CUATRECASAS

# Doing business in Chile

2025 Edition

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These guidelines provide general information to investors intending to operate in Chile. They include legal issues that may require advice.

They must not be considered a detailed and complete analysis of Chilean law. They must not be interpreted as legal advice from Cuatrecasas.

These guidelines were drafted based on the information available on August 30, 2025, Cuatrecasas has no obligation and assumes no liability with regard to updating this information.

# Contenido

# Introduction

These guidelines provide an overview of key legal aspects for foreign investors interested in investing in Chile. They are not intended as detailed guidelines but rather to address practical issues to help investors planning to launch investment projects in Chile.

Cuatrecasas is a law firm that advises on all areas of business law through a multidisciplinary, diverse and highly qualified team of more than 1,300 lawyers and 29 nationalities.

We have a network of 25 offices in 12 countries and significant footprint in Spain, Portugal and Latin America, where we are present in the main cities. We have over 20 years of experience and a team of over 125 professionals who operate from our offices in Chile, Colombia, Mexico and Peru. We have a sectoral approach and focus on all types of business. With extensive knowledge and experience, we offer our clients the most sophisticated advice, covering ongoing and transactional matters.

We focus on client services through collective knowledge supported by innovation and state-of-the-art technology and incorporating ESG criteria. We foster an innovation culture applied to the legal activity, which combines training, procedures and technological resources to enhance efficiency.

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# 1 Chile: a promising outlook for foreign investment

## 1.1. Strategic position and open economy

Chile stands out as an attractive destination for foreign investment thanks to its strategic position as a gateway to the Latin American market and its close links with the Asia-Pacific markets through the Pacific Alliance. Its open, export-oriented economy, recognized for its stability and sustained growth, benefits from numerous free trade agreements that grant its preferential access to the global market. In addition, Chile's strong infrastructure and commitment to international economic integration facilitates the flow of goods and capital.

Chile is the most competitive economy in South America according to the Global Competitiveness Index and is positioned as a leader in the region in terms of human development, political stability and transparency. With a population of approximately 19,000,000, Chile not only offers a domestic market with high purchasing power, but also serves as a platform for business and exports, particularly in sectors such as mining, agriculture and renewable energy.

Spanish is the official language and is spoken by the vast majority of the population.

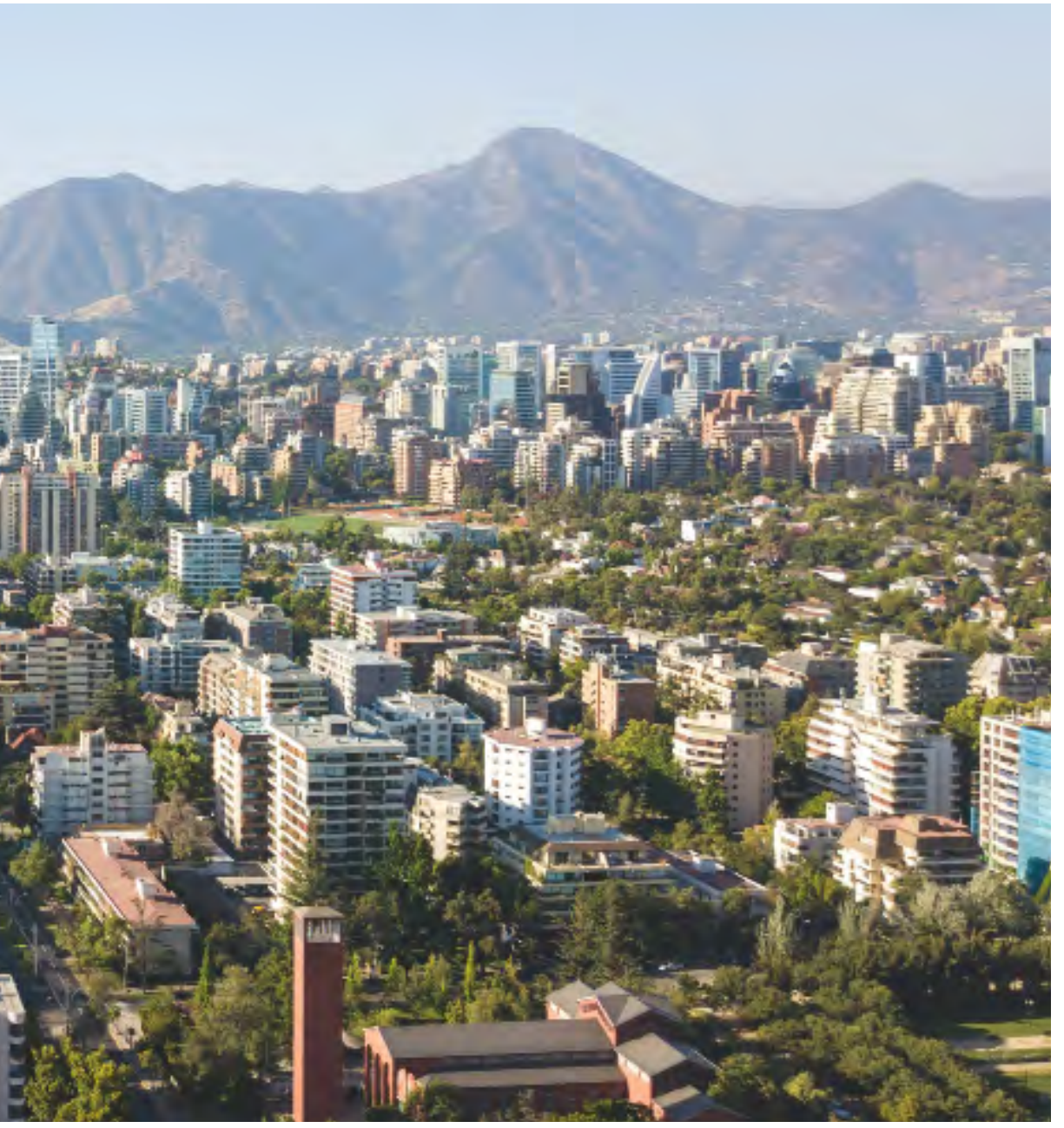
## 1.2. Legal framework

The Chilean legal system provides a solid and reliable framework for investors, with strict respect for the rule of law and the protection of private property.

Chile is a democratic republic with a clear division of powers: executive, legislative and judicial. The executive branch is headed by the President of the Republic, while the legislative branch consists of two chambers, the Senate and the Chamber of Deputies. The independent and autonomous judiciary guarantees compliance with the law and the legal certainty necessary for investments.

The country has a Supreme Court that ensures the proper interpretation of laws and a Constitutional Court that ensures the supremacy of the Constitution. Chile's integration into the Organization for Economic Cooperation and Development (**"OECD"**) reinforces its commitment to public policies aligned with international standards, which results in a business-friendly environment.

Chile also offers excellent quality of life, with a diversity of natural landscapes, from the Atacama Desert to the glaciers of Patagonia, and an urban infrastructure that includes modern and efficient cities. Its social stability and a constantly improving health and education system make Chile not only an attractive destination for business, but also a desirable place to live.



# 2

# Corporate

*Prior authorization to carry out foreign investments is not required, except in certain strategic sectors*

## 2.1. Foreign investment

Chile offers a favorable framework for foreign direct investment, based on the free market, legal stability and no arbitrary discrimination. Act Nº 20.848 of 2015 provides the framework for foreign direct investment in Chile ("**Foreign Investment Act**") and establishes the Foreign Investment Promotion Agency (also known as "**Invest Chile**"), whose purpose is to promote and facilitate foreign investment by issuing certificates enabling access to certain benefits.

In addition to the benefits under the Foreign Investment Act, Chile has signed a wide network of international agreements, treaties and conventions, including Double Taxation Agreements and Free Trade Agreements, that offer safety and advantages to foreign investors.

On the other hand, in general terms, prior authorization for foreign direct investment in Chile is not required, except in certain strategic sectors such as hydrocarbons exploration and exploitation and nuclear energy production. These sectors are subject to a special regime that includes the signing of special contracts with the State, which must be approved by the National Congress.

### 2.1.1. Key Foreign Investment Act concepts

Under the Foreign Investment Act, foreign direct investment means transferring to Chile capital or assets worth USD 5 million or more (or the equivalent in other currencies), owned or controlled by an individual or legal person incorporated abroad that is not a resident or domiciled in Chile. This direct investment can take on different forms, e.g., foreign currency, physical assets, profit reinvestment, loan capitalization, technology or loans associated with foreign investments from related companies.

Direct or indirect acquisition or participation in the equity or assets of a company incorporated under Chilean law that gives the investor significant control over part of it is also considered foreign direct investment. Significant control is understood as the investor holding at least (i) 10% of the voting rights of the shares of the investee company; or (ii) an equivalent percentage in the share capital, if it is another type of company, or in the company assets.

### 2.1.2. Foreign investor rights under the Foreign Investment Act

To benefit from the rights under the Foreign Investment Act, foreign investors must apply for a certificate from the Foreign Investment Promotion Agency to prove that they fulfill all the legal requirements. The certificate must be issued within 15 days of the date the documentation required by Invest Chile was submitted.

The rights granted by the certificate, once the requirements and procedures established under domestic regulations and all tax obligations have been met, are as follows:

- The right to send abroad the invested capital and the net profits from the investments.
- The right to access the formal exchange market (comprising banks and authorized financial entities) to settle the currencies in which the investment is denominated and to obtain the necessary foreign currency to send abroad the invested capital and the net profits from the foreign investment.
- The right to exemption from sale and service tax on importing capital goods.
- The right to non-discrimination, whether direct or indirect, while remaining subject to the common legal system applicable to domestic investors.

### 2.1.3. Central Bank Foreign Investment Income Registration System

Foreign capital transfers entering the country from loans, deposits, investments or capital contributions originating abroad and exceeding USD 10,000, or the equivalent in other currencies, must be transferred through the formal exchange market and reported to the Central Bank of Chile by commercial banks.

This registry system is regulated in Chapter XIV of the International Exchange Standards of the Central Bank of Chile.

## 2.2. Business structures in Chile

The most widely used business structures in our country are the following:

### 2.2.1. Individual limited liability company (*Empresa Individual de Responsabilidad Limitada*, "**EIRL**")

This type of business structure is regulated by Act Nº 19.857 of 2003, and it enables individuals to start a business with the possibility of separating and protecting personal assets from assets intended for business. Thus, entrepreneurs can limit their financial liability to the initial capital invested in the company, without risking personal assets beyond that amount.

To incorporate an EIRL, a public deed is required, in which individual entrepreneurs can use their

own name or choose a fantasy name that identifies the activity or type of business, together with the expression "Individual Limited Liability Company" or the acronym "EIRL." The management and administration of the EIRL can be exercised directly by the entrepreneur, who has the power to make decisions and manage the business or delegate these functions to a general manager appointed according to instructions.

The EIRL is a flexible organizational structure that allows the owner to carry out a wide range of economic activities, both civil and commercial, except those that Chilean law reserves exclusively for public limited companies.

### 2.2.2. Limited liability company (*Sociedad de responsabilidad limitada*, "**SRL**")

This business structure is a legal entity incorporated and operated under Act Nº 3.918, the Commercial Code and the Civil Code. SRLs are partnerships whose members are financially liable up to the amount of their respective contributions, unless they agree to greater liability when the SRL is incorporated.

SRLs are incorporated through a public deed, an excerpt of which must be filed with the Commercial Registry of the Asset Registrar (*Registro de Comercio del Conservador de Bienes Raíces*) with jurisdiction over the location of the company's registered office and published in the Official Gazette within 60 days. SRLs must have between 2 and 50 members, who can be Chilean or foreign individuals or legal persons.

As regards the name of the company, it may include the name of one or more of its members or refer to the company's corporate purpose, but the term "limited" must be included; omitting it implies that the members assume joint and several liability for the corporate obligations.

This structure offers flexibility in defining its corporate purpose, as well as in its management and internal control mechanisms. There are no minimum capital requirements for incorporating or operating a public limited liability company. Capital can be paid in cash, assets and even in work or services provided by the members.

### 2.2.3. Public limited liability company (*Sociedad anónima*, "**SA**")

This type of company is incorporated and operates under Act Nº 18.046, in addition to the Commercial Code and the Civil Code, whose main feature is being a capital company with its own legal personality, independent of its shareholders.

An SA is incorporated in a public deed that must include the company bylaws and identify its shareholders, amount of subscribed capital, corporate purpose, duration and form of management, which requires participation of at least two shareholders that can be national or foreign individuals or legal persons. An excerpt of the public deed must be published in the Official Gazette and registered with the Commercial Registry of the Asset Registrar with jurisdiction over the company's registered office within 60 days. The name of the SA may include the name of one or more shareholders or a created name, followed by the letters SA.

The capital of an SA is divided into shares through contributions from shareholders that are liable only up to the amount of their respective contributions. We highlight that there are no minimum capital requirements for incorporating or operating a public limited liability company. Contributions to share capital can be paid in cash or in other assets. In the latter case, they must be previously appraised by the shareholders. Issuing shares as compensation for a shareholder's personal work or services is not allowed.

This type of company is managed by a board of at least three directors in closed SAs and five in open SAs. Only individuals, whether Chilean or foreign, can be directors, and they can be removed. They adopt decisions by majority vote.

There are three types of SAs:

- **Open:** shares are traded on the Stock Exchange and, by law or voluntarily, they must register their shares with the Securities Registry of the Financial Market Commission (*Comisión para el Mercado Financiero*, "**CMF**"), which is the controlling regulator.

- **Special:** subject to special rules and expressly subject to the procedures of Title XIII of the Companies Act.
- **Closed:** shares are not traded on the Stock Exchange.

*Stock companies allow for greater structural and organizational flexibility and are an attractive option for entrepreneurs and investors*

### 2.2.4. Stock company (*Sociedad por acciones*, "**SpA**")

This is a combination of an SA and an SRL, governed mainly by articles 424 et seq. of the Commercial Code and its bylaws, in addition to the rules for closed SAs. These companies stand out for their structural and organizational flexibility and are an attractive option for entrepreneurs and investors, which is corroborated by their growing popularity in recent years.

