

Foreign corporations, limited partnerships, and affiliates can be taxed at the moment the income is obtained or when it is distributed to shareholders or partners (in the case of partners, when it is withdrawn or remitted abroad).

The general income tax structure for companies has been conceived as a tool to promote private savings and investment. This tax regime includes corporations and limited liability companies as well as the affiliates of foreign companies whose partners or shareholders are not domiciled in Chile. For these cases, the corporate income tax rate is 15% and 35% for profit remittances abroad, with a 15% additional tax credit.

5.0 Market Entry Strategies

Favourable Chilean economic conditions, stimulating government policies, and extensive forest reserves create many attractive business opportunities for Canadian suppliers of goods and services. In order to be competitive, suppliers of goods and services should concentrate on finding appropriate representation, providing top quality service and competitive financing, actively participating in trade promotions and strengthening their ties to engineering firms which participate in the project bidding process.

Different market entry strategies exist for consulting services and equipment suppliers.

5.1 Market Approach for Products and Consulting Services

To successfully penetrate the Chilean market, Canadian consulting companies should consider three approaches.

1. The primary approach to the market would entail the use of a local agent to identify project opportunities for the consultant. This is the minimum level of commitment that should be considered if the goal is to penetrate the Chilean market.
2. A preferable alternative would entail an affiliation with a local detail design engineering company. This would benefit the consultant with representation, and allow the consultant to provide a complete process/detail engineering package to the client.
3. Alternatively, in addition to either of the above options, affiliation with an equipment supplier would allow the consultant to address the market trend toward vendor supplied engineering.

Consulting Services

1. At a minimum, the consultant should establish a local agent or representative. The role of this representative should, however, be limited to project identification.