

UNITED STATES TAX & REPORTING COMPLIANCE



Connections to the United States

- Citizens and (oops) Accidental Citizens
- Dual Nationality
- Resident Aliens
- Permanent Residents (Green Card Holders)
- Substantial Presence Test
- Exempt Visas
- Domicile (estate and gift tax)



Connections to Chile

- Persons resident in Chile (Chilean nationals or Aliens)
- Persons domiciled in Chile (Chilean nationals or Aliens)
- Governmental & Quasi-Governmental persons living abroad
- Aggressive source rules (e.g. Indirect transfers, transfers of shares/interest in Chilean entities, cross-border services)



Compliance Concerns

- Failure To Comply
 - Tax Obligations
 - Reporting Obligation
 - Criminal Issues
- Ways To Comply
 - Voluntary Disclosure
 - Streamlined Disclosure
 - Quiet Filing
- Expatriation



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Compliance Concerns - Chile

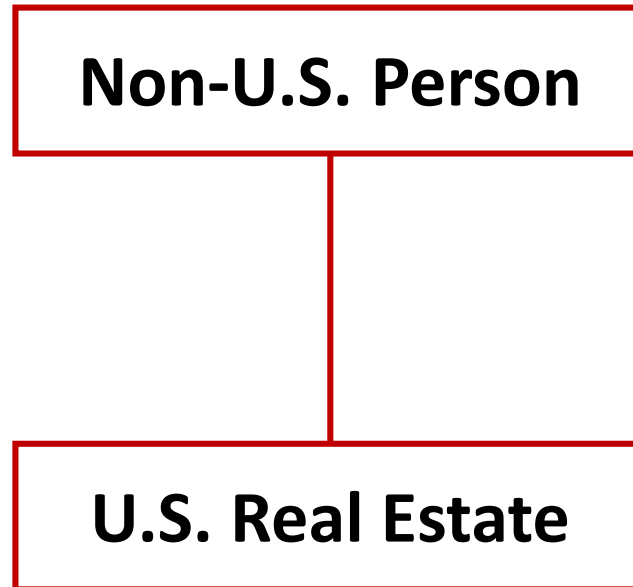
- Failure To Comply
 - Tax Obligations re assets located abroad
 - Reporting Obligations re assets located abroad
 - Criminal Issues
- Ways To Comply
 - The 2015 Tax Amnesty
 - Post 2015 Voluntary Disclosures
 - Quiet filing?



INVESTMENT IN UNITED STATES REAL ESTATE



Direct Ownership



Direct Ownership

Chilean Resident – U.S. Real Estate

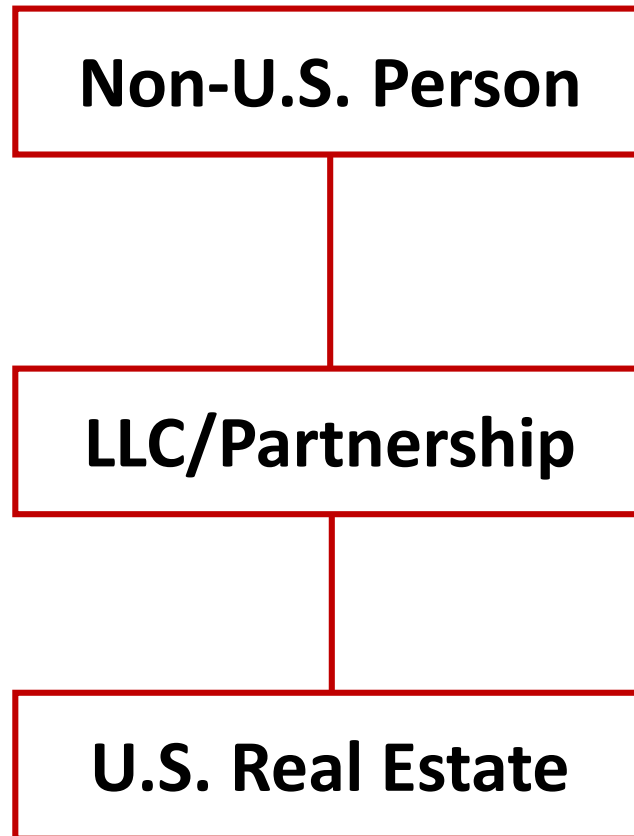
Non-U.S. Person



U.S. Real Estate

- DJ 1929
- Revenue generated by the U.S asset is taxable in Chile
- Expenses related to the U.S asset generally are not deductible in Chile
- In most cases, Chilean estate tax (inheritance tax) will apply in respect of the U.S. asset
- Absence of Chilean foreign tax credit unless foreign investment is included in special tax register

