

Victor Manuel Avilés: Chile, in general, is a good country to live and also to invest.

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Victor Manuel Avilés is a lawyer from the leading Chilean law firm, Larraín y Asociados Abogados. His practice focuses primarily on energy issues and taxation and he agreed to grant us an interview about his work as a tax lawyer in Chile.

WLC: Hello. Please tell us more about yourself. What do you do as a lawyer? Tax law in general, or some of its particular field?

VMA: I practice tax law in connection with business and corporations, mainly. I am not focused in individuals at all. This is related to the necessities of the clients of the firm, who are normally Chilean or foreign investors. We work on a day to day basis, asking questions to the operation and in connection with structuring investment.

WLC: That's interesting! And as to the tax system in Latin America – is the tax law in South American countries relatively uniform, or the tax law varies widely between the countries?

VMA: It is not uniform at all. The tax systems in Latin American countries are very diverse. For example, Chile is a unitary country and Brazil and Argentina are federal, so there are more tax systems there and therefore tax law is much more complicated. In Chile, we also have a very special income tax law system, that tries to improve the investment and reduce the consumption. Corporate tax is tax credit against the tax of the individual and this only needs to be paid when the incomes are received, for example as dividend. But this is changing a little bit this year.

WLC: And is the tax law in Chile friendly to the taxpayers? Or is it overly complex, such as in Brazil?

VMA: In Chile, traditionally, the laws have been created in a way to be friendly in general. But in connection with the incomes, today, it is not friendly at all - and especially, after the last reform. Until 2016 we did not have a general antiavoidance clause, so the law was changing all the time in order to provide legal responses to the structures (for avoiding taxes) created by lawyers. It made the system really complicated. Now though we have that clause, the law changed the other time and we have a new system of taxation for many purposes that is very complicated for professionals and taxpayers.

WLC: And is Chile a good country for entrepreneurs looking for a tax residency? If so, why?

VMA: Chile, in general, is a good country to live and also to invest. In general, is very stable and the institutions provide enough warranties. We also have a big number of treaties to avoid double taxation with many countries. In Chile, during the first years (3 or more), the foreigner will be taxed only for Chilean source incomes, and this is very interesting for foreign entrepreneurs. Also exists the possibility to invest in third countries from Chile, using some exemption provided by law to foreign investors.

WLC: Thank you very much for the interview!

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