An SpA is a legal entity created by one or more national or foreign individuals or legal persons incorporated in a public deed or a private instrument signed by its grantors, whose signatures are certified by a notary public. An excerpt of the public deed must be published in the Official Gazette and registered with the Commercial Registry of the Asset Registrar with jurisdiction over the company's registered office within 60 days.

The capital of an SpA is divided into shares through contributions from shareholders that are liable only up to the amount of their respective contributions. We highlight that there are no minimum capital requirements for incorporating or operating an SpA. Capital can be paid in cash or by contributing other assets, in which case they must be previously appraised by the shareholders.

The shareholders can freely establish the form of management in the bylaws, and they can opt for one or more managers or a board of directors. Managers can be Chilean or foreign individuals or legal persons. If the SpA is managed by a board of directors, its members can only be individuals.

### 2.2.5. Agencies of foreign public limited liability companies in Chile

A foreign public limited liability company can operate in Chile without incorporating a formal company. The Companies Act provides legal recognition to foreign companies so that they can operate in Chile without acquiring a formal legal personality.

A foreign SA's appointed agent or legal representative in Chile must formally execute the following documents before a notary public at the location of the intended domicile under the terms of the legislation in force:

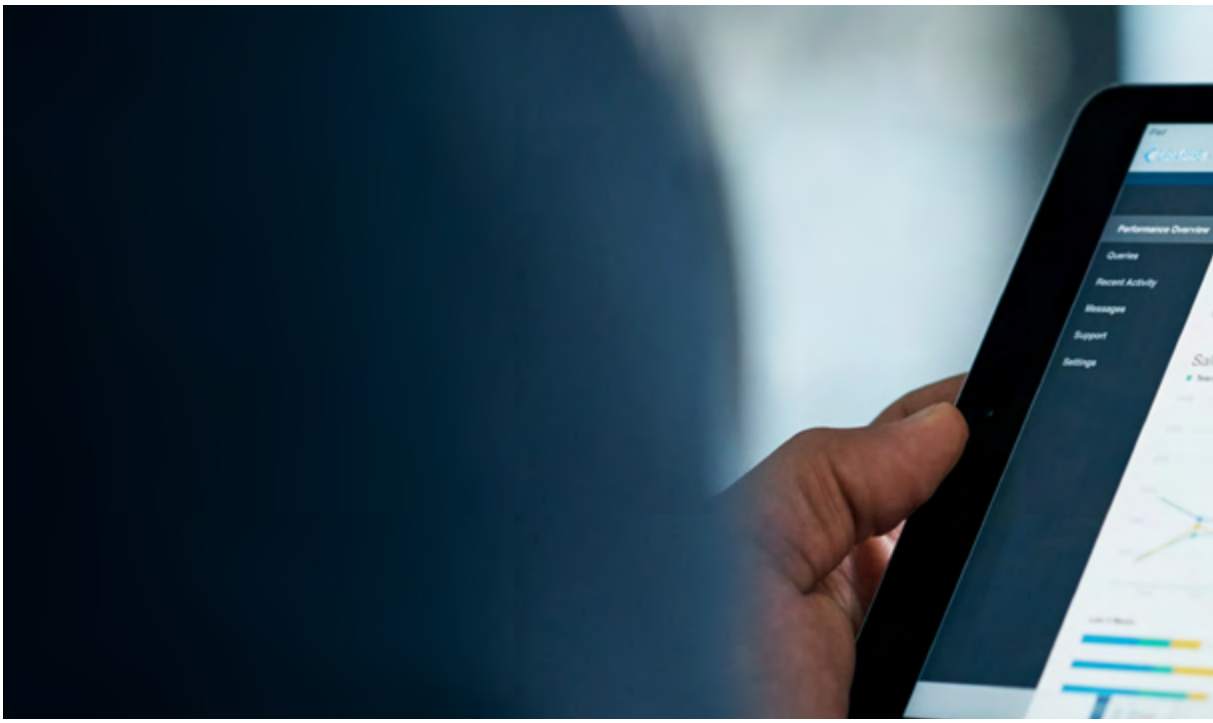
*A foreign company can establish an "Agency in Chile" to operate without acquiring a formal legal personality*

- Proof that the foreign company is legally incorporated under the laws of its country of origin and has a certificate of good standing.
- A certified copy of the foreign company's current bylaws.
- A general power-of-attorney granted by the foreign company to the agent who is to represent it in Chile (i) specifying the legal status of the foreign principal, (ii) stating that the agent will act in Chile under the foreign company's direct responsibility, and (iii) specifying that the agent will have broad powers to carry out operations on its behalf, as well as all ordinary and special powers required by law.

At the time the foreign corporate documents are notarized, the representative of the agency or branch must sign a public document before the same notary public, making all legally required statements so that, on the company's behalf and with sufficient powers, the foreign company "Agency in Chile" can be created. The legally required statements are:

- that the foreign SA is familiar with Chilean legislation and regulations that will govern its agencies, operations, contracts and obligations in Chile;
- that the company assets are subject to the laws of Chile, especially with respect to fulfilling any obligations arising in Chile;
- that the company undertakes to maintain easily realizable assets in Chile to fulfill any obligations arising in our country;
- the address of the main agency, which will be considered the headquarters in Chile, although other domestic branches may be opened in other cities.

Subsequently, and within 60 days from the date the documents are notarized, an excerpt of the notarization and of the public deed must be filed with the commercial registry and published in the Official Gazette.



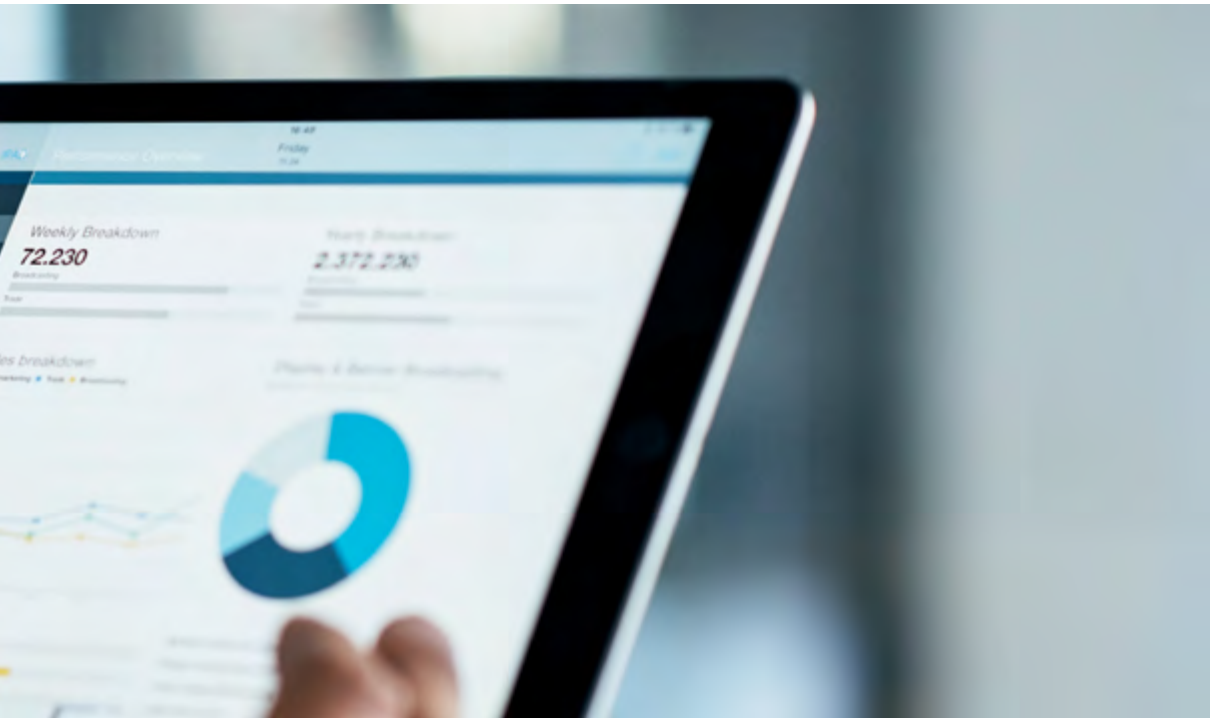
## 2.3. Fintech (Financial technology)

In the dynamic world of technology, Chile has taken significant steps to promote innovation and financial inclusion. The enactment of Law Nº 21.521 (the "**Fintech Act**") clearly shows the country's commitment to modernizing its financial system and its objective of creating a more competitive and accessible ecosystem for all market players.

The main goal of the Fintech Act is to encourage the development and regulation of financial services delivered through technology, as well as to lay the groundwork for an open finance system. The core principles of the Fintech Act include financial inclusion and innovation, promoting competition, protecting financial customers, safeguarding international agreements, maintaining financial integrity and stability, and preventing money laundering and the financing of drug trafficking and terrorism.

By establishing a regulatory framework for open finance, the Fintech Act will enable the secure exchange of financial information among different market participants. This is expected to foster a more inclusive and competitive financial ecosystem, improve access to various financial products, and drive innovation and new offerings.

The CMF is the authority responsible for overseeing compliance with the standards and requirements set by the Fintech Act, ensuring security and transparency in financial operations.



# 3 Taxes

## 3.1. Income tax

### 3.1.1. Background

The Chilean tax system is characterized by a broad concept of income covering profits and revenues, either from an asset or activity, as well as any increase in equity, regardless of its nature, origin or denomination.

Under the Chilean Income Tax Act (*Ley del Impuesto a la Renta*, "**LIR**"), all individuals and entities domiciled or resident in Chile, whether national or foreign, are taxed on their worldwide income. Any person residing in Chile with the actual or apparent intention of remaining in the country will be considered domiciled in Chile.

An individual who spends more than 183 days in Chile during any 12-month period will qualify as a tax resident in Chile. Any companies incorporated in Chile will be considered tax residents.

Nonresident individuals or entities are generally tax only on their income from Chilean sources, meaning income from assets located in Chile or from activities carried out in the country, regardless of the taxpayer's domicile or residence.

However, all income arising from foreign companies' activities in Chile or abroad will be taxed in Chile when profit can be attributable to agencies, branches or other permanent establishments in Chile.

In addition, the LIR contains special provisions on income from Chilean sources, including:

- **Intellectual property:** Profits from copyright, trademarks and similar services used in Chile are considered income from Chilean sources.
- **Securities:** Shares in Chilean companies, as well as bonds and other debt securities issued in Chile, whether on the public or private market, are considered located in the country.
- **Debt interest:** Interest on loans, bonds and other debt instruments is associated with the debtor's domicile in Chile, even if issued or contracted through a foreign branch.

For the purpose of Chilean tax legislation, all income other than Chilean-source income is foreign-source income.

Furthermore, the current tax regulations provide a tax relief for the first three years after foreign investors enter Chile, so that those domiciled or residing in the country are only taxed on income obtained from Chilean sources, without prejudice to that period being extended.

In Chile, income taxes are classified as category taxes and final taxes.

### 3.1.2. Category taxes

Category taxes are applied to income according to the type of economic activity that generates them, i.e., according to their origin or source and are preliminary in nature, to the extent that they can give rise to a tax credit against final taxes, if they meet the requirements established by tax legislation. The main categories are explained below:

- **First category income tax (*Impuesto de Primera Categoría*, "IDPC"):** Corporate tax is levied at a 25% or 27% rate—depending on the taxpayer's regime and regardless of its legal structure—on company income from industry, trade, mining, real estate and other activities that involve the use of capital, including any capital gains, regardless of their source, nature or denomination. It must be filed and paid by the end of April every year.

  Expenses necessary to generate income and that a company incurs in performing its activities can be deductible from gross income, if they meet the requirements established by the tax legislation. Also, tax actually paid by the company can be deducted as credit against the final taxes imposed on company owners, partners or shareholders.

- **Single second category tax (*Impuesto Único de Segunda Categoría*):** This tax is payable monthly at a progressive rate with a top marginal rate of 40% on income from employment (i.e., levied on workers subject to an employment contract) when their monthly gross salary exceeds approximately EUR 890. Employers must withhold this tax every month after pension, disability and health benefits have been deducted from taxable income.

- **Independent second category tax (*Impuesto de Segunda Categoría Independiente*):** Income from liberal professions or any other for-profit activities not included in the first category or subject to single second category tax, and income obtained by brokers that are individuals whose income comes exclusively from their professional activity or services, without using any capital. Income obtained by partnerships exclusively providing professional services and advice will be subject to Global Complementary Tax or Additional Tax (final taxes), depending on whether the taxpayer is domiciled or resident in Chile.

  Note that partnerships exclusively providing professional services and advice may choose to file their tax returns under the IDPC rules, but if they choose this option, they are not allowed to go back to the second category tax system.

(a) IDPC: Taxpayer regimes

Taxpayers subject to ICPI fall under the following main regimes:

- **General regime 14(A):** This is the generally applicable regime, covering income from companies required to file the IDPC tax return for their actual income calculated on a full accounting.

  Under this regime, companies are taxed at a 27% rate on their taxable income (*Renta Líquida Imponible*, "**RLI**"), which will be annually assessed as of December 31.

  If withdrawals or distributions are made to partners or shareholders, they will be able to credit the IDPC paid by the company against the final tax levied on them. However, partners and shareholders must repay 35% of the first category tax credit effectively paid, their tax burden (tax rate) being capped at 44.45%, considering corporate tax and final taxes.

If the partner or shareholder receiving these distributions or dividends is a tax resident in a country that has a double taxation agreement ("DTA") with Chile, there is no repayment obligation, and all the corporate tax paid can be credited against the withholding tax on these remittances. In other words, the maximum tax burden will be 35%. See a summary below:

| ITEM | With DTA | | Without DTA | |
|---|---|---|---|---|
| Taxable income | | 100 | | 100 |
| IDPC | 27% | 27 | 27% | 27 |
| Dividend paid to the shareholder | | 73 | | 73 |
| Increased tax base | | 100 | | 100 |
| Additional tax | 35% | 35 | 35% | 35 |
| IDPC tax credit | 100% | 27 | 100% | 27 |
| Additional tax | | 8 | | 8 |
| Repayable tax credit | 0% | 0 | 35% | 9,45 |
| Additional tax due | | 8 | | 17,45 |
| Effective tax rate | | 35% | | 44,45% |
| **Net remittance received by the shareholder** | | **65** | | **55,55** |

- **Pro-SME Regime:** Applicable to small and medium enterprises ("**SME**") with an initial capital below EUR 3,200,000 and average income below EUR 2,800,000. Their income (i.e., earnings minus deductible expenses) will be taxed at a 25% rate, and SMEs will not be required to repay the first category tax credit. Exceptionally, the applicable rate in 2024 was reduced to 12.5%.

