OGC INSIGHT

The CMF is your single regulatory counterpart; map its authorizations, registries and reports from the outset.

INCORPORATION, EXCLUSIVE PURPOSE AND LINE SEPARATION

Under DFL 251, only Chilean insurance and reinsurance companies, with a corporate purpose exclusively for insurance, may insure risks in Chile. A narrow exception exists for foreign insurers, who may operate without local incorporation in limited areas such as international marine and aviation insurance, international transit cargo transport, and satellite-related risks. Outside these cases, a company incorporated in the country is required.

DFL 251 classifies companies into two groups and an entity may not operate in both. The **first group, general insurance**, covers damage to property or financial interests, such as fire, theft, civil liability or transport, with short-term obligations. The **second, life insurance**, covers personal risks, such as death, survival or disability, and includes annuities and savings, with long-term obligations. The financial regime imposes minimum capital, technical reserves and risk-based capital.

OGC INSIGHT

Entry into Chile is not a branch, but a local company with its own capital and reserves; covering property insurance and life products requires two separate corporate vehicles.

THE INSURANCE CONTRACT AND THE PRO-INSURED RULE

Article 512 of the Commercial Code defines insurance as the contract under which the insurer undertakes to indemnify a loss or provide a capital sum, annuity or other benefit upon the occurrence of the risk, in exchange for the payment of a premium. Following the reform, the contract is consensual and the policy evidences it without being a requirement for its existence.

The system is organized around **protecting the insured**, the weaker party in an adhesion contract. The provisions are, as a general rule, mandatory; the parties cannot modify them to the insured's detriment, except where the law authorizes it, and the version most favorable to the insured prevails, including in cases of ambiguity. Mandatory status admits enumerated exceptions, with negotiable terms and models not filed with the CMF: under Article 542, in the first group for hull and marine and air transport insurance, and in contracts where the insured and beneficiary are legal entities and the annual premium exceeds UF 200, in which cases the policy must be signed by the contracting parties.

Good faith is the contract's axis. Article 525 requires the policyholder to disclose, per what the insurer requested, the facts relevant to assessing the risk; if the insurer does not request that disclosure, it cannot later allege errors, omissions or inaccuracies. Policies operate on general conditions, filed with the CMF, and specific conditions, which prevail in case of conflict, and exclusions are a frequent focus of dispute.

OGC INSIGHT

The law defaults in your favor and ambiguities are resolved against whoever drafted the policy; in the free-drafting cases of Article 542, everything depends on the negotiated text. Document the risk disclosure and review the exclusions.

AUXILIARIES AND CLAIMS SETTLEMENT

Distribution and settlement are channeled through insurance trade auxiliaries, supervised by the CMF. Their core categories are:

Insurance brokers. Independent intermediaries registered with the CMF. They can place insurance with any authorized insurer and the law imposes on them a duty of informed advice to the client throughout the contract's term. Alternative channels coexist, such as the sales agent, bancassurance and InsurTech platforms.

Claims adjusters. Also registered and supervised by the CMF, they investigate the loss to determine coverage and assess the indemnity. They must act with independence and impartiality; although paid by the insurer, their opinion is objective, non-binding and challengeable before the adjuster and then before an arbitrator.

Alternative channels also coexist, such as the sales agent, bancassurance and InsurTech platforms.

The settlement procedure is detailed in Supreme Decree No. 1,055 of 2012, of the Ministry of Finance, which approved the Regulation on Insurance Trade Auxiliaries and the Claims Settlement Procedure, amended by Decree No. 1,393 of 2013. Once the loss is reported, the insurer settles directly or appoints a registered adjuster, and the insured may reject direct settlement. The adjuster issues its report within 45 days, extendable to 180 days for marine hull or general average, and to 90 days for certain property damage claims with an annual premium above UF 100. Once the report is issued, the indemnity is paid within the regulatory deadline, and reinsurance cannot delay it.

If a dispute arises, the general rule is **mandatory arbitration**, unless the disputed amount is below UF 10,000, in which case the insured may go to the ordinary courts. The AACH also administers the Insured's Ombudsman for claims up to UF 500 in general insurance and UF 250 in life; its decisions bind only the insurers and the insured retains the right to sue before the courts or SERNAC.

OGC INSIGHT

Keep the UF 10,000 threshold in mind and document the claim with the arbitrator in mind.