U.S. “Pass-Through” Entities



U.S. “Pass-Through” Entities

Chilean Resident + LLC Partnership –U.S. Real Estate

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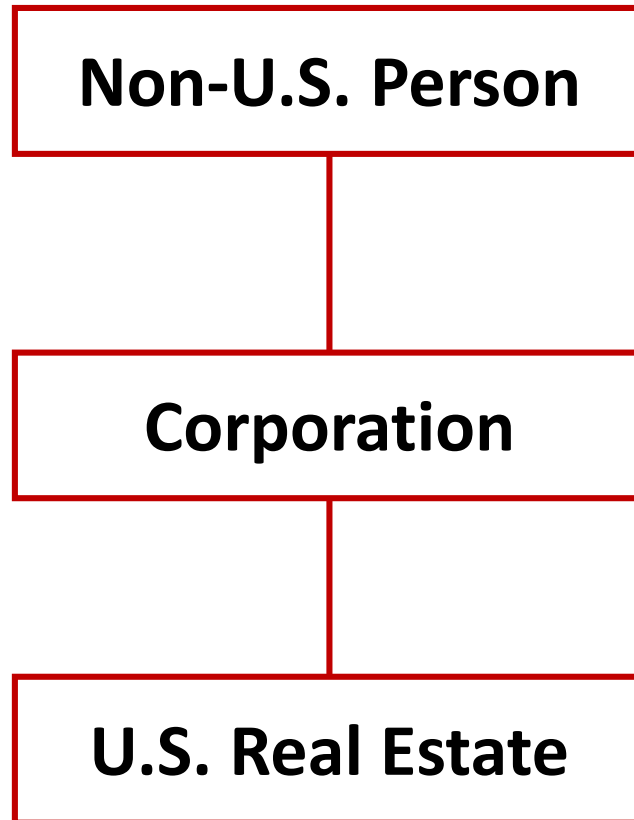
Non-U.S. Person

LLC/Partnership

U.S. Real Estate

- The concept of “Pass-Through Entities” does not exist in Chile
- Any distributions/dividends from the LLC and any CFC income (over the 2,400 UF threshold) is taxable
- The LLC, all other foreign assets and any foreign source income must be included in DJ 1929
- The special “Ledger of CFC income” is required
- The LLC, as a CFC for Chilean tax purposes, will have to determine its passive income according to Chilean tax rules
- Personal use of the property by the Chilean resident will generate an Article 21 tax penalty
- In most cases, Chilean estate tax (inheritance tax) will apply in respect of the U.S LLC
- Absence of Chilean foreign tax credit unless foreign investment is included in special tax register