(b) Authorization for bookkeeping, filing tax returns and paying taxes in foreign currency

As a rule, Chilean companies must keep their tax accounting records in Spanish and in Chilean pesos. However, if they meet certain requirements, they can request authorization from the Chilean Internal Revenue Service (*Servicio de Impuestos Internos*, "**SII**") to do so in USD, EUR and Canadian dollars.

If the SII authorizes bookkeeping in foreign currency, companies can also request the SII's authorization to file their returns and pay their taxes in foreign currency.

### 3.1.3. Final taxes

Final taxes are those that tax the income already accumulated, either definitively or as a single tax, without credit against other taxes.

- **Global complementary tax:** This tax is payable annually at a progressive rate with a top marginal rate of 40% on the income of individuals domiciled or resident in Chile for tax purposes. Eventually, as a result of the obligation to repay the first category tax by companies owned by individuals subject to global complementary tax, the effective rate may reach up to 44.45%.

  **Additional tax:** This tax is applied on (i) Chilean-source income obtained by individuals or entities that are neither domiciled nor tax resident in Chile; and (ii) certain payments made from Chile to such individuals. Unlike the global complementary tax, this is a withholding tax, so payers must withhold, file and pay it. Also, it is generally applied to the gross income remitted with no deductions.

Payers must file and pay the additional tax within 12 days from the month following the month when the taxable income is paid, remitted, distributed or made available to the non-tax resident recipient.

The general tax rate is 35%; however, if certain conditions are met, reduced rates may apply. In addition, the DTA s subscribed by Chile may provide a tax reduction or waiver in the source country for certain payments.

### 3.1.4. Specific considerations regarding transactions with related companies

- **Transfer pricing:** Chilean law on transfer pricing is mostly in line with the OECD guidelines. Chilean rules are based on the arm's length principle or principle of fair market value, under which crossborder transactions between related parties must be at regular market prices, values or yields, i.e., they should be consistent with those agreed or established between non-related independent parties in similar transactions and circumstances.

  If the SII considers that the taxpayer has not proven that a transaction complies with the principle of fair market value and transfer pricing rules, it will determine its arm's length value.

  If, as a result of applying transfer pricing rules, the SII identifies a discrepancy between the declared value and the specified regular market value, a **single tax of 40%** payable by the Chilean company will be levied on the difference. In addition, taxpayers that fail to provide the requested documentation properly and within the established deadlines will be fined 5% of the value of the identified discrepancy.

- **Thin capitalization rules:** Article 41 F of the LIR sets out a specific tax regime for payments by taxpayers domiciled or resident in Chile of interest, fees, services and any other conventional surcharge for loans, debt instruments and other transactions and contracts with related parties abroad that are subject to an additional tax rate below 35%, or not subject to additional tax at all, on the excess debt determined at the close of every financial year. These payments are taxed with a single tax of 35% on the excess debt portion.

  For these purposes, the tax authorities will consider excess indebtedness if the taxpayer's total annual debt exceeds the 3:1 debt-to-equity ratio at the end of the year in which interest and payment of other items provided in the new thin capitalization rules are due. Excess indebtedness is calculated separately for each entity.

  Exceptionally, excess debt tax does not apply to project financing in Chile, if certain requirements are met.

## 3.2. Capital gains tax

Generally, capital gains obtained by taxpayers are considered ordinary income, i.e., subject to IDPC and final taxes. However, if certain LIR requirements are met, there are specific capital gains that qualify as non-taxable income.

### 3.2.1. Capital gains (i.e., the increased value) for the transfer of shares and corporate rights not provided in article 107 LIR

This is taxable income, except for disposals made by individuals to non-related parties, in which case there is a non-taxable income of approximately EUR 8,000.

### 3.2.2. Capital gains for the transfer of securities listed in article 107 LIR

The LIR establishes a single income tax of 10% on capital gains obtained from the transfer of (i) shares in open public limited companies; (ii) investment fund units; and (iii) mutual fund units, provided the legal requirements are met.

Institutional investors, whether residents in Chile or abroad, are not subject to the above tax.

### 3.2.3. Indirect sales

The indirect sale of underlying assets located in Chile is subject to a 35% additional tax. Therefore, income obtained by a nonresident seller or not domiciled in Chile from the transfer of foreign company shares will be taxed in Chile, provided the requirements set out in the LIT are met.

Taxation of indirect sales does not apply if the transfer is made within the context of a corporate restructuring transaction, and there is no taxable increased value or gain according to the mechanisms provided by the rules on indirect sales.

## 3.3. Value added tax ("VAT")

VAT is payable monthly. The tax rate is 19%, and it is levied on all regular sales of movable and immovable assets and on certain services used or provided in Chile, unless expressly exempted under the VAT Act, e.g., export of goods and certain services.

VAT is specially levied on (i) imports, where VAT accrues when the import is legally completed, regardless of whether the taxpayer is a recurring taxpayer and regardless of the import involving capital goods or realizable assets; and on (ii) the assignment or temporary licensing of brands, invention patents, industrial procedures or formulas and other similar payments.

The VAT paid gives the taxpayer a tax credit equivalent to the tax charged on the invoices received for the purchase of goods, contracting services or, where applicable, the VAT paid on imports, provided the taxpayer carries out, in turn, VAT transactions.

When taxpayers make a sale or provide a service subject to VAT, the output VAT is a tax liability (tax debt) that can be credited against the outstanding tax credit in every tax period.

When output VAT ("**tax debt**") exceeds input VAT ("**tax credit**") in a tax period, the difference is the amount that the taxpayer must report and pay for that period. However, when the tax credit exceeds the tax debt in the relevant period, the outstanding amount can be allocated to the following tax periods until it is fully used, without time limits.

### 3.3.1. Early VAT refund for acquisition of fixed assets

Article 27 bis of the Chilean VAT Act provides a mechanism for recovering the tax credit accrued by VAT taxpayers for acquisition of fixed assets that allows, if certain requirements are met, for either (i) offsetting the outstanding amount against any payable taxes; or (ii) claim a cash refund.

Please note that a taxpayer that has received the refund through this mechanism must reimburse the tax authorities if it subsequently notifies the end of business or carries out VAT-exempt activities in any of the following tax periods

### 3.3.2. VAT on digital services

Taxpayers not domiciled or nonresident in Chile that provide digital services to individuals or legal persons in the country not subject to VAT will be subject to this tax.

To help fulfill their tax obligations, the SII has made available a simplified registration and payment system. If they do not apply the simplified regime, the SII may include them in a list of taxpayers whose VAT will be withheld by banks and other payment institutions.

## 3.4. Stamp duty (*Impuesto sobre timbres y estampillas*, "ITE")

The ITE Act taxes bills of exchange, orders of payment, promissory notes, simple or documentary credits and any other document containing a "money credit transaction," meaning one of the parties loans or undertakes to loan a sum of money and the other to pay it back at another time.

The ITE rate is 0.066% on the amount of the transaction for every month or fraction of a month between issuance and maturity of the document, capped at 0.8%. Demand instruments and those without a maturity date are subject to a 0.332% rate.

As for documents issued abroad, money lending transactions will be subject to ITE, even if there is no document recording the transaction, as long as the transaction is booked in the accounts in Chile.

## 3.5. Municipal tax

Under the Chilean Municipal Income Act, the municipal tax applies to anyone starting a business or commercial activity in a municipality. Each town council sets the tax rate, which ranges between 0.0025 and 0.005 of the taxpayer's tax equity (i.e., assets minus liabilities, both at tax value). This amount cannot be below 1 monthly tax unit (*Unidad tributaria mensual*, "**UTM**") (approximately EUR 67) nor exceed 8,000 UTMs (approximately EUR 535,000). The amount set by the municipality is the amount of municipal tax for a 12-month period.

## 3.6. Territorial tax

The territorial or real estate tax is levied on ownership of real estate at a rate that ranges between 1% and 1.4% of the appraised value. This tax is payable in four installments over the year and indexed to inflation every six months.

## 3.7. Specific mining tax or "mining royalty"

On January 1, 2024, the mining royalty entered into force. This is a specific tax imposed on individuals and legal persons extracting and selling concession minerals in any productive state in which they are located ("**mining operators**").

The mining royalty is based on a formula made up of: (i) an *ad valorem* value determined by applying a rate of 1% on the total annual copper sales of mining operators whose annual sales exceed 50,000 metric tons of fine copper; and (ii) a value calculated on the adjusted mining operational taxable income, which has different rates depending on the volume of fine copper sales and the mining operating margin of the mining operators.

The law establishes a maximum potential tax burden of 46.5% of the adjusted mining operational taxable income. For mining operators whose sales do not exceed 80,000 metric tons of fine copper, the maximum potential tax burden is 45.5%.

## 3.8. General anti-avoidance rule ("GAAR")

The Chilean Tax Reform Act established a new general anti-avoidance rule, granting the SII extensive powers to assess and tax certain transactions qualifying as tax avoidance structures.

The purpose of the GAAR is to ensure compliance with tax regulations through the powers granted to the SII to ensure correct tax payment in case the taxpayer's transactions (whether individually or together) can be considered:

- **abuse of law:** i.e., fully or partially circumventing the taxable event provided in the law; reducing the applicable tax base; or delaying enforceability of the tax obligation through acts or transactions that individually or together have no significant legal or financial results or effect for the taxpayer or third parties, other than the strictly tax-related purposes; or

- **concealment:** i.e., acts and transactions aimed at concealing a taxable event or the nature of the elements giving rise to a tax obligation, a tax payment; or the date on which a tax obligation arises.

Abuse of law or tax concealment must be declared by a tax court through a procedure governed by the Tax Code.

## 3.9. Double taxation agreements ("DTAs")

Chile has entered into many DTAs that remain in force, mostly based on the OECD Model Convention, promoting cooperation between the tax authorities of the contracting States to avoid double taxation.

# 4 Labor and employment

## 4.1. General hiring characteristics

Labor relations between employers and employees are governed by the Labor Code and supplementary laws.

*Labor relations between employers and employees are governed by the Labor Code and supplementary laws*

An individual employment contract is a mutually binding agreement between an employer and an employee. The latter is required to provide personal services under the supervision of and subordinate to the employer, who is required to pay a specific remuneration for those services. Employment contracts are classified according to their term and duration as follows:

### 4.1.1. Fixed-term contract

A fixed-term employment contract has a specific duration that may not exceed one year or two years for managers or persons holding a professional or technical qualification granted by a State-recognized higher education institution.

This type of employment contract is subject to one-time renewal, either for the same or a different period, provided that the total duration of the contract does not exceed the maximum period mentioned above.

The law provides different scenarios in which a fixed-term contract becomes indefinite, namely:

- the employer knowingly allows the employee to continue providing services after the agreed termination date;
- the employment contract exceeds the periods specified in the law above;
- the employment contract is renewed a second time; or
- the employee has provided discontinuous services for the same employer under more than two fixed-term contracts for 12 months or more, within an overall period of 15 months.

### 4.1.2. Permanent employment contract

The employment contract in which the parties agree to an indefinite term, without establishing the duration of the employment relationship.

### 4.1.3. Specific job or task contract

An employment contract under which an employee agrees to carry out specific and defined material or intellectual work, with specified start and end dates, and which remains in force only during that time. It should be noted that the different tasks or stages cannot be the subject of two or more successive contracts of this type, in which case, for all relevant legal purposes, the contract will be deemed indefinite.

## 4.2. Possibility of subcontracting

### 4.2.1. Requirements

Subcontracting is subject to the following requirements:

- An employment contract between a worker (the contractor) and an employer known as a contractor or subcontractor executing works or performing services, at its own risk and with its own workers, for a third party.
- That third party, whether an individual or legal person, is known as the main company and the owner of the work, company or task for which the contracted work or service is performed.
- There must be a commercial or non-labor contractual agreement between the main company and the contractor, under which the contractor is required to perform work or provide services for the main company.
- The work or the services must be carried out by the contractor's employees.
- The services provided must be habitually continuous, i.e., permanent or regular, not sporadic or seasonal.

### 4.2.2. Main company liability

- **Joint and several liability:** The main company and the contractor will be jointly and severally liable for employee-related labor and social security obligations that apply to contractors and subcontractors, where appropriate, including any legal severance pay at the end of the employment relationship.
- **Subsidiary liability:** The main company or the contractor, as applicable, will be subsidiarily liable for employee-related labor and social security obligations that apply to contractors and subcontractors when:
  - The main company guarantees the right to information regarding the sum and compliance with the contractor company employee labor and social security obligations and, if compliance is not confirmed, it exercises the retention right. The same will apply to contracting companies, which must exercise the right of information and retention, if applicable, with respect to subcontracting companies.

– The main company or the contractor have been notified by the labor authorities of a breach of employee labor and social security obligations, if any, and have effectively exercised the right of retention.

## 4.3. Remuneration

### 4.3.1. Minimum wage

Every worker is entitled to a minimum wage or basic salary, which is the mandatory fixed remuneration that the worker receives for providing services during an ordinary working day. From January 1, 2026, the gross monthly minimum wage will be CLP $539,000 (approximately EUR 496 gross).

### 4.3.2. Legal bonuses

The law establishes that the bonus is an annual benefit and must be paid to employees every year in April if the company has obtained profits, with a ratio of no less than 30% of the profits or liquidity surpluses in its business (article 47 of the Labor Code).

For the employer to be required to pay the legal bonus, all the following requirements must be fulfilled simultaneously:

- It is a mining, industrial, commercial, agricultural or any other establishment pursuing a profit or a cooperative.
- It must keep accounting books.
- It must obtain profits or liquidity surpluses in the annual period, under the terms of article 48 of the Labor Code.

Despite the foregoing, article 50 of the Labor Code provides an exception, giving the employer the possibility of paying its employees 25% of the bonus accrued in the business year as monthly remuneration. In that case, it will be exempted from the obligation established in article 47, regardless of the liquid profits obtained. Each worker's bonus will not exceed 4.75 times the minimum monthly income. To determine the 25%, monthly remuneration will be adjusted according to its percentage variation in the business year.