REINSURANCE AND FOREIGN REINSURERS

Reinsurance transfers part of the insurer's risk to a third party. Chilean policies may be reinsured by Chilean exclusive-purpose reinsurance companies registered with the CMF, Chilean insurance companies, and foreign reinsurers, the latter subject to a risk rating. The CMF requires the foreign reinsurer to maintain a **minimum BBB rating**, or equivalent, confirmed by at least two internationally recognized agencies — Standard & Poor's, Fitch, Moody's or A.M. Best. If it loses that rating, the insurer must find a replacement within six months. It must also appoint a representative in Chile with judicial representation powers, unless the reinsurance is placed through a reinsurance broker registered with the CMF.

The 2013 reform set mandatory rules. Reinsurance does not alter the contract between the direct insurer and the insured, and payment to the insured cannot be delayed by pending reinsurance collection; the "funds withheld" clause was banned. Direct insurance and reinsurance disputes are subject to Chilean jurisdiction, and any agreement to the contrary is void; however, reinsurance disputes may be submitted to Law No. 19,971 on International Commercial Arbitration.

OGC INSIGHT

Treat the BBB rating and the six-month replacement as a hard condition; the guarantee of payment to the insured, independent of reinsurance collection, cannot be waived.

MANDATORY INSURANCE AND PARAMETRIC INSURANCE

Chilean law imposes certain mandatory insurance policies. Two are especially relevant for a company operating in the country:

Social insurance against workplace accidents and occupational diseases (Law No. 16,744). Mandatory, borne by the employer from the first worker, administered by employer mutual associations and the Labor Safety Institute. Covered in more detail in Chapter 7.

Mandatory Personal Accident Insurance (SOAP, Law No. 18,490). Required to operate any motor vehicle. Covers, within the statutory limits, death and bodily injury from accidents involving the insured vehicle. Its policy is standard and drafted by the CMF.

In the financial sector, insurance tied to mortgage loans is governed by Article 40 of DFL 251 and CMF General Rule No. 469.

OGC INSIGHT

Law 16,744 insurance is your cost from the first worker, and SOAP is a condition to drive; build both into your compliance budget.

Parametric insurance • Fintech Law

A recent development is the enabling of parametric insurance by the 2023 Fintech Law, corresponding to Law No. 21,521, published on January 4, 2023. Parametric insurance pays out based on predefined event parameters, such as an earthquake's magnitude or rainfall levels, instead of assessing damage case by case, and without the insured needing to prove the amount of the damage, speeding up payment in a country with high catastrophic exposure. The CMF has already issued the regulation. General Rule No. 546, of August 22, 2025, sets rules on parametric insurance, and General Rule No. 547, of the same date, amended General Rule No. 306 on technical reserves to incorporate the applicable treatment.

OGC INSIGHT

For insurance indexed to measurable events, specific regulation already exists; design objective, demonstrable indices and verify the product complies with GR No. 546 and, where applicable, GR No. 547.

ENTRY OF FOREIGN INSURERS AND INVESTORS

Anyone assessing entry into the Chilean insurance market faces three linked decisions. The first is **structural**: incorporating a Chilean exclusive-purpose company for each group in which it operates, with its own capital and reserves and CMF authorization to exist. The second is **solvency and reinsurance**, where each foreign reinsurer must meet the minimum BBB rating and appoint a representative in Chile. The third is **market conduct**, with most of the book under the mandatory regime and CMF texts, distribution through registered brokers and arbitration above UF 10,000. Anyone entering as an investor in an existing company must also consider foreign investment and corporate control rules; DFL 251 requires authorization to transfer a significant stake. *See the Business legal structures and Foreign investment chapters.*

OGC INSIGHT

Resolve in order the corporate vehicle, reinsurance and solvency, and the CMF requirements; that sequence avoids reworking the structure later.

DOES YOUR INSURANCE PROGRAM
COVER YOUR OPERATION'S REAL
RISKS IN CHILE?

SCHEDULE A MEETING

2026 REGULATORY DEVELOPMENTS

2026 is, for Chile, a year of high regulatory density. Structural reforms already published but still being implemented coexist with a package of pending bills that, if passed, would redefine the tax burden, the cost of hiring and the permitting regime. The right approach for a foreign company is not to memorize every rule, but to distinguish what is already mandatory from what remains a proposal subject to change. Much of what matters most in 2026 is not yet law. Where a reform is still moving through Congress, this is expressly flagged, because its content may change during debate or it may not pass at all. No investment decision should rely on a bill as if it were law in force. The following matrix orders the developments by their actual status.

Regulatory and legislative status verified as of June 22, 2026. No investment decision should rely on a bill as if it were law in force.