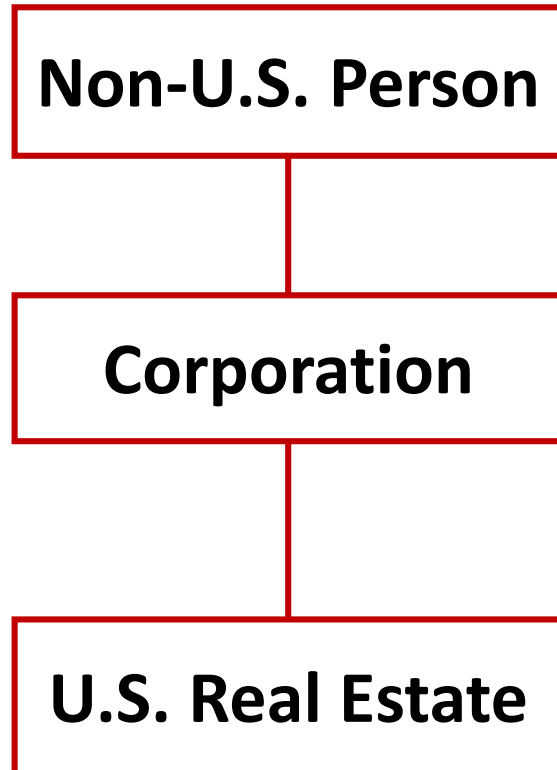
Corporate Blocker



Corporate Blocker

Chilean Resident + Corporation – U.S. Real Estate

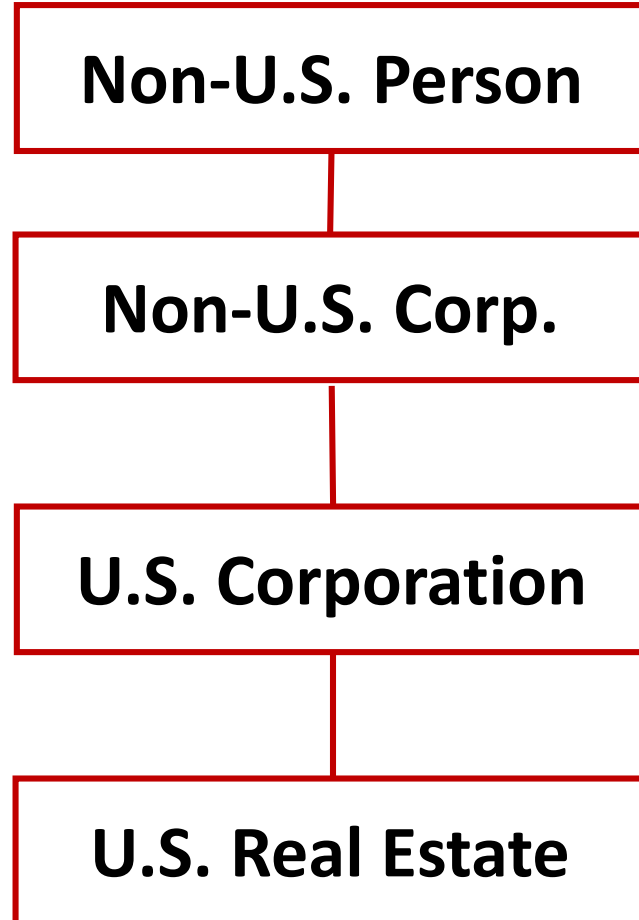
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- Same comments included for U.S. “Pass-Through” Entities, as for Chilean tax purposes a US LLC acts as “corporate blocker”



