

Recent Measures and Agreements reached by the Ministry of Finance

In this newsletter we would like to highlight recent progress on the government's macro-financial policy agenda.

Ministry of Finance reaches a broad-based agreement on the Tax Modernization bill

On Friday, November 8th, Minister of Finance Mr. Ignacio Briones, announced a high-level agreement with all Senators of the Budget Committee on three crucial aspects of the Tax Modernization Bill that should facilitate the bill's legislative approval. These aspects are:

- Pro-growth, Pro-MSMEs, & Pro-Employment;
- Progressive Taxation to finance the government's Social Agenda
- Pro-elderly

The Social Agenda has a total cost of US\$1.2 billion, and includes, among others:

- Minimum guaranteed income (CLP 350,000), by which the State will cover the balance between the current minimum wage and CLP 350,000 for all workers.
- Increase of 20% of Solidarity Basic Pension.
- US\$350 million for Metro reconstruction.
- Health insurance for middle class.

The agreement contemplates that the Agenda will be financed through additional taxes to high income population, changing the current maximum marginal rate from 35% to 40%, and through an additional tax to house properties exceeding a total value of US\$500,000 approx. The tax to apply will be between 7.5bp to 27.5bp in the case of properties exceeding a value of US\$500,000.

Ministry of Finance reaches an understanding on the 2020 Budget Law

On November 11th the Minister of Finance, members of the government's legislative coalition parties, and opposition parties all reached an understanding that will facilitate the approval of the 2020 Budget Law.

Ministry of Finance will withdraw USD 2.4 billion from the Stabilization Fund to support its additional financing needs for 2019 and 2020

In light of the updated macro-fiscal scenario and the financing needs for the current year, a total of US\$1.0 billion will be withdrawn from the Economic and Social Stabilization

November 14th, 2019
Ministry of Finance of Chile
Investor Relations Office



Fund (ESSF) in the next few days, which will be converted to pesos, according to the government's needs.

Additionally, due to the weaker than expected fiscal revenue estimations for 2020, a total of US\$1.4 billion are expected to be withdrawn from the ESSF during the first few months of 2020. These will be converted to pesos according to the government's needs.

By the end of September, 2019 the total market value of the ESSF reached US\$14,163.61 million. For more information regarding the use of the ESSF, please visit: <https://www.hacienda.cl/english/press-room/news/archive/ministry-of-finance-will-withdraw-us-2-4.html>