IN THIS SECTION

Executive matrix · Reconstruction Bill · Permitting reform · Personal data · Cybersecurity · Pensions · How to get ahead

THE DEVELOPMENTS, BY ACTUAL STATUS

Matter	Status		Key date	Regulatory impact
Personal data protection (Law No. 21,719)	Published, effect	pending	Dec. 1, 2026	New Agency, higher lawfulness and security standards, data subject rights and sanctions regime.
Permitting reform / LMAS (Law No. 21,770)	In force, implementation	gradual	2026+	Common permitting system, maximum deadlines, enabling techniques, administrative silence, SUPER platform and regulatory stability.
Cybersecurity (Law No. 21,663)	In force, development	technical	2026	Risk management duties, standards and incident reporting; technical regulation under public consultation.
Pension reform (Law No. 21,735)	In force, gradual		2025–2033	Additional employer contribution rising in stages to its full rate.
Working-hours reduction (Law No. 21,561)	In force, gradual		2026 / 2028	Dropped to 42 hours on April 26, 2026, on track toward 40 hours, with no pay cut.
Desalination (Law No. 21,813)	Published, effect	deferred	2026	Framework for seawater use; key for water-intensive projects.
National Reconstruction Bill (Bulletin No. 18,216-05)	In Congress		2026	IDPC reduction and reintegration, tax invariability, formal employment credit and transitional windows. Not yet law.

The 2023 Economic Crimes Law No. 21,595 is not a 2026 development, but remains a compliance priority because its effects on prevention models and corporate criminal liability keep consolidating. The law substantially expanded the catalog of offenses that can trigger that liability and reorganized the penalty regime. Its detailed treatment is in the [compliance chapter](#). The practical consequence is that the prevention model stopped being a formal document and became an operational defense; companies that designed it under the previous framework should review it in light of the new catalog.

NATIONAL RECONSTRUCTION BILL

The broadest potential change for 2026 is a bill, not a law. On April 22, 2026, the Executive submitted to the Chamber of Deputies, with utmost urgency, the National Reconstruction and Economic and Social Development Bill (Message No. 018-374, Bulletin No. 18,216-05). As of June 22, 2026, it was moving through Congress and did not constitute law in force. Its content may change or it may not pass at all. Despite its name, it gathers more than forty measures on reconstruction, tax competitiveness, formal employment, housing, permits and investment. Everything that follows is legislative proposals still in Congress.

The most significant piece is the reduction of the First Category Tax (IDPC) and the reintegration of the tax system. The bill proposes a single 23% IDPC rate for the general regime and SMEs, with a staged phase-in for the general regime reaching 23% from business year 2029, and moving toward reintegrating the semi-integrated regime by gradually eliminating the IDPC credit clawback obligation.

Business year	Proposed IDPC rate for the general regime	Comment
2026	27%	Current rate maintained.
2027	25.5%	First proposed reduction step.
2028	24%	Second proposed reduction step.
2029 onward	23%	Proposed steady-state rate.

All of the above are legislative proposals still in Congress, not law in force.

PERMANENT MEASURES AND TRANSITIONAL WINDOWS

The bill includes other **permanent measures**. It proposes eliminating the special 10% tax on capital gains from exchange-traded securities, restoring the treatment prior to Law No. 21,420. It creates a tax invariability statute for investments above USD 50 million. It introduces a formal employment credit of up to 15% of pay in the lowest bracket, phasing down to 0% above 12 UTM, and eliminates the SENCE training franchise. In housing, it proposes a voluntary, temporary 12-month VAT exemption on the sale of new homes with final occupancy permits, and a single 5% tax on gross rent from the third DFL 2 home onward.

On the **transitional** front it opens short-window opportunities. A twelve-month extraordinary voluntary declaration to regularize undeclared assets, foreign currency, crypto-assets and foreign income, with a single 10% tax dropping to 7% if the assets enter Chile and stay invested for at least five years. A 10% substitute tax on accumulated profits (as of December 31, 2025 or 2026) and pending withdrawals, exercisable within eight months of the eventual law's publication. And a Treasury power to waive up to 100% of interest and up to 80% of fines on lump-sum payment, for obligations due through December 31, 2025, for 180 days from publication. On permits, it proposes streamlining procedures and reimbursing expenses when a favorable RCA is annulled.

OGC INSIGHT

Even though the bill is not law, its potential effects justify incorporating it into scenario-based financial modeling now. Build a base case on current law and an alternative case on the bill, and revisit both as it moves through Congress. Transitional windows reward advance documentary preparation.