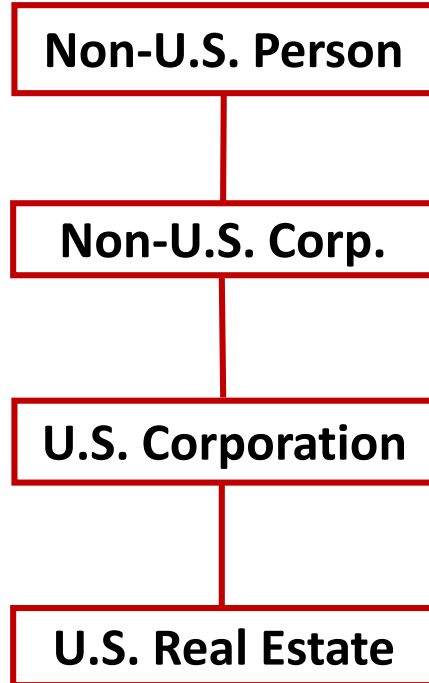
Branch Profits Tax Blocker



Branch Profits Tax Blocker

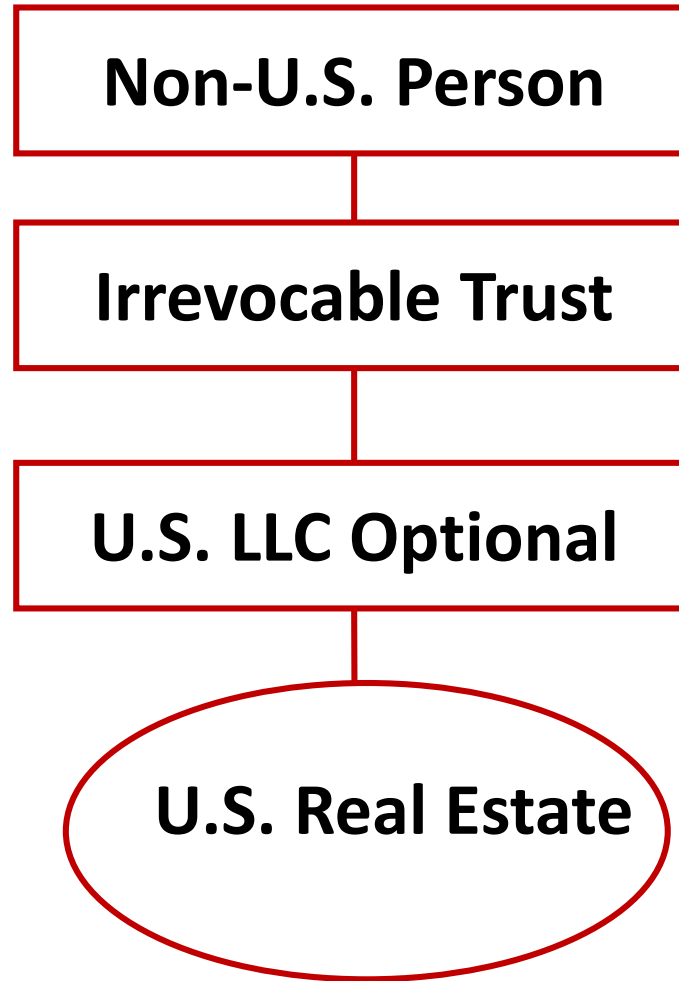
Chilean Resident + Non U.S. Corp.-(Non-Chilean) + U.S. Corporation – U.S Real Estate

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- Any distributions/dividends from the Non-U.S.-Non-Chilean Corp. plus potential CFC Income from both entities (2.400 UF threshold is relevant) is taxable
- All non-Chilean entities, the U.S. Real Estate all foreign income must be included in DJ 1929
- The special Ledger of CFC income will be required in respect of all non-Chilean CFCs
- All Non-Chilean entities will have to determine their passive income according to Chilean tax rules
- Personal use of the property by the Chilean resident will generate an Article 21 tax penalty
- In most cases, Chilean estate tax (inheritance tax) will apply in respect of the Non-US-Non-Chilean Corp.
- Absence of Chilean foreign tax credit unless foreign investment is included in special tax register

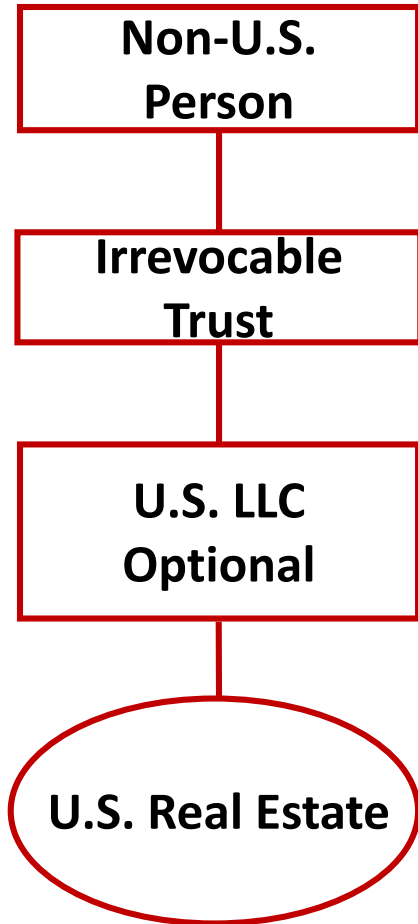
Irrevocable Trust



Irrevocable Trust

Chilean Resident + Irrevocable Trust- U.S. + U.S. LLC Optional – U.S Real Estate.

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- Chilean legal & tax effects of contribution of assets to the Trust not clear
- U.S. LLC under Trust structure and Trust itself would qualify as CFCs for Chilean purposes
- Both entities, all other foreign assets and any foreign source income must be included in DJ 1929
- The special Ledger of CFC income will be required in respect of the LLC and the Trust
- Both the LLC and the Trust will have to determine their passive income according to Chilean tax rules
- Personal use of the property by the Chilean resident will generate an Article 21 tax penalty
- Potential application of the Chilean estate tax (inheritance tax) not clear
- Absence of Chilean foreign tax credit unless foreign investment is included in special tax register

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