GENERAL AGREEMENT ON
TARIFFS AND TRADE

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CHILEAN LUXURY TAX ON AUTOMOBILES

Memorandum by the Delegation of the United States

In August of this year the Chilean Government made effective a new tax law No. 12084, which includes in Article XI a steeply progressive tax on automobiles, particularly affecting automobiles with a CIF value of over $1,500.

The tax is applied in the following manner:

Cars with a CIF value:

Up to $1,000 - 200 pesos per dollar

$1,000-1,500 - 200,000 pesos plus 300 pesos per dollar of value over $1,000

$1,500-2,000 - 350,000 pesos plus 1,000 pesos per dollar of value over $1,500

$2,000-2,500 - 850,000 pesos plus 1,500 pesos per dollar of value over $2,000

over $2,500 - 1,600,000 pesos plus 2,000 pesos per dollar of value over $2,500

All automobiles imported into Chile from the United States are valued CIF in excess of $1,500. The tax tends to impair the value of benefits of the concessions which Chile has granted to the United States on automobiles.

The United States Government has been in consultation with the Chilean Government on this problem and the CONTRACTING PARTIES were informed at the meeting of the Intersessional Committee in September 1956 that the United States Government might wish to have this item included on the Agenda of the Eleventh Session. The Chilean Government has informed the United States Government that legislation is being considered which would eliminate the impairment of the automobile concession.

The Government of the United States requests the CONTRACTING PARTIES to take note that consultations between the United States and Chile on this matter are proceeding, and to include this item in the agenda for the Twelfth Session.