PERMITTING REFORM AND DATA PROTECTION

Permitting reform — Framework Law on Sectoral Authorizations (in force, being implemented)

Unlike the previous bill, permitting reform is already law. Law No. 21,770, the Framework Law on Sectoral Authorizations (LMAS), was published on September 29, 2025 and is in force, but its rollout is gradual and depends on regulations, decrees and platforms issued throughout 2026. The LMAS establishes a common system for processing sectoral permits, with a standardized procedure and mandatory maximum deadlines, alternative enabling techniques replacing certain low-risk permits with a notice or sworn declaration, the option to invoke administrative silence, a single digital platform (SUPER) progressively made mandatory, and a regulatory stability regime of up to eight years for projects with a favorable RCA. The law does not modify SEIA environmental assessment and limits its sectoral review to non-environmental matters when a favorable RCA already exists. Implementation is verifiable, with the compliance phase-in regulated by a decree with force of law published on February 10, 2026.

OGC INSIGHT

Before building a permitting timeline, confirm whether the relevant permit has already been classified, whether it admits an alternative enabling technique, whether it is on SUPER, and whether the project can access regulatory stability, which with a favorable RCA is a meaningful advantage against future changes.

Personal data protection — toward December 1, 2026 (published, pending effect)

The new personal data protection Law No. 21,719 is already published, but its effective date is deferred and it applies from December 1, 2026. Its full treatment is in the report's [personal data protection chapter](#). What matters is that the remaining time is an adaptation period, not a lull. The law creates the Personal Data Protection Agency, raises lawfulness and security standards, expands data subject rights and introduces a sanctions regime with fines and corrective measures graded by severity.

OGC INSIGHT

Treat December 1, 2026 as a project deadline. A data mapping exercise and an adaptation plan take months, and arriving without a reasonable program exposes the company to the new regime's sanctions.

CYBERSECURITY, PENSIONS AND OTHER DEVELOPMENTS

Cybersecurity and critical infrastructure (in force, technical development)

Law No. 21,663, the Framework Law on Cybersecurity and Critical Information Infrastructure, is already in force and its institutions are operational. The National Cybersecurity Agency was staffed under 2024 and 2025 rules and during 2026 entered the phase of issuing technical regulation. Through a resolution published on May 30, 2026, it opened public consultation on the regulation setting mandatory baseline standards. The law imposes on public and private institutions within its scope, including vital operators, duties of risk management, adoption of standards, and incident reporting to the National CSIRT, all given concrete form through the regulations now being rolled out.

A company operating sensitive services, networks, platforms or relevant infrastructure should check whether it qualifies as an obligated entity and follow the Agency's technical regulation. Getting ahead of the standards before they become mandatory reduces exposure to incidents and sanctions.

Pension reform (in force, gradual)

The pension reform Law No. 21,735 was published in 2025 and its implementation is gradual. The additional employer contribution began applying from August 2025 payrolls and will keep rising progressively to its full rate. Its treatment is in the [labor chapter](#).

This contribution is a gradual increase in labor cost that should be built into personnel expense projections for coming years, alongside the working-hours reduction and minimum-wage adjustments.

OTHER LABOR AND SECTORAL DEVELOPMENTS

Working-hours reduction to 42 hours (in force). On April 26, 2026, the second milestone of Law No. 21,561 took effect, lowering the weekly maximum from 44 to 42 hours with no pay cut, on the path toward 40 hours.

Minimum wage (in force). From January 1, 2026, the monthly minimum wage stood at CLP 539,000 for workers aged 18 to 65 under Law No. 21,751, and a subsequent statutory adjustment raised it to CLP 553,553 from May 1, 2026. Check it again when setting salary bands, since it may be subject to future adjustments.

Desalination (published, deferred effect). Law No. 21,813 on the use of seawater for desalination was published on May 12, 2026 and has deferred effect, making it a framework to anticipate for water-intensive projects. Its treatment is in the [water rights chapter](#).

Employment incentives (in Congress). The National Reconstruction Bill contemplates a formal-employment tax credit. Until passed, it should be treated as a legislative proposal, not an incentive in force.

2026'S DEFINING FEATURE IS NOT ANY SINGLE RULE, BUT THE SPEED AND SIMULTANEITY OF CHANGE.

Some reforms in force are being implemented in stages, some regulations only now define the real content of already-published laws, and some far-reaching bills have an uncertain path to passage. The most common mistake is treating a bill as law, or a framework law as if it already operated fully; the opposite mistake — ignoring what is brewing — leaves the company with no reaction time once the rule finally takes effect. The practical rule is to always separate what is in force from what is pending, model the impact of each scenario, and prepare adaptation plans ahead of the deadlines.

