

Chile – Covid-19 Measures

Omar Morales

Santiago, Chile

Montt y Cía. S.A.

On March 3, 2020, Chile confirmed its first case of the disease caused by the Covid-19 virus. As a result, the Government implemented control measures.

Self-Isolation

- On March 18, 2020, a State of Emergency for 90 days was declared.
- Restrictions on the movement of individuals were imposed with effect on March 26, 2020. These restrictions included a curfew in all the territory from 10.00 PM until 5.00 AM the next day.
- Lock-downs of several area, mostly in the capital of Santiago and other cities where the majority of cases have been detected.
- Nonessential businesses were closed, on-line classes began for students at every educational level, and work-from-home strategies became the norm.

At some point, travel restrictions were imposed, control points called “Sanitary Customs” sprang up at the entry to certain cities or areas within a city. Ultimately “Sanitary Cordons” were established prohibiting the entry to or departure certain areas. Finally, the use of face masks became mandatory in public transportation and places open to the public such as supermarkets and business dealing with the public.

The strategy appears to be working. As of April 21, 2020, there have been 10,507 cases confirmed and a fatality rate around 1.3%. The health system appears to be coping with the crisis.

In recent days, the Government has announced its intention to remove restrictions and to proceed to business almost as usual. Several lockdowns have been lifted and there is a call for the return of the students to classrooms and Government employees to their workplaces. These announcements have triggered warnings from infectious disease experts and the “back to business” strategy is delayed until end of April at the earliest.

Economic Relief

In order to take care of the adverse economic impact that has been experienced, the Government has promoted several economic measures to protect the economy and employment. These include:

- Allowing the furloughing of employees by agreement of the parties, thereby entitling the furloughed employees to unemployment insurance coverage.

- Prohibiting the dismissal of employees using force majeure as a reason based on Covid-19, thereby preventing dismissal without severance payment.
- Interest-free loans to small and medium enterprises that are guaranteed by the Government.
- Aid packages for informal workers and the poorer sectors of society with direct payments and subsidies.

Banks have deferred payment of mortgages for three months on an interest free basis.

In tax matters:

- The stamp tax that affect loans has been deferred from April until September. The stamp tax is imposed at rates that vary from 0.4% to 0.8% on the principal amount of a loan.
- Monthly tax payments and VAT payments have been deferred for three months. The payment will become due in up to 12 interest-free installments beginning from July 2020.
- Income taxes due in April have been deferred until July for small and medium enterprises.
- The payment of the first installment of real estate taxes that are due in April, June, September, and November of each year has been deferred. They will be collected together with the later installments without the imposition of late-payment charges for most taxpayers.

From the administrative processes perspective, the Tax Department has taken a more flexible approach to process on-line taxpayers requests and applications that would normally require a personal visit to the tax offices.

The situation, as happens to be the case everywhere, continues to evolve and constantly change.