

CHILE: EMPLOYMENT PROTECTION LAW

Questions and Scenarios	Temporary Suspension Employment Contract by Act of Authority	Agreement for the temporary suspension of the employment contract by mutual agreement
Requirements	<ul style="list-style-type: none"> i. Act or declaration of authority involving the cessation of activities or the prohibition of the provision of services. ii. Administrative resolution of the Undersecretary of Finance. 	<ul style="list-style-type: none"> i. Total or partial allocation of the company's activity. ii. Agreement between the company and workers or trade unions.
Beneficiaries	<ul style="list-style-type: none"> i. Workers affiliated to the Severance Insurance and private home workers. ii. Workers affiliated to the Severance Insurance who have agreed with their employers, in the time between March 18 and the coming into force of the law, to stop working by mutual agreement or by an act of authority, or to continue working. 	
Not beneficiaries	<ul style="list-style-type: none"> i. Worker on leave with full or partial pay, unless he or she gives up such leave and takes advantage of the new benefit of the law. ii. Worker on medical leave, for the duration of the leave. iii. Workers with a reduction of working hours agreement according to the new law. 	

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Worker requirements	<ul style="list-style-type: none"> i. 3 continuous contributions in the last 3 months immediately preceding the act or declaration. ii. Or, at least 6 continuous or discontinuous contributions during the last 12 months, provided that at least the last 2 contributions are recorded with the same employer, in the 2 months preceding the act or declaration. 	
Processing and Formalities	<p>The suspension operates in its own right, no formality is required. The employer must submit to the AFC (electronically) a simple affidavit indicating that the worker is not receiving remuneration or making use of medical leave. The worker may request this on his own, submitting the same declaration.</p>	<p>It must be agreed upon in writing. The employer and the worker and/or the union representative must submit to the AFC (electronically) a simple affidavit indicating the existence of a mutual agreement and that the worker is not receiving remuneration or making use of medical leave.</p>
Basis of Profit Calculation	<p>It is calculated on the average of the taxable remuneration of the last 3 months in which contributions are recorded.</p>	
Benefit Calculation Form	<p>Workers will receive the benefit first from their account of the Severance Insurance, receiving 70% the first month, 55% the second, 45% the third month, 40% the fourth, 35% the fifth, 30% the sixth, and 0% from the seventh month on. Once the funds in the account are exhausted, the benefit will be paid from the Solidarity Fund.</p>	
Method of Payment	<p>The benefit is paid in arrears and accrues from the date the act or declaration of authority becomes effective.</p>	<p>The benefit is paid in arrears and accrues from the date the suspension begins by mutual agreement.</p>
Employer's Obligations	<ul style="list-style-type: none"> i. Monthly electronic submission to the DT of the list of workers affected by the suspension and for whom the benefit has been requested. ii. Pay 100% of the social security and welfare contributions, except for those of the health insurance of Law 16,744 (which will be calculated on 50% of the remuneration that serves as a basis for calculating the benefit). 	
Restrictions	<p>The employment contract can only be terminated on the grounds of the needs of the company. The amount for unemployment insurance will not be deducted from the settlement.</p> <p>During 6 months, or if the State of Catastrophe exists, the worker cannot be dismissed by force majeure invoking the effects of the COVID-19 pandemic as a reason. If between March 18, 2020, and the entry into force of the law, the parties have terminated the employment relationship, whatever the cause, they may leave such termination without effect, in which case they may avail themselves of the provisions of the law.</p>	

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Benefit Period	As long as the act of authority lasts.	When there is NO act of authority and up to a maximum period of 6 months from the effective date of the law. In case there is an act of authority in such a period, the agreement by mutual agreement is interrupted and will be resumed once the act of authority ends. The parties may not agree on deferred execution, all its effects must be executed, at least, from the first day of the month following the date of conclusion of the respective agreement.

Questions and Scenarios	Temporary Working Time Reduction Pact
Object of the Agreement	Temporary reduction of the working day and proportional reduction of the remuneration received by the worker, so that the latter may have access to compensation from the Severance Fund.
Provenance Requirements	<ul style="list-style-type: none"> i. Company is in one of the cases described by law; <ul style="list-style-type: none"> a. VAT contributing employers with a decrease in the average of their sales declared to the IRS, since October 2019, in any period of 3 consecutive months, and that exceeds 20% of the average of their sales in the same 3-month period of the previous year. b. Employer currently in insolvency proceedings c. Employers currently in insolvency proceedings. d. Companies exempted from the act of authority that needs to reduce or redistribute ordinary working hours to maintain operational continuity or protect the life and health of their workers. ii. Consultation with the respective trade union organization, if any.
Beneficiaries	Worker with a work permit

Questions and Scenarios	Temporary Working Time Reduction Pact
Worker Requirements	<p>Worker with indefinite contract: must register 10 monthly contributions in the Severance Fund, continuous or discontinued.</p> <p>Worker with a fixed-term contract or for work or labor: must register five continuous or discontinued monthly contributions.</p> <p>Common requirements: In both cases, the contributions will be counted from the time they joined the unemployment insurance scheme or from the time the last severance payment to which they were entitled was made. Contributions must have been recorded in the last 24 months before the agreement, and the last 3 months must have been with the same employer with whom the agreement is signed.</p> <p>In the case of companies exempted from the act of authority and which require this agreement, the worker will be required to do so:</p> <ol style="list-style-type: none"> i. 3 continuous contributions in the last 3 months immediately preceding the act or declaration. ii. Or, at least 6 continuous or discontinued contributions during the last 12 months, provided that at least the last 2 contributions are recorded with the same employer, in the 2 months preceding the act or declaration.
Worker's Benefits	<p>Remuneration to be paid by the employer, equivalent to the reduced working hours, and a supplement to be charged to its unemployment insurance account, and, once the balance has been used up, from the Solidarity Unemployment Fund.</p>
Calculation Form	<p>The average of the taxable remuneration accrued in the last three months immediately prior to the commencement of the agreement shall be considered.</p>
Processing and Formalities	<p>The agreement should preferably be entered into electronically, through the online platform provided by the Directorate of Labour for this purpose, with the agreement entered into electronically being understood as an annex to the employment contract.</p> <p>In addition, specific information will be required for each case invoked to access this agreement.</p>
Method of Payment of the (AFC) Complement	<p>It will be accrued for the worker from the first day of the month following the date of the conclusion of the respective agreement.</p>
Employer's Obligations	<p>Paying social security contributions in accordance with the agreed remuneration</p>
Limitations	<p>A temporary reduction of more than 50% of the originally agreed working time may not be agreed upon.</p>

Questions and Scenarios	Temporary Working Time Reduction Pact
Validity	<p>Workers with indefinite contract: during the validity of this law for a maximum period of five continuous months. Workers with a fixed-term contract, for a specific work, job or service: duration of three continuous months. The minimum duration of a temporary reduction in working hours agreement will be one month.</p> <p>Once the established period has expired, the originally agreed contractual conditions will be re-established as of right.</p> <p>The parties may not agree on the deferred execution of the temporary reduction of working time. All its effects must be executed from the first day of the month following the date of the conclusion of the respective agreement.</p>
Comments	<p>Comments based on the termination of the employment relationship, compensation will be calculated based on the remuneration received before the agreement.</p>