

Multi Association Letter

December 8, 2021

The Honorable Bob Menendez
Chairman
Foreign Relations Committee
423 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

The Honorable James. E. Risch
Ranking Member
Foreign Relations Committee
423 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

Dear Chairman Menendez and Ranking Member Risch,

On behalf of our member companies that trade with and invest in Chile, we respectfully ask for your support in ratifying the pending U.S.-Chile Income Tax Treaty, which was signed in February 2010. Officials at the U.S. Treasury and Chile's Ministry of Finance have been working collaboratively to negotiate additional language to harmonize the treaty with current U.S. tax law, and it is essential that both the treaty and the finalized additional language be approved by the U.S. Senate as soon as possible.

The Treaty is vitally important to U.S. foreign direct investment in Chile, and the success of U.S. companies that invest in Chile. Without ratification, Chilean taxes on U.S. companies' operations are due to reach a rate of 44.45% in five years, when a special waiver issued by the Chilean government expires. By comparison, the Chilean operations of companies headquartered in China, Japan, Canada, Australia and the United Kingdom would be subject to a rate of 35%, putting U.S. companies at a significant financial disadvantage relative to their competitors. The Treaty would also address Chilean withholding taxes on interest, royalties, US-based services and fees for the use of equipment.

The Treaty would be the second U.S. tax treaty in South America and could lay the groundwork for additional treaties in the region, a long-term objective of the U.S. government. Ratification would send a clear signal of U.S. support of, and confidence in, Chile and the region. The U.S. has tax treaties in effect with 68 countries.

U.S. ratification of the Treaty now is an urgent matter if additional protocols are required to be approved by Chile in order to harmonize the Treaty with current U.S. tax law. These protocols would require approval from the Chilean Congress, which will have limited sessions after November before adjourning at the end of January prior to inauguration of a new president and Congress in March 2022.

Chairman Menendez, Ranking Member Risch, Members of the Senate Foreign
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In order to promote economic growth, protect U.S. company investments, and support the sales of U.S. goods and services, we ask for your support in the prompt ratification of the U.S.-Chile Tax Treaty. Doing so will also have a direct and meaningful impact on the ability of U.S. companies to compete effectively.

Sincerely,

AmCham Chile
American Chemistry Council
Business Roundtable
Council of the Americas
National Association of Manufacturers
National Foreign Trade Council
National Mining Association
U.S. Chamber of Commerce
U.S. Council International Business

cc: Members, U.S. Senate Foreign Relations Committee