

TAX ADVISORY

U.S. and Chile Conclude Negotiations of Income Tax Treaty

Our Support Team

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Dear clients and friends:

The U.S. Department of the Treasury announced on January 26 that it has concluded its negotiation of a comprehensive bilateral income tax treaty with Chile. Although a draft of the new treaty is not yet available, the **Treasury Department announced** that the new tax treaty provides for reductions in source-country taxation of cross-border payments of dividends, interest and royalties.

The Treasury Department also announced that the new tax treaty will provide for the full exchange of information between the tax authorities of the United States and Chile, and a comprehensive limitation of benefits provision aimed at preventing the abuse of the tax treaty by third-country investors.

The new tax treaty is scheduled to be signed by both countries in February. Once signed and approved by the U.S. Senate, it will be only the third income tax treaty the United States has with Latin American countries. The other two are Mexico and Venezuela. The Treasury Department announced that the conclusion of negotiations with Chile is consistent with its efforts to expand the U.S. tax treaty network in Latin America.

If you would like additional information on the pending tax treaty between the United States and Chile, do not hesitate to contact us at (305) 373-5500.

Sincerely,



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