## 4.4. Vacation

### 4.4.1. Annual holidays

Employees with more than one year of service are entitled to an annual fully paid vacation of 15 business days (from Monday to Friday). Those working in the Magallanes Region and Chilean Antarctica, in the Eleventh Region of Aysén of General Carlos Ibanez del Campo, and in the Province of Palena will be entitled to an annual holiday of 20 business days.

Workers providing continuous services to the same employer under the same conditions with two or more contracts for a specific work or for work that exceeds a year will have the same right to annual vacation. However, and only for these purposes, the worker can choose payment, in proportion for deferred holidays under the conditions stated, in the end of contract settlement. If the contract does not exceed one year, and the employee has deferred the payment of the holidays, the employer must pay all the accrued holidays with the last salary paid.

The annual paid vacation will be granted preferably in the spring or summer, taking into account the needs of the service concerned. Vacation must be uninterrupted, and only the excess over ten business days may split by mutual agreement or accumulated, but only for up to two consecutive periods.

### 4.4.2. Progressive holiday

Employees who have worked for ten years for one or more employers, whether continuously or not, will be entitled to an additional day for every three new years worked, and this excess will be subject to individual and collective bargaining. However, only ten years of work for previous employers may be considered.

### 4.4.3. Collective holiday

The employer has the power to unilaterally close its establishments during its employees' annual holiday. This can apply to all the staff or only to a section for a certain period, especially in times or seasons of low productivity, as is the case of seasonal workers.

### 4.4.4. Compensation of overtime for holidays

Law Nº 21.561, also known as the 40-hour Act, provides for the possibility of compensating overtime with additional holidays, up to a maximum of five days during the year, subject to prior agreement between the parties.

### 4.4.5. Preferential holiday

Act Nº 21.645, the Act on work, family and personal life balance, provides a preferential holiday during the school vacation scheduled by the Ministry of Education according to the school calendar for parents of a child under 14 years of age or an adolescent under 18 with a disability or in a situation of severe or moderate dependency, over other workers without such obligations.

## 4.5. Ordinary working day

Currently, the ordinary working schedule is established by the Labor Code for all employees, with some exceptions. The maximum duration is 44 hours per week, which will gradually decrease: in April 2026, it will be reduced to 42 hours, and then, in April 2028, it will reach a maximum of 40 hours per week. Time can be distributed in each calendar week or based on weekly averages over periods of up to four weeks, while complying with the other requirements established by law.

The hours cannot be distributed over more than six days or less than five, and in no case may the working day exceed ten hours.

The start of the working day can be modified for parents of children up to the age of 12 and for those who take care of them, who will be entitled to a two-hour period to advance or delay the start of their work by up to one hour, which will also determine the time they can leave work that day.

### 4.5.1. Overtime

Daily overtime is limited to two hours, and the weekly maximum is 12 hours, provided the weekly work schedule can be distributed over a maximum of six business days. The labor authorities have established a maximum of 7 hours of work plus 30 minutes of overtime on Saturdays. The overtime worked from Monday to Friday must be added to these 30 minutes so that it will not exceed the weekly limit of 12 hours of overtime.

Overtime can only be agreed to meet the company's temporary needs or situation, in writing and the agreement is valid for no more than three months. They can also be renewed by agreement between the parties. However, in the absence of a written agreement, excess hours worked will be considered overtime if the employer is aware of it.

Overtime will be paid at a surcharge of 50% on the agreed salary for the regular working day and must be settled and paid together with the ordinary remuneration for the period.

Also, the new 40-hour Act allows workers to request additional rest days as compensation for overtime.

## 4.6. Unemployment insurance

The Unemployment Fund Administrator (*Administradora de Fondos de Cesantía*, "**AFC**") provides insurance that protects all employees with an indefinite or fixed-term contract and those with a specific job or service contract, if these jobs are governed by the Labor Code.

Every employee registered with the AFC has an individual unemployment account to which the employer must contribute 3% of the taxable monthly wages paid to the employee. This contribution is mandatory for the employee and the employer in different percentages, depending on the type of contract.

## 4.7. Telecommuting

The law that regulates remote work and telecommuting entered into force on April 1, 2020. Employment contracts governed by this law must include the following:

- Express indication that the parties have agreed to remote work or telecommuting, specifying whether it will be full-time or part-time work and, in the latter case, the formula for combining onsite and remote work or telecommuting.
- Location(s) where the services will be provided.
- The term of the remote work or telecommuting agreement can be indefinite or for a specified time.
- The supervision or control mechanisms that the employer will use with respect to the services agreed with the employee.

- The fact that it has been agreed that remote workers may distribute working hours as it best suits their needs or that they are excluded from the limitation on working hours, provided that it complies with the working day exclusions provided in article 22 of the Labor Code.
- Time of disconnection from work and health and safety conditions in the place where the services are provided.

## 4.8. Social security contributions

Healthcare and pension contributions are the employer's responsibility, who must deduct the following from the employee's gross salary:

- 10% for pension contribution
- 7% for healthcare coverage
- 2.21% for disability and survival insurance, which covers employees in case of disability or death
- 3% earmarked for AFC for employment loss insurance

## 4.9. Termination of the employment contract

### 4.9.1. Grounds

The grounds for termination of an employment contract are set out in articles 159, 160, 161 and 163 bis of the Labor Code and are as follows:

- Article 159 provides grounds such as mutual agreement, resignation of the worker with notice, death, termination of the term of the contract or the work that originated it and force majeure.

- Article 160 concerns dismissals for serious misconduct by the employee, such as lack of integrity, sexual harassment, acts of violence, insults, immoral conduct, prohibited negotiations, unwarranted non-attendance, abandonment of work, actions risky to the safety or operation of the company and intentional damage to the company's property.

- Article 161 provides for dismissal due to company needs such as restructuring or economic changes and eviction of the employee.

- Finally, article 163 bis establishes as grounds for termination of the employment contract the employer being subject to insolvency proceedings for liquidation.

It is important to bear in mind that article 161 bis clarifies that the employee's disability is not a fair cause for the termination of the contract and guarantees compensation, if applicable.

### 4.9.2. Compensation system for termination of an employment contract

As a rule, when an employment contract is terminated, any amounts owed due to termination must be paid as determined in the final settlement document (*finiquito*).

Some of those payments at the end of the employment relationship include:

- **Outstanding remuneration** for the days worked in the month in which the contract ends, if any.

- **Accrued vacation time** compensation for the time between the hiring date or the date of the last work anniversary and the date of termination of employment.

- **Length of service indemnity** compensation for every continuous year of service and portion over six months to the same employer if it has ended due to any of the causes set out under article 161 of the Labor Code, i.e., the needs of the company, establishment or service, or written employer eviction. This compensation is capped as established in article 172 of the Labor Code, i.e., a maximum of 11 years of service and up to a monthly of 90 Development Units (*Unidades de fomento*, "**UF**") to calculate the compensation (approximately EUR 3,254).

- **Indemnity in lieu of notice** compensation if the dismissal is due to any reason set out under article 161 without at least a 30-day notice to the employee.

## 4.10. Other legal obligations

In addition to the above, Chilean legislation provides specific obligations based on the number of company employees:

- **Joint committee on hygiene and safety:** Mandatory for companies with more than 25 workers and seeks to prevent occupational risks. If there is more than one work site or project, it must be set up at each work center.

- **Risk prevention department:** Mandatory for mining, industrial and commercial companies employing more than 100 workers and will be headed by a prevention expert who will be part, in its own right, of the joint committees.

- **Bipartite training committee:** Mandatory for companies with 15 or more employees. Its main functions are determining and evaluating the company's occupational training programs and advising management on training matters.

- **Psycho-social risk implementation committee:** Mandatory for companies with ten or more employees. It must include the same number of employees and company representatives, with a minimum of four and a maximum of ten members.

# 5 Public procurement

## 5.1. Legal framework and forms of public procurement

*Contracting with the State can take several forms, including public and private tenders, direct negotiations (sometimes with public notice), framework agreements, and other special procedures*

The main legal framework for government procurement in Chile is set by Law Nº 19.886 (the "**Procurement Law**") and its updated regulations, which are detailed in Decree Nº 661 of 2024. This legal structure governs how the Chilean government contracts goods and services for its functions. These regulations cover the vast majority of public sector purchases—except for certain cases specifically excluded by the law. In November 2023, Law Nº 21.634 was enacted, introducing major reforms aimed at modernizing the procurement system and promoting greater transparency and competitiveness.

There are several ways the State can contract for goods and services, including framework agreements, public tenders, private tenders and direct awards. Typically, when a government body needs to acquire goods or services, it must first check if a relevant framework agreement is in place. If not, other methods may be used, with public tendering as the standard approach. Public tenders are open, competitive processes where proposals are submitted according to official guidelines, and the contract is awarded to the most advantageous offer for the State. If a public tender is not suitable, other mechanisms—such as private tenders or direct negotiations—may be used, but only under the specific conditions set out in the Procurement Law.

## 5.2. National supplier registry

*Chilean and foreign individuals and legal persons that have not been barred from contracting can be entered into the official electronic registry of State suppliers*

*ChileCompra* is an official electronic registry of State suppliers. All Chilean and foreign individuals and legal persons that have not been barred from contracting with State agencies can be entered into that registry. Its purpose is registering and accrediting suppliers' past activities, hiring history, legal and financial situation, technical suitability, as well as any situation precluding entering into contracts with the State.

## 5.3. Transactional Platform for State Procurement - Public Market

*ChileCompra* manages a transactional platform (www.mercadopublico.cl), in which public entities carry out public procurement processes. Through this portal, users can also view supplier profiles, see the terms under which each contract was tendered and awarded, and track how the parties involved have met their obligations during the execution of the contract.

## 5.4. Public Procurement Court

The Public Procurement Court ("**PPC**") is a specialized court that hears actions to challenge illegal or arbitrary acts or omissions in administrative procurement proceedings with public bodies under the same law. Appeals can be filed against any unlawful or arbitrary acts or omissions occurring between the approval of the terms and conditions of tender, the award and the execution of the contract. Any person with a vested interest in the procedure is entitled to file the appeal.

The final judgment delivered by the PPC can be challenged before the Court of Appeals of Santiago.

6

# Dispute resolution: Arbitration

*The use of arbitration has increased significantly in Chile in recent decades*

The use of arbitration as a method of dispute resolution has increased significantly in Chile in recent decades. This increase has been further boosted since 2004 with the adoption of Act Nº 19.971 on International Commercial Arbitration (*Ley sobre Arbitraje Commercial e Internacional*, "**LACI**") based on the Model Law of the United Nations Commission on International Trade Law ("**UNCITRAL**").

## 6.1. Domestic and international arbitration

Chilean law recognizes both national and international arbitration.

The regulation of arbitration in Chile is known as a dual system, i.e., domestic and international arbitration are governed by different regulatory bodies.

Domestic arbitration is regulated by the Organic Code of Courts (articles 222 to 243) and the Code of Civil Procedure (articles 628 to 644).

On September 1, 2023, the Rules of Procedure for National Arbitration of the Arbitration and Mediation Center of the Chamber of Commerce of Santiago (one of the main regulations of institutional arbitration in Chile) were amended. In particular, "emergency arbitration" provisions were introduced, with the aim of providing the parties with a prompt and effective solution to situations requiring urgent action before setting up the arbitral tribunal. They allow the parties to request preliminary relief from both the Arbitration and Mediation Center of Santiago and before the ordinary courts of justice through a faster procedure for appointing the emergency arbitrator and issuing provisional measures. However, these new provisions do not apply to arbitrations initiated under the International Arbitration Rules.

International Arbitration is regulated by LACI.

Under the LACI, arbitration is international if:

- The parties to an arbitration agreement are established in different States when the agreement is reached; or
- One of the following is located outside the State in which the parties have their establishments:
  - The place of arbitration, if it has been determined in the arbitration agreement or under the arbitration agreement.
  - The place of fulfillment of a substantial part of the obligations of the commercial relationship or the place with which the object of the dispute has a closer relationship.
- The parties have expressly agreed that the matter that is the subject of the arbitration agreement involves more than one State.

The LACI expressly recognizes the autonomous will of the parties, allowing them to classify a particular arbitration process as international.

*Chile is a member of the New York Convention, the Panama Convention and the ICSID Convention*

Chile has ratified other international regulatory bodies that may have an impact on the regulation of arbitration such as the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the Inter-American Convention on International Commercial Arbitration, also known as the Panama Convention.

Chile is a member of the 1965 Convention on the Settlement of Investment Disputes ("**ICSID Convention**"); therefore, under certain conditions, ICSID arbitration can be applied with foreign investors.

## 6.2. *Ad hoc* and institutional arbitration

Arbitration can be institutional or *ad hoc*. Institutional arbitration is handled by an institution that provides support both to the parties and the arbitrators during the course of the arbitration. In this case, arbitration is governed by the regulations of the arbitration entity selected by the parties in the arbitration agreement.

However, in *ad hoc* arbitration, the parties choose not to go to an arbitration institution and leave the procedure mainly in the hands of the arbitration court.

They may (i) select an arbitration rule developed for non-administered arbitration, e.g., the UNCITRAL Arbitration Rules or (ii) create their own.

In Chile, the main arbitration institutions are the Arbitration and Mediation Center of the Santiago Chamber of Commerce and the National Arbitration Center.

## 6.3. Judicial review

A distinction must be made between domestic and international arbitration with respect to judicial oversight of arbitration awards issued in Chile.

Domestic arbitration awards are subject to a wide range of remedies, with appeals and cassation being appropriate. However, the parties may either (i) submit the remedies to arbitration, to be heard by a second instance arbitral tribunal, or (ii) waive the available remedies, except appeals for cassation for the court's lack of jurisdiction and for ultra petita (granting more than requested to the parties), in addition to the appeal for complaint, given its disciplinary nature.

