



OPENING UP SHOP IN CHILE

Cariola Díez Pérez-Cotapos is a member of L&E Global, the alliance of employment counsel worldwide

Cariola Díez Pérez-Cotapos is one of Chile's major business law firms. We are proud of being one of the top firms in Chile due to our local and international experience. We are a full-service firm that delivers high-quality legal advice to our clients and provides a comprehensive range of legal services to meet today's business needs.

Those services include: banking, finance and capital markets; commercial and corporate law; mergers and acquisitions; regulatory law; family businesses; energy; hotels, resorts and casinos; engineering and construction; real estate and urban development; insolvency; foreign investment; labor, employment and immigration; competition and

antitrust; litigation, mediation and arbitration; environmental; mining and natural resources; fisheries and aquaculture; insurance; technology, privacy and media; transportation and infrastructure; taxation; and intellectual property (IP).

Our Labor practice counsels on the laws and regulations that have a bearing on labor and social security activities in Chile. Our services include drafting and preparing all kinds of employment contracts, suited to all forms of contract arrangements allowed under current legislation: structuring compensation and benefits packages, stock option programs, and preventive labor audits; supporting corporate restructuring processes with

labor impacts; and counseling in service outsourcing processes. We draft employment contracts with expatriate staff and prepare and monitor applications for work permits and visas. We provide support in all areas of interest to expatriate executives who reside in Chile.

We also advise companies throughout collective bargaining processes, both with unions as well as with groups of workers. We provide assistance in the event of strikes and we prepare and draft collective bargaining agreements. We regularly organize lectures and seminars for clients to keep their Human Resources departments and divisions current on these matters.

I. LABOUR AND EMPLOYMENT REQUIREMENTS

CHILEAN LABOR SYSTEM

Employers must have in place the following main policies:

- Right to equal compensations between men and women.
- Labor opportunities to disabled people.
- Sexual harassment.
- Labor harassment.
- UV Radiation protection.

- Hygiene and Safety conditions at the work place.
- Maximum height to be supported by employees.

LABOR CONTRACTS

Our legislation recognizes three categories of labor contracts: individual labor contracts, collective labor contracts, and special contracts.

(1) Individual Labor Contract

This is a written contract between an employer and an employee whereby they are bound, the employee to render personal services under ties of dependence and subordination to the former, whereas the employer to pay compensation for those services. Article 10 of the Labor Code states the minimum provisions that must

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be included in the individual labor contract, namely the date and place of the contract, the identity of the parties, the position of the employee and job description, the place of work, the remuneration to be paid by the employer, the terms of payment (at maximum 1-month intervals), workday, the duration of employment and the benefits in cash or in kind to be provided by the employer.

(2) Collective Labor Agreements

The collective labor contract is understood as “the convention celebrated between employers and employees with the purpose

of establish common labor conditions, remunerations or other benefits in kind or money, for a fixed period of time”.

The Collective Contract must be agreed in writing and must be registered in the Labor Inspection within 5 days since its subscription, besides; it cannot have a term of less than two years or more than three years. Also, the law stipulates the minimum clauses to be included in these instruments. The Labor Code, also preview the possibility that the employer and one or more Unions freely negotiate a collective agreement, without being subject to a ruled

legal proceeding, which is also considered a labor collective instrument.

(3) Special Contracts

Our law also considers the existence of special labor contracts. Each of these contracts have their own characteristics and specifications, e.g. the apprenticeship contract which is restricted to individuals under 21 years of age; farm employees’ contracts; contracts for employees on ships or at sea and temporary dock employees and contracts for domestic help.





II. CORPORATE LAW REQUIREMENTS

BUSINESS ORGANIZATIONS IN CHILE

There are several structures in which companies may be organized to undertake activities in Chile. From non-profit organizations to stock corporations, Chilean law sets forth different applicable regimes according to the different needs.

Generally, a foreign company may freely select any of the following forms of organization:

- Branch of a Foreign Legal Entity
- Corporation
- Sociedad por Acciones (Simplified Corporation)
- Limited Liability Company

In the case of banks, insurance companies and fund managing companies (e.g., pension-fund, etc.), among others, the law sets out certain regulatory requirements to be fulfilled, i.e. prior authorization by the competent local authority.

As a general rule, no particular structure is mandatory to undertake business in Chile, save for certain specific businesses, e.g. banking services, insurance companies, management of funds, etc. Therefore, the various different considerations set out below must be carefully weighed to determine the most appropriate structure.



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III. PAYROLL AND BENEFITS PROVIDERS

In Chile, the vast majority of large firms employers outsource payroll and benefit responsibilities to third providers. This reduces the administrative costs and companies assure that all complex procedures related to payroll are managed by expert companies, reducing liabilities. A number of international payroll companies have subsidiaries in Chile and we can support to reach some of them.

We are pleased to offer our services for all of the required work identified above and assist your organization to open in Chile. If you have any questions, please contact

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We look forward to working with you.



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