

No. 27086

**FRANCE
and
CHILE**

Exchange of letters constituting an agreement on tax exemptions for air transport companies. Santiago, 2 December 1977

Authentic texts: French and Spanish.

Registered by France on 29 January 1990.

**FRANCE
et
CHILI**

Échange de lettres constituant un accord relatif à l'exonération fiscale des revenus des compagnies aériennes. Santiago, 2 décembre 1977

Textes authentiques : français et espagnol.

Enregistré par la France le 29 janvier 1990.

[TRANSLATION — TRADUCTION]

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE FRENCH REPUBLIC
AND THE GOVERNMENT OF THE REPUBLIC OF CHILE ON
TAX EXEMPTIONS FOR AIR TRANSPORT COMPANIES

I

FRENCH EMBASSY
CHILE

Santiago, 21 July 1977

Sir,

I have the honour to propose that the present letter and your response shall constitute an Agreement between our two Governments on the following provisions:

1. French enterprises shall be exempt in Chile from all taxes collected by the Chilean State on capital gains, income and profits derived by those enterprises from the operation of aircraft in international traffic, including capital gains, income and profits which are incidental to such operation, and from all taxes (with the exception of municipal or local taxes) on land, buildings and places of business used for that operation, including complementary or additional taxes.

2. Chilean enterprises shall be exempt in France from all taxes collected by the French State on capital gains, income and profits derived by those enterprises from the operation of aircraft in international traffic, including capital gains, income and profits which are incidental to such operation, and from all taxes (with the exception of municipal or local taxes) on land, buildings and places of business used for that operation, including complementary or additional taxes.

3. These exemptions shall also apply to income derived from participation in a group, a joint business or an international business organization. The exemptions shall also apply to any taxes of an identical or similar nature which may be assessed in addition to, or in lieu of, the existing taxes, after the date on which this exchange of letters is signed.

4. The Chilean enterprises which are tax-exempt in France shall not be required to file tax returns or to complete other tax formalities relating to that tax exemption.

The French enterprises which are tax-exempt in Chile shall not be required to file tax returns or to complete other tax formalities relating to that tax exemption.

¹ Came into force on 1 September 1989, i.e., the first day of the first month following that of the last of the notifications (of 23 March and 10 August 1989) by which the Parties had informed each other of the completion of the required legislative procedures, in accordance with paragraph 8.

5. The term “French enterprise” means a business operated by individuals resident in France who are not Chilean residents for purposes of Chilean tax liability, by companies or partnerships having their place of effective management in France, by the French State or by companies in which the French State has an interest.

The term “Chilean enterprise” means a business operated by individuals resident in Chile who are not French residents for purposes of French tax liability, by companies or partnerships having their place of effective management in Chile, by the Chilean State or by companies in which the Chilean State has an interest.

6. The term “international traffic” means any passenger, freight or postal transport by an aircraft operated by a Chilean or a French enterprise, unless the aircraft is operated solely between points situated in France and Chile, respectively.

7. The exemptions referred to in paragraphs 1 and 2 above shall apply:

In respect of France, to the Departments of the French Republic;

In respect of Chile, to the Departments of the Republic of Chile.

These exemptions, in their present form or with the requisite modifications, may be extended to those overseas territories of the French Republic which collect taxes similar to those referred to in paragraph 2 above. The extension to those territories, with the modifications and under the conditions (including the conditions for its termination) to be established by mutual agreement between Chile and France through an exchange of diplomatic notes, or through any other procedures required by their respective Constitutions, shall become effective as from today’s date.

8. Each State shall notify the other of the completion of the procedures required by its legislation for the entry into force of the present exchange of letters. It shall enter into force on the first day of the first month following the month in which the last notification takes place, and its provisions shall apply as from that date.

9. The present exchange of letters shall remain in force indefinitely. As from 1980, however, either State may, between 1 January and 30 June of any calendar year, denounce it as at the end of the current fiscal year.

In such a case, its provisions shall apply for the last time, in respect of taxes withheld at source, to the sums paid on or before 31 December of the calendar year in which notice of the denunciation has been given and, in respect of other taxes, to the income derived during the fiscal year by the end of which, according to notice given, the denunciation is to take effect or to income derived during the fiscal year which ends during that calendar year.

Accept, Sir, etc.

[Signed]

RENÉ LUSTIG

His Excellency the Minister for Foreign Affairs
Santiago

II

REPUBLIC OF CHILE
MINISTRY FOR FOREIGN AFFAIRS

Santiago, 2 December 1977

DIGADTRA No. 18376

Sir,

I have the honour to acknowledge receipt of your note of today's date, which reads as follows:

[*See letter I*]

I am pleased to inform you that the Government of the Republic of Chile concurs with the content of your note transcribed above and agrees that this note, and your identical reply of today's date, shall constitute an Agreement between our two Governments which shall enter into force once the legal and constitutional requirements of each country have been satisfied.

I take this opportunity, etc.

[*Signed*]

ENRIQUE VALDES PUGA
Brigadier-General
Deputy Minister for Foreign Affairs

His Excellency Mr. René Lustig
Ambassador of France
Santiago