Beyond the matters in this section, 2026's legislative volume spans public safety, State intelligence, territorial planning, education and energy. The useful approach is not to track every law, but to identify which ones touch your business line, your contracts or your cost structure, and to check their status and effective date before acting.

LEGAL NOTICE

This chapter is informational and does not constitute legal advice for any particular case. A substantial part of its content refers to bills still in Congress, which are not law in force and may be amended or fail to pass. The already-published rules mentioned here are, in several cases, subject to a vacancy period, regulations or gradual implementation. Figures, rates, deadlines and legislative status should be verified against the official source in force at the time of acting. For any specific decision, consult a lawyer to assess your particular situation.

HOW DO THESE REFORMS AFFECT
YOUR COMPANY?

SCHEDULE A MEETING

CHILE IS AN OPEN, PREDICTABLE AND TECHNICALLY DEMANDING JURISDICTION, WHERE THE RISK IS RARELY A PROHIBITION AND ALMOST ALWAYS A LACK OF FORESIGHT.

This report went, topic by topic, through the legal framework governing how a company operates in Chile. A pattern runs through the chapters: the relevant obligations trigger early. Corporate structure defines control and asset exposure from day one, merger control triggers before a deal closes, data protection requires adapting before the law becomes enforceable, and obtaining a water right or an environmental permit decides a project's viability long before the first stone is laid. The Chilean framework rewards those who read it in time. For a foreign company, legal counsel is not an expense that shows up at the end, but a design variable worth incorporating from the moment entry is structured.

The value of an Outside General Counsel

Sustaining that foresight continuously is hard with a legal provider consulted only when a problem arises: each time a new matter comes up, counsel starts from zero, without knowing the business or its history, and the response arrives late or disconnected from strategy.

Cubillos Lama's **Outside General Counsel** model answers that difficulty. The firm acts as the company's external legal department, with accumulated knowledge of its business, contracts, corporate structure and risks. For a company entering Chile or already operating without in-house counsel, it is equivalent to having a General Counsel watching over every matter in this report, integrating corporate, contractual, labor, regulatory, compliance, personal data, intellectual property and public affairs into a single view. The proposal is simple: to be your legal department, without the cost of your own, with integrated vision, business judgment and response within business-day turnarounds.

THE TEAM AND HOW TO WORK WITH US

Cubillos Lama's distinctive feature is its partners' in-house background: they have led entire legal departments at large companies and understand a company's deadlines, risks and day-to-day operations before tackling the legal issue.

Joaquín Cubillos · Partner

Previously General Counsel of an aquaculture company and head of the commercial and intellectual property area for the parent of Chile's leading agroindustrial group.

Jorge Lama · Partner

Previously General Counsel of an infrastructure and services company, and held coordination roles within the State Administration.

Practice areas are organized into ten fronts: Contracts, Corporate, Compliance, Regulatory, Labor, Intellectual Property, Consumer & Advertising, Food & Beverage, Public Affairs and Internationalization.

Outside General Counsel retainer. External legal department under a fixed monthly fee and full coverage. This is the core model, designed for companies wanting continuous, predictable legal coverage.

Modular packages. A selection of the areas the company needs, with monthly hours or hybrid schemes.

Specific projects. Due diligence, M&A, contracts or a sanctioning proceeding, with a defined scope and fixed budget.

Across all formats, the goal is the same: understand your business before your legal problem and turn compliance into a competitive advantage. A first diagnostic conversation is enough to size up the matters, deadlines and risks that apply to your company. Write to us at info@cubilloslama.com or visit cubilloslama.com.

SHALL WE TALK ABOUT YOUR
COMPANY'S LEGAL MODEL?

Schedule a diagnostic meeting.

SCHEDULE A MEETING

CONEXIÓN PYME: BUSINESS OPPORTUNITIES BETWEEN CHILE AND EUROPE

Conexión Pyme 2026, a gathering bringing together entrepreneurs, companies and institutions on a dynamic networking, innovation and business-opportunity platform. A space that drives SME development, internationalization and competitiveness.

We invite you to take part and connect with new strategic partners, access trends and strengthen your company's positioning in a collaborative, high-impact environment. For more information on how to participate, write to us at mcaruz@eurochile.cl.



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SHALL WE TALK ABOUT YOUR PROJECT IN CHILE?

We support foreign investors and companies at every stage of establishing and operating in Chile.

SCHEDULE A MEETING

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