

This law especially benefits exporters, because when they export, they amortize the debt contracted for Customs Duties.

VIII.5.- Drawback for Importers

(Law 18,708, published in the Official Gazette on 05/13/88)

This exemption favors the importers of capital goods and inputs who re-export products manufactured with the imported goods.

The law permits the refund of Customs Duties (11% of CIF value).

VIII.6.- Drawback for Importers that Reexport

(Law 18,480, published in the Official Gazette on 12/19/85)

When an importer reexports goods manufactured with imported products, the State grants him a variable refund of 10%, 5% or 3% of the FOB value of the exports. The Ministry of Economy periodically lists ineligible products in the Official Gazette.

Products not listed may apply for the drawback (see above).

VIII.7.- Private Export Warehouses

(Finance Ministry Decree No. 135 (Official Gazette of 04/18/83),

Finance Ministry Decree No. 532 (Official Gazette of 08/25/84),

Finance Ministry Decree No. 224 (Official Gazette of 06/28/86)

Enclosed premises, known in Chile as DAPE, exist in many cities.

They operate with their own foreign currency to import (duty-free) raw materials to be used in manufacturing products intended for export. Raw material is cleared through customs in the DAPE, it is manufactured and it leaves as an export. The first DAPE was formed for ore grinding. It is possible for a Chilean mining company to operate through this system, by processing foreign minerals with a high level of impurities and reexporting the refined product.

VIII.8.- Iquique Duty-Free Zone

Description.

The Duty-Free Area of Iquique (ZOFRI) is an area physically located in the city of Iquique, that is free of taxes and duties, to encourage commercial and economic activity in and to improve Chile's relationship with the neighboring countries. The Duty-Free Area was created in 1975, with the State supplying 2,400,000 sq. mt. of urbanized land.

Current legal regulations in the Iquique Duty-Free area are found in the revised and updated text of the 1977 Decree. User companies are subject to a regulation established by Resolution N° 37/258 issued by the Governor of the Tarapacá Region on February 9, 1981.

Resolution N° 74/84 of January 10, 1984 adapts into one text a set of customs regulations on duty-free areas.

The duty-free area is managed by a company named ZOFRI S.A., 90.11% of which is owned by the Corporación de Fomento de la Producción (CORFO). Since its creation, ZOFRI S.A. has directed its efforts toward supplying a number of services that will enable its users to dedicate themselves exclusively to the marketing and production of goods.

Zofri can issue the authorizations to companies that wish to operate on the premises and benefit from its special tax system, as well as administer its assets (land, warehouses, stores and other facilities) and invest in its infrastructure.