

Setting up a Business in Chile

This document provides an overview of the essential steps involved in establishing a business in Chile as a foreign investor. It highlights key requirements under the investment laws of each country, focusing on sectors where foreign participation is unrestricted, limited, or requires government authorization. By understanding these legal frameworks, investors can navigate potential challenges and leverage unique opportunities in each market.

Please note that this guide is intended as a general reference. For advice tailored to your specific circumstances, it is strongly recommended that you consult a qualified legal or financial advisor.

I. Legal Framework for International Investments: Key Considerations

Chile also fosters an attractive environment for foreign investors through its Foreign Investment Promotion Law, Law No. 20.848 (*Ley de Promoción de la Inversión Extranjera, Ley N.º 20.848*). This framework guarantees equitable treatment for foreign investors, protects against expropriation without fair compensation, and allows for the free repatriation of profits, thus establishing a solid legal foundation for international business operations. The Chilean government actively promotes investments in key sectors, including infrastructure, technology, and mining, offering incentives such as lower tax rates and accelerated asset depreciation options.¹⁷

While these provisions are compelling, it is essential for foreign investors to be aware of certain restrictions on foreign ownership in industries critical to national security and public welfare. For example, sectors such as media and defense have strict regulations regarding foreign participation, while coastal trade activities in the maritime sector are largely designated for domestic companies.¹⁸

Consequently, foreign investors must navigate these limitations carefully to ensure compliance, allowing them to capitalize on the opportunities available in the Chilean market.

II. Starting a Company: A Foreigner's Guide

Setting up a business in Chile as a foreign investor requires navigating the local legal and regulatory frameworks. This process involves several key steps, including selecting the appropriate legal structure, preparing the necessary documentation, and registering with the relevant governmental authorities. Below is a summarized overview of the process for:

a. Business Registration Process

In Chile, the registration process starts with registering the business name at the Civil Registry (*Registro Civil*), followed by obtaining a unique tax identification number (*RUT*) from the Internal

Revenue Service (*Servicio de Impuestos Internos*). Entrepreneurs must also secure any necessary licenses and permits

EY. (2021). *Ecuadorian tax reform includes increased rates and new temporary measures*.

Available at: <https://www.ey.com/>¹⁶

[en_gl/technical/tax-alerts/ecuadorian-tax-reform-includes-increased-rates-and-new-temporary](https://www.ey.com/en_gl/technical/tax-alerts/ecuadorian-tax-reform-includes-increased-rates-and-new-temporary)

Gobierno de Chile. (n.d.). *Trámites para la inversión extranjera*. Available at:

<https://tramitesonline.inversionextranjera.cl/>¹⁷

OECD. (2023). *FDI Qualities Review of Chile*. Available at:

[https://www.oecd.org/en/publications/2023/06/fdi-qualities-](https://www.oecd.org/en/publications/2023/06/fdi-qualities-review-of-chile_9b509bd7.html)¹⁸

[review-of-chile_9b509bd7.html](https://www.oecd.org/en/publications/2023/06/fdi-qualities-review-of-chile_9b509bd7.html)

based on their business activities, which may vary by industry. The Chilean government actively supports foreign investment and provides a clear registration pathway for international businesses.¹⁹

b. Selecting the Right Legal Structure

In Chile, the *Sociedad Anónima* (S.A.) and *Sociedad de Responsabilidad Limitada* (Ltda.) are predominant choices. The S.A. structure is commonly selected by firms with multiple shareholders, as it allows them to issue shares and access public funding if needed. In contrast, Ltda. is favored by smaller or family-owned businesses due to its straightforward governance, where partner liability is limited to their contributions. Another flexible option is the Simplified Corporation (SpA), which offers limited liability and simpler administrative procedures, often appealing to startups and venture-backed firms.²⁰

c. Required Documentation

Chile's registration process aligns closely with those of Panama and Ecuador. Articles of Incorporation are indispensable, along with identification documentation for all stakeholders. Businesses in regulated industries may also need specific permits or licenses.²¹

d. Registration with Relevant Authorities

To finalize registration in Chile, businesses must register with the Internal Revenue Service (*Servicio de Impuestos Internos*), and the local commercial registry. These steps are essential to satisfy tax and legal²² requirements for doing business in the country.

e. Additional Considerations for Foreign Investors

In Chile, foreign investors must navigate employment and labor regulations carefully. Compliance with environmental regulations is also critical, especially for industries that may impact the environment.²³

III. Taxation and Banking Compliance for Foreign Investors

The corporate tax rate in Chile is currently set at 27%, and recent tax reforms aim to simplify the tax structure, increase transparency, and encourage foreign investment. These reforms include adjustments to the tax treatment of foreign investors, enhancing Chile's appeal as an investment destination. Furthermore, Chile has signed multiple double taxation treaties with various countries designed to prevent double taxation on income and reduce withholding tax rates on cross-border payments. These treaties can provide significant tax relief for foreign investors and further enhance the attractiveness of doing business

PwC. (2021). *Doing business in Chile*. Available at: <https://www.pwc.com/cl/es/publicaciones/assets/doingbusiness.pdf> ¹⁹

DLA Piper. (n.d.). *Form of entity in Chile*. DLA Piper Guide to Going Global. Available at: <https://www.dlapiperintelligence.com/goingglobal/corporate/index.html?t=01-form-of-entity&c=CL> ²⁰

Id. ²¹

Id. ²²

Id. ²³
in the country.²⁴