Only an appeal for annulment, established by the LACI, can be filed against international awards issued in Chile. This appeal for annulment does not consist of raising the matter to a higher court to decide on the merits of the matter submitted to arbitration, but rather its purpose is the annulment of the arbitration award on certain specific grounds established in article 34 of the LACI:

- If one of the parties to the arbitration agreement were affected by a disability; the agreement were not valid under the law to which the parties have submitted it, or if nothing had been indicated in this regard, under the law of Chile.
- If one of the parties were duly notified of the appointment of an arbitrator or of the arbitration proceedings or had not been able to assert its rights for any other reason.
- If the award referred to a dispute were not covered by the arbitration agreement, or it included decisions that exceed the terms of the arbitration agreement. However, if the provisions of the award that refer to the issues submitted to arbitration could be separated from those that are not, only the latter could be annulled.
- If the composition of the arbitration court or procedure were not adjusted to the agreement between the parties, unless that agreement were in conflict with a provision of the LACI from which the parties could not deviate or, in the absence of such agreement, that did not comply with the LACI.
- If, under Chilean law, the object of the dispute were not subject to arbitration.
- If the award were contrary to public policy in Chile.

## 6.4. Recognition and enforcement of international arbitral awards in Chile

To be recognized and enforced in Chile, all international arbitration awards must be approved through the *exequatur* process, which is an authorization granted by the Supreme Court for enforcement in Chile of judgments issued abroad.

Foreign arbitration awards in Chile will have the force attributed, first of all, to existing international treaties between Chile and the country where the arbitration award is issued. In the absence of a treaty, the award will have the same force given to Chilean arbitration decisions by the country where it originates. Finally, if it is not possible to prove reciprocity, the *exequatur* will be approved if (i)

the award does not contain anything contrary to Chilean law, without considering procedural laws; (ii) the award does not oppose national jurisdiction; (iii) the party against whom the judgment is invoked was duly notified of the action; (iv) it is enforceable in the jurisdiction where it was pronounced.

## 6.5. Arbitration proceedings to which Chile is a party

Chile can be a party to investment arbitration and international commercial arbitration.

It has developed a strong negotiating policy in investment arbitration for agreements for promoting and protecting foreign investments and free trade agreements that include chapters on investments.

In most of these instruments, Chile has decided to apply friendly solutions as the first step in conflict resolution and subsequently offer the investor the option of a forum. The investor will be able to decide whether to submit the dispute to Chilean jurisdiction or to international arbitration. However, the applicable regulatory instruments in each specific case must always be analyzed.

Chile, its agencies, institutions and companies can submit any disputes arising from international contracts to foreign courts, including arbitration courts, if they meet the following requirements: (i) the contract must be international (the parties must be established in different countries or one of them must have its main center of business abroad); (ii) the State, its agencies, institutions or companies must participate; and (iii) the contract must be of an economic-financial nature.

## 6.6. Arbitration in public procurement

The Public Works Concession Act considers arbitration one of the possible dispute resolution mechanisms between the State and a contractor.

Disputes or claims that arise from the interpretation or application of the concession contract or its performance may be filed by the parties to an arbitration commission or to the Court of Appeals of Santiago.

Disputes of a technical or economic nature between the parties during the performance of the concession contract must be submitted for consideration of a technical panel at the request of any of the parties. The technical panel does not have jurisdiction and only issues a technical, well- founded recommendation that does not curtail the parties' power to submit the same dispute to an arbitration commission, but only when such matters have been previously submitted to a technical panel to obtain a recommendation.

The Ministry of Public Works may only file an appeal with the arbitration commission once the final launch of the works has been authorized, unless it requests the declaration of serious breach of the concession contract by the contractor, which can be requested at any time.

The arbitration commission must be made up of three university professionals, two of whom, at least, must be lawyers, and one must preside over the arbitration commission.

The arbitration commission will have the powers of an arbitrator with respect to the proceedings and will review the evidence under the rules of sound criticism, allowing any source, indication or background of evidence that, in the commission's opinion, can establish the substantial, pertinent and controversial facts of the case.

The arbitration commission will have 60 business days from the date the parties are summoned to issue a final judgment in accordance with the law, which will be justified and state the factual, legal, technical and economic considerations based on which the decision has been made. The final decision cannot be appealed.

# 7

# Free market competition

*Chilean regulations penalize actions that hinder free market competition and include a mandatory prior notification mechanism regarding certain business concentration transactions*

## 7.1. Overview

The regulation of free market competition in Chile is essentially set out in Decree-Law Nº 211 of 1973 and its amendments ("**DL 211**"), and its main purpose is to promote and defend free market competition. DL 211 penalizes any event, action or agreement that impedes, restricts or hinders free market competition or that tends to produce such effects.

The main entities responsible for promoting and protecting free market competition are the Free Market Competition Defense Tribunal ("**TDLC**") and the National Economic Prosecutor's Office (*Fiscalía Nacional Económica*, "**FNE**").

### 7.1.1. TDLC

The TDLC is an independent body, subject to the supervision of the Supreme Court. It is made up of five full members, three of whom, at least, must be lawyers and two must be graduates or have postgraduate degrees in economics, plus two alternates. The role of the TDLC is to prevent, correct and penalize any action against free market competition. It has the authority to hear both contentious and non-contentious matters, issue general instructions and rule on certain special appeals.

### 7.1.2. FNE

The FNE is a decentralized, independent public service, subject to the supervision of the President of the Republic through the Ministry of Economy, Development and Reconstruction and headed by the National Economic Prosecutor.

As part of its role in the defense and promotion of free market competition, the FNE has the following powers:

- It is endowed with broad powers to investigate any events, actions and agreements that may prevent, restrict or hinder free market competition, or that may tend to produce such effects.
- It acts as a party representing the general interest before the TDLC and the courts of justice, and it may require the TDLC to exercise its authority.
- It signs out-of-court agreements with economic agents involved in its investigations to safeguard free market competition.
- It supervises compliance with its resolutions and the judgments of the courts of justice with respect to free market matters.

## 7.2. Anticompetitive practice

Under article 3 and 3 bis of DL 211, any event, action or agreement that prevents, restricts or hinders free competition, or that tends to produce such effects, constitutes anticompetitive practice.

In addition to this generic offense, article 3 and 3 bis of DL 211 establish certain special cases of anticompetitive practices. We highlight the following:

### 7.2.1. Collusion

In general, agreements between competitors that have the effect or potential effect of preventing, restricting or hindering free competition are considered especially harmful to market competition. In addition, Act Nº 21.595 on economic offenses defines this offense as a first-class economic offense.

Article 3 a) of DL 211 includes certain practices known as "hard cartels" that refer to anticompetitive agreements on price setting, limitation of production, allocation of zones or market shares, and distortion of bidding processes, and whose anticompetitive nature is independent of the parties' market power, their intention or the anticompetitive effects of the practice. This article also penalizes agreements or concerted practices that, by granting market power to competitors, consist of determining marketing conditions or excluding current or potential competitors.

### 7.2.2. Abuse of dominant position

Article 3 b) of DL 211 penalizes the abusive exploitation by an economic agent, or a group of them, of a dominant position in the market, either by setting purchase or sale prices, imposing another product in a sale, assigning zones or market shares or imposing other similar abuses. The sanctioned conduct is the abuse of the dominant position, not the dominant position itself. There is no legal definition of what it means to have a dominant position or a pre-established threshold, so analysis is carried out on a case-by-case basis, depending on the market's characteristics.

### 7.2.3. Predatory practices and unfair competition

Article 3 c) of DL 211 penalizes predatory practices and unfair competition to achieve, maintain or increase a dominant position.

Predatory practices are those that seek to eliminate a competitor or hinder the entry of a new one, e.g., charging very low prices or below-cost pricing, to obtain or strengthen a dominant position in the future.

Unfair competition refers to any conduct contrary to good faith or good practices that, through illegitimate means, seeks to divert customers from a market agent, e.g., misappropriation of the reputation of others and misleading advertising. Such conduct is regulated by Act Nº 20.169 on Unfair Competition

### 7.2.4. Cross participation or interlocking

Article 3 d) of DL 211 refers to the simultaneous participation of a person in executive or director positions in two or more competing companies, provided the business group of each of these companies has had an annual income over UF 100,000 (approximately EUR 3,623,236) in the last calendar year.

Article 4 bis of DL 211 requires reporting to the FNE any acquisition of more than 10% of the capital of a competing company within 60 days, if the acquiring company, or its business group, and the company whose stake it acquires each have an annual income greater than UF 100,000 (approximately EUR 3,623,236).

### 7.2.5. Procedural infringements related to the merger control regime

Article 3 bis of DL 211 sets out several anticompetitive practices related to the merger control regime. First, it considers two aspects of a practice known as "gun jumping," consisting of (i) carrying out a merger operation, which must be notified to the FNE, without notifying it; and (ii) completing a merger transaction while its authorization by the FNE is pending. Furthermore, it considers anticompetitive conduct (i) breaching any of the measures approved by the FNE for a merger transaction; (ii) completing a merger transaction contrary to the provisions of the resolution or judgment prohibiting such transaction; and (iii) notifying the FNE of a merger transaction with false information to obtain its approval.

## 7.3. Penalties

If any breach of free market regulations is detected, the TDLC may impose the following penalties:

- Fines for the legal person and its directors, managers and any other party involved up to (i) 30% of the infringer's sales in the line of products or services associated with the infringement during the period of breach; (ii) twice the profit arising from the breach; and (iii) in neither the infringer's sales nor the profit obtained, 60,000 Annual Tax Unit ("**UTA**") (approximately EUR 45,471,773).

- Modification or termination of actions, contracts, covenants, systems or agreements contrary to the law may also be ordered, as well as the modification or dissolution of legal entities of private law participating in the action.

- In the case of cartels, the TDLC can order a ban on contracting with the State, as well as a ban on being awarded any concessions granted by the State.

- Practices that constitute cartels can also be penalized (imprisonment between 3 years and one day and 10 years), together with disqualification from holding executive positions. It should be noted that it provides a compensation for information procedure, which allows individuals who have contributed additional information to the FNE to be exempted or have their fines for collusion reduced, under certain conditions.

The above does not preclude any action for compensation for damages the parties might initiate before the TDLC.

## 7.4. Merger control

DL 211 sets out mandatory prior notification to the FNE for certain concentration transactions that have effects in Chile.

### 7.4.1. Requirements

The notification obligation is subject to two related requirements:

- **Concentration under article 47 DL 211**, i.e., any event, act or agreement, or a group of them, in which two or more independent economic agents that are not part of the same business group cease to be independent in any of their business areas through either (i) merger; (ii) acquisition of rights that grant decisive influence over the management of another company; (iii) association to create an independent and permanent economic agent; or (iv) acquisition of control over the assets of another.

- **Exceeding certain thresholds defined by the FNE, although voluntary notification of transactions that do not exceed those thresholds is allowed**. This means, in turn, fulfilling the following related requirements: (i) the sum of the sales in Chile by the economic agents that plan to merge are, during the year before the year notification is verified, equal to or greater than the threshold established by the resolution issued by the FNE (currently, UF 2,500,000, or approximately EUR 90,580,900); and (ii) at least two of the economic agents planning to merge have individually generated sales in Chile equal to or greater than the threshold established by the resolution issued by the FNE (currently, UF 450,000, or approximately EUR 16,304,562).

### 7.4.2. Procedure

DL 11 provides the possibility of ordinary, simplified notification if it meets the requirements under Decree Nº 41 of November 2, 2021, of the Ministry of Economy, Development and Tourism approving the regulation on notification of a concentration transaction. This regulation also provides the possibility of a very simplified notification for transactions in which the parties' activities do not overlap in any area.

The merger control procedure involves up to two stages, referred to below:

- **Stage one:** The FNE must issue a resolution within 30 business days after the beginning of an investigation, either by simply approving the transaction, approving it subject to certain conditions presented by the notifying party, or extending the investigation for 90 business days when it considers that the transaction could substantially reduce competition.

- **Stage two:** It involves extending stage one for another 90 business days. Once this additional period has elapsed, the FNE can approve the operation (purely and simply, or subject to compliance with the conditions presented by the notifying party) or prohibit it. An appeal for review against this prohibition can be filed with the TDLC.

### 7.4.3. Effects

Economic agents cannot complete mergers (which are suspended) until the final resolution or judgment ending the procedure has been issued.

### 7.4.4. Fines

Disregarding this obligation to not complete a suspended merger reported to the FNE or the obligation to report a merger transaction carry the penalties established under section 7.3 above, regardless of the fact that, in the second case, the TDLC can impose fines of up to 20 UTA per day (approximately EUR 15,157) the merger is delayed.

# 8 Public offering for acquisition of shares

*Acquiring control over a public limited liability company in which a premium is paid to the controlling entity is subject to the regulations of the Securities Market Act on Public Offers for the Acquisition of Shares*

## 8.1. Overview

A public offer for acquisition of shares (*Oferta pública de adquisición*, "**OPA**") is prepared to acquire shares in public limited liability companies, or securities convertible into shares, through which its shareholders receive an offer to acquire their shares under conditions that allow the offeror to obtain a certain percentage ownership of the issuing company, within a specified period.

## 8.2. Voluntary and mandatory OPA

The offer may be voluntary, if the offeror presents it without being legally required to do so, or mandatory if required by law.

The Securities Market Act describes cases in which a public offering is mandatory:

- When it allows obtaining control of a company.
- When, as a result of an acquisition, a company takes control of two-thirds or more of the capital of another one, an offer for the remaining shares must be made within 30 days of the previous offer (known as a "**secondary offering**").
- If the intention is to acquire control of a company that, in turn, controls another public limited company that represents 75% or more of the value of its consolidated assets, its shareholders must first receive an offer for an amount not less than the percentage that would allow control.
- The following situations are exempt from a mandatory OPA:
  - Acquisitions resulting from a capital increase consisting of first issue of shares which, because of their number, allow the buyer to get control of the issuing company.
  - Acquisitions of shares that are sold by the company's majority stakeholder, provided (i) they are listed on a stock market; (ii) the price is paid in cash; and (iii) it is not substantially higher than the market price (for these purposes, a premium is deemed to exist if the price is 10% higher than the market price of the shares).
  - Those that occur as a result of a merger.
  - Acquisitions due to death.
  - Those originating from forced sales.

