

Reading Time: 2 minutes

When you decide to expand your business into Chile, you have to handle many business aspects, from HR to legal to accounting. One area of utmost importance is Chile compensation and benefits. You'll need to make sure your employees get the right wages as well as all the statutory benefits required by the government.

Chile Compensation Laws

Chile has a monthly minimum wage of 276,000 Chilean pesos (CLPs). That currently equals around \$447. Employers are encouraged to evaluate an employee's performance each year and raise their salary accordingly. While Chile does not mandate a 13th-month bonus, any agreed-upon bonuses must be given in the local currency.

Keep these bonuses in mind when looking at Chile compensation laws:

- Legal gratification: Employees receive an annual "legal gratification" bonus that you'll pay monthly. You can lower the base salary to take this amount into consideration.
- Aguinaldos, or 13th-month payments: While not required, many employers give out bonuses twice a year called Aguinaldos. Most employers give these once on September 18 and again around Christmas.

Guaranteed Benefits

Workers are entitled to additional benefits as well as these monthly bonuses. Employees must pay into Chile's private health insurance — known as "Isapres" — and employers must hold up to USD 214 pre-tax each month. As an employer, you can decide whether you want to give employees a taxable bonus for health insurance. Typically, employees will look for a more extensive plan through Isapres or another private company where the employer compensates the employee for the difference above the ceiling of USD 214.

Other guaranteed benefits include time off on Chile's 14 national holidays, six weeks of maternity leave before childbirth, and 15 paid working days of vacation a year once employees have more than a year of service.

Restrictions for Benefits and Compensation

Chile compensation laws mandate a typical 45-hour work week. Anything over these hours is classified as overtime, in which employees receive time and a half.

One significant benefit restriction is car allowances. Employers cannot give employees company cars without a notable tax penalty. Employers can provide monthly commuting allowances, but limits depend on the employee's gross salary.

Chile Benefit Management

As a Chile employer, you'll need to disperse benefits yourself or choose Chile benefit outsourcing with a local company or a global PEO. Chile benefit management is complicated, and you'll need to know all the ins and outs of the country's employment laws to stay compliant. While you can work with a local Chilean company for Chile benefit management, you'll remain liable for any mistakes.

Globalization Partners offers a better solution. We take care of all aspects of your employee benefits, from making sure you stay compliant to sourcing the best benefits to attract top talent. The risk falls on our shoulders instead of yours since we act as the Employer of Record.

Why Work With Globalization Partners?

Globalization Partners is a global PEO that helps you expand into Chile faster. Learn more about our services by contacting us today.