



GMS Flash Alert

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Chile - Tax Treaty with U.S. Approved by Chilean Senate

On November 15, 2023, the Chilean Senate approved the income tax treaty with the U.S., this being its final stage of legislative deliberation.¹ It was first approved by the Chilean Chamber of Deputies on November 8, 2023 (for prior coverage, see [GMS Flash Alert 2023-205](#), November 6, 2023).

The document now must be ratified by the President of the Republic and it will be in force once diplomatic letters are then exchanged by the two countries. Expectations are that the treaty will be in force by January 2024.

WHY THIS MATTERS

The Chilean Senate's approval of the treaty was a step forward that will introduce a new era in cross-border commerce between Chile and the United States, facilitating the movement of globally-mobile employees coming to the United States from Chile and vice versa.

This treaty should help mitigate double taxation that international assignees can be exposed to and may provide further benefits, including relief for contributions to pension plans.

KPMG INSIGHTS

Short-term assignees (known also as "business travelers") could be exempt from taxation in the host country if their presence is under 183 days in any 12-month period, and no charge-backs and no payments are made locally, thus bringing more flexibility to employers with regards to short-term assignment planning and budgeting, which would encourage expansion of business opportunities in the country.

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FOOTNOTE:

1 Article published (in Spanish) on the *Ministerio de Hacienda* (Chilean Ministry of Finance) website on November 15, 2023, at: <https://www.hacienda.cl/noticias-y-eventos/noticias/acuerdo-que-evita-doble-tributacion-con-estados-unidos-queda-listo-para> .

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