## 8.3. Restrictions on the offeror

In an OPA, the offeror must comply with certain requirements and restrictions imposed by Act Nº 18.045, namely:

- The OPA must involve all shareholders and must be irrevocable, but it may be subject to objective expiration conditions.
- If the number of acceptances exceeds the number of shares offered for acquisition, the offeror must buy them on a pro rata basis from each of the accepting shareholders.
- The OPA must be valid between 20 and 30 days, and for 30 days in cases specified by law, which can be extended only once for a period of between 5 and 15 days.
- The OPA can only be modified during the validity period to increase the number of shares offered or to improve the price offered, in which case the shareholders that have previously accepted the offer must benefit from the increase.
- Shareholders that agree to sell in an OPA can withdraw partially or fully during its validity period and recover all of their shares or a portion of them.
- During the offer's validity period, the offeror cannot acquire shares in the target company through private transactions or on national or foreign stock exchanges.
- If, within the 30 days prior to the actual date of the offer and up to 90 days after the OPA takes place, the offeror directly or indirectly acquires shares included in the offer under more beneficial price conditions, the shareholders that have sold their shares are entitled to demand the difference in price or the benefit in question, taking into consideration the highest value paid. In such cases, the offeror and the individuals who have benefited from acquiring shares under better conditions than those of the OPA will be jointly and severally liable for payment.
- A shareholder that has acquired control through the OPA cannot, within 12 months following the transaction date, acquire additional shares in the target company for an amount equal to or greater than 3% without making a public offering, and the unit price per share cannot be less than that paid in the takeover transaction.

*The issuing company and its board of directors are prohibited from acquiring treasury shares and from other actions during the entire term of the OPA*

## 8.4. Restrictions and obligations of the issuing company and its board of directors

Act Nº 18.045 provides that:

- During the entire validity period of the OPA, the issuing company and the members of its board of directors are prohibited from acquiring treasury shares, creating subsidiaries, disposing of assets that represent more than 5% of the company's total value, or increasing the issuing company's debt by more than 10% with respect to the debt before the start of the public offering. However, CMF may authorize, in a duly justified resolution, any of the above transactions, as long as they do not affect the normal course of the OPA.

- The issuing company must provide the offeror with an updated list of its shareholders within two business days from the start of the OPA.

- The directors of the issuing company must individually issue and make available to the public a written report containing their informed opinion regarding the advisability of the OPA for the shareholders.

9

*The Law on the Protection of Consumer Rights regulates the relationship between suppliers and consumers of goods and services, establishes a series of rights for consumers and regulates adhesion contracts to prevent suppliers from including abusive clauses*

# Consumer Protection

The relationship between suppliers and consumers of goods and services is regulated in Chile by Act Nº 19.496 on the Protection of Consumer Rights (*Ley sobre Protección de Derechos de los Consumidores*, "**LPDC"**).

## 9.1. Consumer and supplier definitions

- **Consumers or users:** natural or legal persons that, under any onerous legal act, acquire, use or enjoy goods or services as the end recipients.

- **Suppliers:** individuals or legal persons, of a public or private nature, that habitually carry out production, manufacturing, import, construction, distribution or marketing activities involving the supply of goods or services to consumers, for which a price or fee is charged.

The LPDC establishes that those who should be considered suppliers cannot be considered consumers. However, Act Nº 20.146, which sets out standards for smaller companies (the "**SME Statute**"), makes certain LPDC standards applicable to micro and small companies.

## 9.2. Scope of the LPDC

The law applies to (i) legal acts that are considered commercial for the provider and civil for the consumer; (ii) the provision of real estate for fixed periods for vacation or tourism purposes; (iii) contracts for the sale of homes by construction or real estate companies (excluding the quality of the construction itself); and (iv) transactions carried out in connection with the contracting of health services, with certain exceptions.

## 9.3. Consumer rights and obligations

Consumers are granted a series of rights that cannot be waived in advance. The main rights include (i) the freedom to choose goods or services; (ii) access to truthful and timely information; (iii) protection against arbitrary discrimination; (iv) safety in consumption; (v) the right to adequate and timely repair or compensation for all material and moral damages; (vi) education for responsible consumption; and (vii) the right to take claims before the appropriate court.

## 9.4. Regulation of adhesion contracts

The LPDC sets out the formalities and fairness standards for the terms and enforcement of adhesion contracts, aiming to prevent providers from including abusive clauses. It also specifically regulates the terms and conditions of e-commerce platforms, treating them as adhesion contracts.

## 9.5. Liability for non-compliance and actions

As a result of violations of the LPDC, consumers may take action against any acts, omissions, or conduct that infringe on their rights. These actions can be brought individually or collectively, with individual rights defended by a single consumer and collective or diffuse rights defended by a group of consumers, which can be either a determined group or an indeterminate one.

Additionally, the LPDC provides for voluntary collective procedures, managed by SERNAC, which aim to reach an agreement with the provider so that, voluntarily and out of court, the harm caused to consumers is remedied.

## 9.6. The National Consumer Service

The National Consumer Service (*Servicio Nacional del Consumidor*, "**SERNAC**") is the agency responsible for ensuring compliance with the LPDC, providing information regarding consumer rights and obligations, and carrying out consumer information and education actions.

Its main functions include (i) monitoring compliance with the provisions of the LPDC and all consumer protection regulations; (ii) providing administrative interpretations of these regulations; (iii) proposing the enactment, amendment, or repeal of laws and regulations; and (iv) initiating actions to defend the collective or diffuse interests of consumers.

In addition, it has the authority to grant the "SERNAC Stamp" to adhesion contracts that comply with the LPDC.

# 10 Environment

## 10.1. Environmental Assessment Service (*Servicio de Evaluación Ambiental*, "SEA") and Environmental Impact Assessment System (*Sistema de Evaluación de Impacto Ambiental*, "SEIA")

The SEA is the public body responsible for managing the SEIA, which evaluates projects and activities from an environmental protection viewpoint to determine, prior to implementation, whether they comply with current environmental legislation and they are responsible for potentially negative environmental impact. The SEA is regulated by the General Bases of the Environment Act Nº 19.300 (*Ley de Bases Generales del Medio Ambiente*, "**LBGMA**"), which guarantees the right to live in a pollution-free environment, the protection of the environment, the preservation of nature and the conservation of environmental heritage. The SEIA, for its part, is regulated by Supreme Decree Nº 40 of the Ministry of the Environment, which approves its regulation ("**DS 40**").

The whole system is permeated by the preventive principle, which means that certain projects or activities cannot be executed without first having an environmental assessment and obtaining an Environmental Rating Resolution (*Resolución de calificación ambiental*, "**RCA**") authorizing it, under the LBGMA. The RCA sets out the conditions, measures or regulations to execute the project or activity.

Article 10 of the LBGMA provides that projects or activities that may cause environmental impact must be registered with the SEIA. Article 4 of DS 40 lists such projects and activities that must be submitted to the SEIA for approval by means of an RCA, and will determine which environmental permits must be obtained prior to the start of the project. Amendments to these projects must also be submitted to the SEIA, provided that they are significant changes, in accordance with article 2, letter g) of DS 40. This does not prevent a holder from registering a project or activity voluntarily to the SEIA.

A favorable RCA proves that the project complies with environmental requirements, and indicates which environmental permits must be applied for to execute the project. However, these permits must be processed separately, once the RCA has been obtained, directly from the relevant State agencies. The RCA guarantees that these permits cannot be refused on environmental grounds.

In case of failure to register a project to the SEIA, the authorities can force the holder to do so, or, failing that, sanction it with fines of up to 10,000 UTA (approximately, EUR 7,578,629) for those projects or activities that should have been submitted to environmental assessment through an

Environmental Impact Study (*Estudio de impacto ambiental*), 5,000 UTA (approximately, EUR 3,789,314) for projects or activities that should have been submitted for environmental assessment by means of an Environmental Impact Statement (*Declaración de impacto ambiental*) or closure (with prior approval of the Environmental Court). In addition, circumvention of the SEIA was incorporated into Act Nº 21.595, on economic offenses.

## 10.2. Environmental Impact Statement ("DIA") and Environmental Impact Study ("EIA")

The rule is that a project must be registered in the SEIA through a DIA, unless the project or activity generates any of the effects, characteristics or circumstances established in article 11 of the LBGMA, in which case it must be submitted to environmental assessment through an EIA.

Registering a project or activity to the SEIA is required to prove compliance with the regulations and obtain the necessary environmental authorizations. In the case of EIA, it can determine whether a project or activity is liable for any significant impact it generates by applying appropriate mitigation, repair or compensation measures.

After the evaluation process, the regional evaluation commission or the SEA's executive director, as appropriate for a regional or interregional project, will issue a project's environmental qualification. This RCA can be favorable to executing the project or activity or unfavorable, in which case the respective project or activity cannot be executed.

If an existing project or activity is modified, the LBGMA indicates that the environmental rating must be on the modification, not on the existing project or activity. However, the environmental impact assessment will consider the sum of the impacts caused by the modification and the existing project or activity for all relevant legal purposes.

### 10.2.1. Environmental Impact Study

Article 11 of the LBGMA outlines the effects, characteristics and circumstances that, if a project generates them, will determine its submission to the SEIA via EIA, namely:

- risk to the health of the population due to the quantity and quality of effluents, emissions or waste;
- significant adverse effects on the quantity and quality of renewable natural resources, including soil, water and air;
- resettlement of human communities or significant disruption of human group life systems and customs;
- location in or near towns, resources and protected areas, priority conservation sites, protected wetlands, glaciers and valuable areas for astronomical observation for scientific research purposes that

may be affected, as well as the environmental value of the area where it is meant to be located;

- significant changes, in terms of magnitude or duration, to the landscape or tourist value of an area; and

- changes to monuments, sites with anthropological, archeological, historical value and, in general, those belonging to the cultural heritage.

### 10.2.2. Environmental Impact Statement

A DIA is submitted to the SEIA when the project does not generate or present any of the effects, characteristics or circumstances established in article 11 of the LBGMA.

### 10.2.3. Relevance consultation

In case of doubt, the proponents of a project or activity may ask the SEA to decide whether, based on the background provided for that purpose, a particular project or its modification must be submitted to the SEIA.

### 10.2.4. Project splitting

The LBGMA prohibits applicants from splitting up projects or activities in bad faith to (i) change the instrument for registration into the SEIA or (ii) avoid registering in the SEIA. This does not apply when the applicant proves that the project or activity will be carried out in stages, i.e., there must be a clear intention to avoid registering with the SEIA or modify the appropriate assessment instruments.

In case of split projects, the Superintendency of the Environment (*Superintendencia del medio ambiente*, "**SMA**") may initiate a sanctioning procedure and force the applicant, after a report from the SEA, to register the project or activity properly with the SEIA.

## 10.3. Sectoral environmental permits (*Permisos Ambientales Sectoriales*, "PAS") and other permits

Sectoral environmental permits are issued by a State administration body and are listed in DS 40. These are classified as:

### 10.3.1. Merely environmental permits

A favorable RCA will order this permit be granted by the State environmental authorities under the conditions or requirements stated in it. It will be sufficient for the owner of the project or activity to show the RCA to the competent authorities for them to grant the permit without further processing. If the RCA is unfavorable, they will be obliged to refuse such permits. They are listed in articles 111 *et seq.* of DS 40.

### 10.3.2. Mixed permits

These permits involve at least one other authority.

In this case, a favorable RCA certifies that the environmental requirements are met, so the State environmental authorities cannot deny the permits with the same requirements, nor impose new environmental conditions or requirements other than those established in the RCA. On the other hand, if the RCA is unfavorable, they must refuse the permits, even if the other requirements are met, until they are notified of a favorable ruling. They are listed in articles 131 *et seq.* of DS 40.

In addition, there are other non-environmental permits that must be applied for to develop the project, regardless of the application before the SEA, e.g., those applied to the municipality, autonomous bodies or other authorities.

To obtain these permits, the usual practice is to hire environmental consultants, which list the health, construction and environmental permits, among others, that must be obtained for a project and handle them together with the project owner.

# 11 Electricity sector

## 11.1. Overview

### 11.1.1. Regulatory framework and public bodies

Electricity in Chile is governed mainly by the General Law on Electrical Services (*Ley General de Servicios Eléctricos*, "**LGSE**") of Decree-Law Nº 4/20.018, of 2007; Supreme Decree Nº 327, regulating the LGSE; and Act Nº 18.410, establishing the Superintendency of Electricity and Fuel.

These are the most relevant public authorities involved:

- **Ministry of Energy:** Responsible for formulating and coordinating plans, policies and standards for smooth operation and development of the sector, ensuring compliance with them and advising the government on all matters related to the energy sector.

- **National Energy Commission:** A public decentralized body responsible for analyzing prices, tariffs and technical standards governing electricity companies. Its main objective is to have sufficient, safe and quality services compatible with the most economical option.

- **Superintendency of Electricity and Fuels ("SEC"):** Its purpose is to oversee and closely monitor compliance with legal provisions, regulations and technical standards on the generation, production, storage, transport and distribution of liquid fuels, gas and electricity.

- **Chilean Commission on Nuclear Energy:** An autonomous government body whose functions include addressing the peaceful uses of atomic energy, regulating and monitoring the country's nuclear and radioactive facilities, and advising the government on nuclear energy matters.

- **National Electricity Coordinator:** An independent technical body responsible for coordinating the operation of the interconnected installations of the National Electricity System.

- **Panel of Experts:** An autonomous collegiate body whose function is to solve discrepancies and conflicts arising from enforcing electricity and gas legislation.

### 11.1.2. Chile's energy matrix

Chile's energy matrix has changed since the end of the last century to the present, from a clear predominance of hydropower to diverse renewable energy sources, with a sharp increase in solar and wind energy in the last seven years.

By the second half of 2025, Chile had 40,222 kilometers of registered transmission lines, including national, regional, and dedicated lines. In 2024, the total gross electricity generated in the National Electric System reached 85,285.3 GWh.

### 11.1.3. Market sectors. Generation, transmission and distribution

- **Generation:** Unlike the transmission and distribution sectors in Chile, in which market access and pricing are heavily regulated because they are a monopoly and a public service, electricity generation is freely traded, with a diversity of participants and self-determination of tariffs through price setting typical of free supply and demand.

  Electricity generation in Chile comes 66% from renewable sources, while 30% comes from conventional sources. In 2024, the main renewable sources were hydropower (31.5%), solar (21.8%), and wind (13%). Among conventional sources, natural gas accounted for 14.4% and coal for 15.1%.

  – Special regime: small means of generation

    Supreme Decree Nº 244 of 2005, later replaced by Decree Nº 88 of 2020, introduced the regulation for small-scale generation means. This regulation applies to power generation sources with surplus capacity of 9,000 kilowatts or less, which benefit from a price stabilization mechanism. This policy has encouraged their growth, leading to a significant increase in their presence in recent years. The regulation distinguishes between different types of these sources:

    (a) Small power generators or "**PMGs**": Small-scale generation facilities with a surplus of power supplied to the system below or equal to 9,000 kilowatts connected to facilities belonging to the national, zonal or dedicated transmission systems, to development hubs, or to international interconnection facilities.

    (b) Small distributed power generators or "**PMGDs**": Small-scale power plants with surplus capacity of 9,000 kilowatts or less, but they are connected to the distribution networks of utility companies or to companies that operate public electricity distribution lines.

- **Transmission:** As established in the LGSE, transmission facilities are classified as national, zonal, dedicated, development and international transmission centers, where the first three are the most used:

  (a) **National transmission:** The aim is to create a common electricity market, interconnecting the other transmission segments and consisting of lines and substations.

  (b) **Zonal transmission:** These are lines and substations that allow the supply of regulated customers, limited territorially in distribution concession areas, without prejudice to the use by unregulated (free) customers or means of generation.

  (c) **Dedicated transmission:** These are power lines and substations set up specifically to supply electricity to large customers or to receive electricity from power generators.

National and zonal facilities are considered public electric services, as they play an essential role for regulated customers. As a result, these types of facilities must go through planning processes for their expansion. In general, this means that new projects or upgrades are carried out through regulated procedures. These procedures end with public tenders managed by the National Electric Coordinator ("**CEN**"), both for new projects and for upgrades. Upgrades are projects that increase the capacity, safety, or quality of existing power lines and substations. New projects are the construction of power lines or substations that do not exist and are built to improve the capacity, safety and quality of the electric system.

- **Distribution:** This includes medium and low voltage networks, which carry energy from a substation to the end consumer. This part of the electricity market has clear features of a natural monopoly, so in Chile, it is necessary to have a concessional title to carry out this activity (unlike generation and transmission).

### 11.1.4. Electrical systems in Chile

The Chilean electricity market consists of three independent systems:

(a) **National Electricity System:** It connects most of Chile's territory, with an installed capacity of 35,535 MW as of June 2025.

(b) **Aysén System:** It produces electricity to supply the Aysén region of General Carlos Ibáñez del Campo. As of June 2025, it had a net installed capacity of 74 MW.

(c) **Magellan System:** It produces electricity to supply the Magellan Region and Chilean Antarctica. As of Junes 2022, it had a net installed capacity of 129 MW.

### 11.1.5. Energy planning and transmission planning

Every five years, the Ministry of Energy carries out a long-term energy planning process. The goal is to analyze different scenarios for the growth of both energy production and consumption, looking ahead at least 30 years.

This process includes forecasts for energy supply and demand—especially electricity—which can be updated each year by the ministry, based on demand projections, macroeconomic scenarios, and other relevant information.

Additionally, in the area of energy transmission, there is a specific planning process managed by the National Energy Commission. This process looks at least 20 years ahead and covers the expansion of national transmission facilities, development hubs, regional and dedicated networks. These are used by public utility companies to supply customers who are subject to regulated prices, or wherever the supply is needed.

Thus, every year, new works and extension works required to guarantee the public transmission service are identified and tendered.

## 11.2. Concession regime and electricity easements

Obtaining an electricity concession to carry out transmission or generation activities is not mandatory, so each developer may freely decide whether to apply for the respective electricity concession, while it is necessary to have an electricity distribution concession.

Electricity concessions can only be granted to Chilean citizens and companies incorporated under national laws (except for joint stock companies). They can be requested for the entire project or for a portion or section of it.

For power generation, permits (concessions) are only granted for building hydroelectric power plants. For transmission, permits are given for constructing electrical substations and power lines. Finally, for distribution, permits allow the holder to set up, operate, and manage public electricity distribution facilities.

### 11.2.1. Rights over real estate and electricity easements

Rights over real estate to install, build and operate facilities can be exercised by:

- obtaining electricity easements imposed under an electricity concession by Supreme Decree of the Ministry of Energy, or
- voluntary easements negotiated with each landowner.

### 11.2.2. Types of concessions

- **Provisional concessions:** Their purpose is to study the works projects to benefit from the definitive concession. Obtaining them is not a prerequisite for the final concession, nor do they require it. The SEC grants them for two years, renewable for another two, although they are rare.

- **Definitive concessions:** Their purpose is to impose electrical easements on third-party properties for the installation of hydraulic power plants, substations or transmission lines, as appropriate, which may even be imposed against the landowner's will. The application for a final concession is submitted to the SEC with a copy for the Ministry of Energy, together with general plans of the works, an explanatory report, deadlines for the works, special plans for the easements to be imposed, and copies of the voluntary property easements in favor of the applicant, in addition to other formal elements. The final concession is granted by supreme decree of the Ministry of Energy, by order of the President of the Republic.

It is important to bear in mind that when a right of way or easement is imposed, the owner of the affected land must be compensated. If the parties cannot agree on the amount of compensation, the concession holder can request that the SEC appoint one or more appraisal commissions to determine the value. Once the concession decree is granted and the appraisal is completed—these steps can take place at the same time—the concession holder may ask the appropriate court for authorization to take physical possession of the land. At the same time, any objections to the determined value can also be processed in parallel.

# 12 Compliance

## 12.1. Overview

Compliance regulations in Chile are provided in Act Nº 20.393 on criminal liability of legal entities and Act Nº 19.913 establishing the Financial Analysis Unit and various provisions on money laundering.

*A criminal compliance program can exempt the company from criminal liability*

## 12.2. Crime prevention (Act Nº 20.393)

Since 2009, Act Nº 20.393, on the criminal liability of legal entities, provides that if an individual linked to a company commits an offense in the context of business in certain circumstances, the legal person may be criminally liable for the offense. Thus, if the offense is ruled to exist, the company may be punished with large fines, prohibition from contracting with the State and even dissolution of the company in particularly serious cases.

The law sets out that legal entities can voluntarily implement a criminal compliance program called the "Crime Prevention Model," which may exempt the company from criminal liability if it meets the requirements established by law and there is proof that the program was actually implemented and disseminated.

*A company may be punished with heavy fines, prohibition on contracting with the State and even dissolution of the company in particularly serious cases*

This regulation was recently amended by Act Nº 21.595, on economic offenses, published in August 2023, which (i) systematized, modified and created crimes of an economic and environmental nature; (ii) established a new regime with stricter consequences for individuals who commit crimes in a business context; and (iii) amended the criminal liability regime for legal entities, substantially expanding the list of offenses for which a company may be criminally liable.

Criminal liability of legal persons and individuals are independent of each other, and there is no objective criminal liability for holding a position. In other words, if a crime is committed within a company, executives can only be criminally liable to the extent that they have participated in committing the crime as perpetrators, accomplices or accessories to the crime.

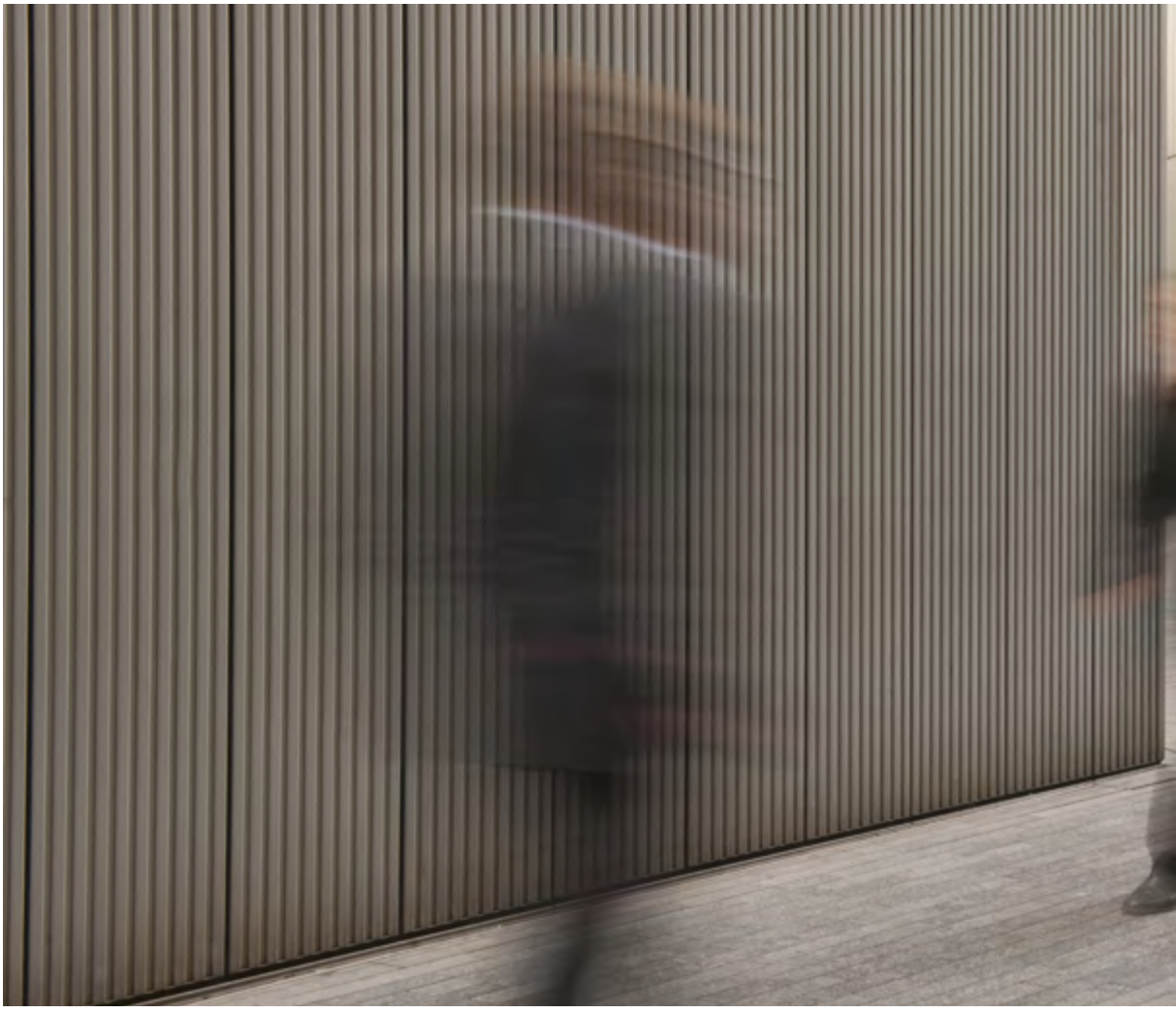
## 12.3. Prevention of money laundering and the financing of terrorism (Act Nº 19.913)

Under Act Nº 19.913, certain economic sectors are obliged to implement a system for the prevention of money laundering and financing of terrorism ( the "**PLAFT**" or "**AML**" system) and comply with certain registration and due diligence obligations with clients, as well as reporting to the Chilean financial intelligence unit (*Unidad de Análisis Financiero*, "**UAF**"). This is to avoid the risk of being used to commit money-laundering and terrorist-financing offenses, and to cooperate with the authorities in detecting and preventing such crimes.

*Implementing PLAFT compliance programs is mandatory for different activities, including the financial, real estate, insurance, automotive, casino and fintech sectors*

Implementing these compliance programs is mandatory for different activities, including the financial, real estate, insurance, automotive, casino and fintech sectors. Article 3 of Act Nº 19.913 lists all sectors required to report to the UAF.

In case of non-compliance with the positive and negative duties imposed by these regulations or by the UAF, a company may be subject to administrative fines depending on the seriousness of non-compliance.



# 13

# Mining

*In Chile, minerals can be explored and exploited through concessions, which can be for exploration or exploitation*

In Chile, the State has absolute, exclusive, inalienable and imprescriptible control over all mines, including guano sites, metalliferous sands, salt pans, coal and hydrocarbon deposits and other fossil substances, except surface clays.

However, anyone is entitled to prospect and dig for mineral substances, as well as to apply for a mining concession for exploration or exploitation of substances as provided by law.

In Chile, minerals can be explored and exploited through concessions, which can be for exploration or exploitation.

## 13.1. Mining concession for exploration

This concession gives the holder exclusive powers to explore the eligible mineral substances within its limits.

The preference for the concession is determined by the date the application for the concession is filed. The application is called a petition if it is for exploration and a declaration if it is for exploitation. Therefore, while there may be several exploration concessions covering the same area, only one has the preference in this area.

Mining exploration concessions granted from January 1, 2024, have a duration of four years. They can be renewed once for an additional four-year period. However, to exercise this right, the holder must submit to the National Geology and Mining Service, (*Servicio Nacional de Geología y Minería*, "**SERNAGEOMIN**"), within the first six months of the last year of the mining concession, a report containing all the geological information obtained from the exploration works carried out during the term of the concession, thus proving that they have been carried out. Alternatively, the holder may submit documentation proving that it has obtained an RCA for the mining project during the concession period, or that the exploration project was admitted for processing by the SEIA.

Also, before the term of a mining exploration concession expires, a mining concession for exploitation may be applied for by using the preferential right of the original exploration concession, with the understanding that that the mining concession to be established in the future has been filed on the date the application was filed for all legal purposes. Therefore preference in the area will be maintained.

Finally, the holder of an exploration mining concession must pay an annual license every year in March. Their price has increased from one fiftieth to three fiftieth UTM per hectare.

## 13.2. Mining concession for exploitation

This type of mining concession gives its holder the exclusive rights to explore and extract minerals within the concession area, and to become the owner of any minerals that are extracted.

These concessions last indefinitely, as long as the holder pays the required annual fee each March.

Starting in 2025, the annual fees for mining concessions have increased. For the first five years, the fee is set at four-tenths of a UTM per hectare. After that, the fee gradually increases until it reaches twelve UTM per hectare from the thirty-first year onward. Certain scenarios are established to qualify for a reduced license of one tenth of a UTM per hectare. For example, this applies if the concession, without having started mining operations, is part of a mining development project that has obtained an RCA or has been admitted for processing by the SEIA. It also applies to concession holders who can demonstrate annually that they have begun work that enables continuous mining operations. For small-scale mining, the concession must be included in a project with permits in progress according to the Mining Safety Regulations.

Likewise, individuals, legal mining companies, cooperatives and limited liability companies that hold mining exploitation concessions covering no more than 500 hectares and carry out work on at least one concession, while staying up to date with their annual fee payments, may also qualify for the reduced fee of one-tenth of a UTM per hectare.

## 13.3. Prospecting and digging rights

Chilean law also recognizes the right to prospect and dig for minerals. This means that any person is allowed to search for and extract minerals on any land, except within the boundaries of another third-party mining concession.

# 14

# Real estate

*Real estate investments in Chile require specialized advice at every stage, from proper structuring to the completion and finalization of the transaction*

## 14.1. Types of real estate investment

In Chile, real estate investments can be structured in several ways: assignment of promises or options, sale and leaseback, special purpose vehicles ("**SPVs**"), asset purchases, and through shares in companies, among others. The last two—asset purchases and company shares—are the most common.

Asset deals involve directly acquiring the property, with the purchaser assuming all risks associated with the property itself. Share deals involve acquiring shares in the company that owns the property, either directly or indirectly. In this case, the purchaser also assumes the risks related to the company being acquired.

## 14.2. Acquisition and transfer of real estate

The acquisition of ownership and other property rights over real estate in Chile is regulated by law. The law requires two elements: A legal title: This is a legal act that justifies the acquisition, such as a sale, donation, or exchange. Generally, these titles must be recorded in a public deed signed before a notary. A method of transfer: This is the legal action that actually transfers the property. For real estate, the most common method is "tradition," which means registering the title in the relevant real estate registry for the area where the property is located. The registration of the title in the real estate registry is what confirms the transfer of ownership and other property rights over real estate, except in the case of easements.

## 14.3. Key aspects of real estate transactions

### 14.3.1. Territorial organization

Chile is divided into regions, provinces, and communes. The commune is the basic unit for local administration and for applying urban planning regulations. Permits and approvals must be processed with the relevant authorities, depending on the location and type of project, and in accordance with current regulations and territorial planning instruments.

### 14.3.2. National and private property

The legal system distinguishes between (i) national property, which includes public-use assets (such as streets, squares, rivers, beaches) and state-owned assets that are not for public use; and (ii) private property, which belong to individuals or legal entities and are governed by the principle of free disposal. They can be subject to ownership, transfer, or encumbrance within the legal framework.

### 14.3.3. Urban and rural areas

Chilean regulations differentiate between urban and rural areas. This distinction affects permitted land uses, project requirements, and project feasibility. The location of the land determines the types of buildings allowed, density, required infrastructure, necessary authorizations, and which authorities are involved.

### 14.3.4. Real estate co-ownership

The legal framework for real estate co-ownership is specifically regulated. It applies to properties divided into separate units. The law requires, among others, the signing of a co-ownership agreement by public deed and its registration with the relevant real estate registry. Under this system, different individuals or entities have exclusive ownership of their units and shared ownership of common areas.

### 14.3.5. Title review and other relevant aspects

Reviewing property titles is a crucial step in the legal analysis before any real estate transaction. The purpose is to determine the legal status of the property, verify the existence, scope, and conditions of ownership, and ensure that the title is valid, effective, and free of defects or encumbrances that could affect the acquisition or development of the project.

Other important aspects to consider, in addition to title review, include the classification, condition, and urban or environmental restrictions affecting the property, among other factors.

# 15 Intellectual and industrial property

*Chile has an intellectual property protection system that aligns with international standards*

## 15.1. Intellectual property

Law Nº 17.336, on Intellectual Property, protects copyright and related rights. Copyright protection covers not only artistic and literary works, but also original software and databases, among other creations. Legal protection begins when the work is created, and registration with the Department of Intellectual Rights is only a formal declaration.

Copyright in Chile includes (i) economic rights, which allow the holder to benefit from the use, reproduction, communication, and distribution of the work, and which generally last for up to 70 years after the author's death; and (ii) moral rights, which are personal, non-transferable, perpetual, inalienable, and cannot be waived. They include the right to be credited as the author, to maintain the integrity of the work, and to retract or withdraw the work. Currently, Chilean law does not generally recognize the concept of "works made for hire."

The law allows for both civil and criminal actions to protect intellectual property rights.

## 15.2. Industrial property

Law Nº 19.039 on Industrial Property regulates the types of protection available and gives authority to the National Institute of Industrial Property ("**INAPI**") and the Industrial Property Tribunal to handle these matters. Chile is also a member of the Madrid System of the World Intellectual Property Organization and is part of the Patent Cooperation Treaty ("**PCT**").

Rights protected under Law Nº 19.039 include:

- **Trademarks:** These protect any distinctive sign for products and services. Trademarks must be registered with INAPI and are valid for 10 years, with unlimited renewals.

- **Patents, utility models, designs, layout designs or topographies of integrated circuits:** These protect inventions that meet patentability criteria—such as novelty, inventive step (not required for designs), and industrial application. Protection lasts for 10, 15, or 20 years, depending on the type of industrial property right requested, with the possibility of supplementary protection. Layout designs or topographies of integrated circuits are protected if they are original. Provisional patents are recognized to secure national priority.

- **Trade secrets:** These refer to undisclosed information that a person controls and can use in a productive, industrial, or commercial activity. The information must be secret, have commercial value because of its secrecy, and be subject to reasonable measures to maintain its confidentiality.

- **Other industrial property rights:** The law also recognizes and protects geographical indications, designations of origin, and plant varieties, in line with international regulations.


Your device is protected!

# 16 Data protection and cybersecurity

*Chile has recently approved a new regulatory framework for personal data protection and information security*

## 16.1. Personal data

The protection of privacy and personal data is a fundamental right recognized by the Chilean constitution. The processing of personal data in Chile is governed by Law Nº 19,628 on the Protection of Private Life ("**LPD**"), as well as other specific regulations. The LPD governs the processing of personal and sensitive data, sets out obligations for handling such data, defines the rights of data subjects, and establishes liability for violations. It also includes specific rules for economic, financial, banking, or commercial data.

In general, the law requires that personal data be processed only with the consent of the data subject or with legal authorization. Currently, there is no dedicated public authority overseeing this area, except for certain powers granted to the Council for Transparency and the National Consumer Service.

On December 13, 2024, Law Nº 21.719 was published in the Official Gazette, substantially amending the LPD and aligning it more closely with the standards of the European General Data Protection Regulation. This new regulation will take effect on December 1, 2026.

## 16.2. Cybersecurity

Chile has a modern and rapidly evolving regulatory framework designed to protect the confidentiality, integrity, and availability of information, as well as the continuity of essential services.

Law Nº 21.663, the Cybersecurity Framework Law, establishes a new regulatory structure starting March 1, 2025. Together with national policies, this marks a milestone, making Chile the first country in Latin America and the Caribbean to have a National Cybersecurity Agency ("**ANCI**").

Chilean regulations promote high standards, requiring proactive governance of digital risks and close cooperation with the ANCI and sectoral authorities. Incorporating cybersecurity into business strategy is now essential and a key factor for competitiveness in the Chilean market.

Law Nº 21.633 introduces broad obligations for both public and private entities. In the private sector, the law applies to institutions that provide essential services and to those designated as Operators of Vital Importance.

The ANCI may request information, conduct audits, and, in exceptional cases, require access to systems. Fines for violations vary according to severity and can reach up to 20,000 UTM for essential service providers (approximately EUR 1,263,105) and 40,000 UTM for Operators of Vital Importance (approximately EUR 2,526,210).

# 17 Health regulation

The regulatory framework—established in the Health Code and in regulations for medicines, medical devices, and cosmetics—is designed to protect public health by ensuring that products are safe, effective, and of high quality. This framework makes it easier for products to enter the market and provides legal certainty and transparency for those interested in investing in Chile.

*Chilean health regulations are robust and closely follow international standards*

## 17.1. Regulatory agency

The regulation and oversight of pharmaceutical products, medical devices, and cosmetics is managed by the Public Health Institute ("**ISP**"), under the supervision of the Ministry of Health ("**MINSAL**"). The ISP is responsible for authorizing, controlling, and monitoring the commercialization of these products in Chile.

## 17.2. Pharmaceutical products

- **Health registration:** In general, all medicines must have a health registration granted by the ISP before they can be sold in Chile. There is a standard procedure and other special procedures, which can be initiated by any individual or legal entity, whether Chilean or foreign, properly represented and domiciled in Chile. The process requires submitting information about the quality, safety, and effectiveness of the products, as well as manufacturing and labeling details. In exceptional cases, medicines may be sold or used provisionally without health registration.

- **Operating authorization:** Manufacturing plants, importing laboratories, warehouses, distributors, and other actors in the medicine supply chain must be authorized to operate and are subject to oversight by the MINSAL and ISP.

- **Obligations of registration holders:** Health registration holders must comply with requirements for quality, safety, and effectiveness of registered products; keep records up to date; comply with the conditions and specifications under which the registration was granted; and facilitate ISP inspections.

- **Advertising and information:** The advertising of medicines is regulated according to the sales conditions of the products, as is information provided to professionals and information about the therapeutic qualities of the products.

- **Donations and incentives:** Donations of pharmaceutical products for advertising purposes and any incentives that encourage the use, prescription, dispensing, sale, or administration of medicines are prohibited.

- **Therapeutic equivalence and interchangeability:** The regulation sets out the conditions that pharmaceutical products must meet to demonstrate bioequivalence, progressively establishing which active ingredients must comply with this requirement.

## 17.3. Medical devices

- **Regulated and non-regulated devices:** In Chile, only certain medical devices are subject to mandatory health registration. Regulated devices are designated by Supreme Decree of the MINSAL and include, among others, specific types of condoms, gloves, and syringes. Non-regulated medical devices can be sold without health registration, but must comply with general safety and quality standards.

- **Authorization:** Importers of medical devices must have authorization to import, regardless of whether the devices are regulated.

- **Obligations:** Obligations include compliance with safety and quality standards, traceability, and technical monitoring. For regulated devices, obligations depend on the risk classification of the product.

## 17.4. Cosmetics

- **Health registration:** To sell cosmetics in Chile, they must be registered according to the procedure and requirements set out in the relevant regulations. Products classified as hygiene, low-risk, or deodorants only require authorization from the manufacturing establishment.

- **Health authorization:** Importers and manufacturers of cosmetic products must have the appropriate health authorization.

## 17.5. Penalties

Violations of health regulations can result in fines, suspension or cancellation of health authorizations, confiscation of products, closure of establishments, and other penalties established in the Health Code.

# 18

# Food and alcohol

*The production, storage, transport, distribution, sale, and advertising of food and alcohol are regulated in Chile to protect public health*

## 18.1. Food and beverages

- **Health authorization:** Any facility where food or food additives are produced, processed, preserved, packaged, stored, distributed, sold, or consumed must be authorized by the health authorities.
- **Hygiene and safety:** There are specific rules for hygiene in the handling, storage, and transport of food. These include requirements for temperature control, cleanliness of facilities, and pest control.
- **Labeling and packaging:** Food products must be properly labeled. Labels must include the product name, ingredients, production and expiration dates, batch number, country of origin, and details of the manufacturer or importer.
- **"High in" warning:** Packaged foods that exceed set limits for calories, sugars, sodium, or saturated fats must display a warning label on the packaging. There are also restrictions on advertising for products labeled as "high in" these nutrients.
- **Special foods:** There are special regulations for foods intended for specific diets, such as infant formula, baby food, medical foods, gluten-free foods, and diet foods.
- **Penalties:** Violations of food regulations can be penalized according to the sanctions set out in the Health Code.

## 18.2. Alcohol

- **Sales restrictions:** Selling alcohol requires authorization. It is forbidden to sell alcohol in public places and to have alcohol-selling establishments near schools and other public institutions.
- **Warnings:** Alcoholic beverage labels must carry clear and visible warnings about the risks of consumption, especially in the case of pregnancy, and for minors and drivers.
- **Advertising restrictions:** Advertising for alcoholic beverages is limited to certain hours on radio and television. All advertisements must include warnings about alcohol consumption. Advertising aimed at minors or during sporting events is prohibited, among other restrictions.
- **Penalties:** The alcohol law sets specific penalties for violations, including fines, confiscation of beverages, and closure of establishments.

19

# Telecommunications

*Chile's General Telecommunications Law and its regulations establish the framework for installing, operating, and running telecommunications services*

- **Principles:** The regulations are based on principles such as technological neutrality, universality, continuity, technological convergence, shared use of infrastructure, transparency, and efficient use of resources. The radio spectrum is considered a public asset.

- **Service classification:** Telecommunications services are classified into free-to-air services (broadcasting), public services, limited services, amateur services, and intermediate services. Each category has its own requirements and procedures for authorization and operation.

## 19.1. Scope of application

The law applies to all telecommunications within the country. It also covers systems that use electromagnetic waves for purposes other than telecommunications, where applicable. Some services, like certain types of television, are governed by special laws but must still comply with general technical standards.

## 19.2. Concessions and permits

- To install, operate, or run telecommunications services, a concession (granted by supreme decree) or a permit (granted by resolution) is required. Only legal entities established and domiciled in Chile can hold concessions.

- Applications must include a detailed technical project—signed by a specialized technical engineer—and a supported financial plan. The process involves public notice, the possibility for third parties to object, technical review, and in some cases, public tenders.

- Concession holders must comply with technical standards, ensure interconnection with other services, allow inspections, and meet all other legal obligations.

## 19.3. Regulatory agency

- The Undersecretariat of Telecommunications ("**SUBTEL**"), under the Ministry of Transport and Telecommunications ("**MTT**"), is the regulatory authority responsible for applying, interpreting, and enforcing the law. Its powers include (i) issuing technical standards, (ii) monitoring compliance with the law, and (iii) authorizing installations.

## 19.4. Penalties

- Violations of the law, regulations, or technical standards may result in warnings, fines, suspension of transmissions, or, in certain cases, the revocation of the concession or permit.

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