



**LILLY FAMILY
SCHOOL OF PHILANTHROPY**
INDIANA UNIVERSITY

The 2025 Global Philanthropy Environment Index Chile

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Corporation, Foundation

Five main social issues addressed by these organizations: Arts and Culture, Basic Needs, Early Childhood Education through High School, Environment, Youth and Family

Average time established by law to register a philanthropic organization: 31–60 days

Average cost for registering a philanthropic organization: USD 50

Government levels primarily regulating the incorporation of philanthropic organizations: Central/Federal Government, Local Government

PHILANTHROPIC ENVIRONMENT SCORES

Year	Ease of operating a PO	Tax incentives	Cross-border philanthropic flows	Political environment	Economic environment	Socio-cultural environment	Overall score
2025 GPEI	4.60	3.80	4.00	3.70	4.00	4.30	4.06
2022 GPEI	4.63	3.40	3.75	3.90	4.0	4.30	4.00
2018 GPEI	4.70	3.15	3.85	3.90	N/A	4.30	3.98

Source: Indiana University Lilly Family School of Philanthropy, 2025 *Global Philanthropy Environment Index*

¹ Authors of the 2025 GPEI report are providing updated narratives and scores to the 2022 GPEI report.

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KEY FINDINGS

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 4.7

There has been no change since 2022. Please see the 2022 GPEI Chile country report, available here: <https://hdl.handle.net/1805/28345>.

Note: In total, there are 346 communes (territorial divisions) in Chile. However, one of them, the Antártica commune, has no local government as it is under military management. Therefore, there are 345 municipalities where POs can be registered.

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 4.5

There has been no change since 2022. Please see the 2022 GPEI Chile country report, available here: <https://hdl.handle.net/1805/28345>.

Note: Changes in the composition of the governing bodies, in the statutes, and other reforms must be presented to the municipal secretary whenever they occur, to keep PO registries updated.

Question Three: To what extent is there government discretion in shutting down POs?

Score: 4.7

There has been no change since 2022. Please see the 2022 GPEI Chile Country Report, available here: <https://hdl.handle.net/1805/28345>.

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 4

The main reform since 2021 was Law No. 21.440, which became active in September 2022. This piece of legislation modifies the most used tax-exemption legislation, Decree-Law No. 3.063 (the Municipal Income Law), in an attempt to advance towards a single legislation for tax-exempt donations. Although it neither replaces nor abolishes the other donation laws, it was designed to eventually concentrate all donations under its scope. It improves previous conditions in the following ways:

1. It considerably expands the social purposes to which people and organizations can donate and leaves space for new social purposes to be incorporated in the future;
2. It expressly considers the possibility of payroll discounts and collective donations;
3. Donations that qualify for this law will be exempt from paying value-added tax (VAT) and taxes associated with imports;
4. It eliminates the absolute global limit of 5 percent of taxable net income that applies to companies, which is expected to foster an increase in corporate giving;
5. It allows in-kind donations, whether tangible or intangible assets subject to registration; and
6. It includes donations made by individuals and companies with losses, which are very limited in other donation laws.

POs who wish to receive donations under this law must register themselves in a new registry under the Ministry of Finance, which keeps public records of registered organizations, donations, and donors under this law.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 3.5

There have been only minor changes since 2022. The status of POs that can raise funds from private sources is rather wide but scattered in the fragmentation and dispersion of laws regulating private giving tax incentives. The recent implementation of Law No. 21.440 may simplify the process for fundraisers, as it allows one set of tax exemption rules to apply to a wide variety of purposes.

For more information, please see the 2022 GPEI Chile Country Report, available here: <https://hdl.handle.net/1805/28345>.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 3.8

Law No. 21.440, issued in September 2022, provides explicit regulations on cross-border donations. Prior to the introduction of this law in 2022, donations that entered the country as well as those

leaving the country fell into a sort of legal vacuum. Law No. 21.440 now explicitly recognizes donations to humanitarian causes abroad as one purpose for which a tax exemption applies. However, other purposes for funds sent abroad are not specified in this law. Previously, donors were limited to sending funds abroad, up to 5 percent of their total taxable income, with the absolute global limit (Law No. 19.885).

For more information, please see the 2022 GPEI Chile country report, available here: <https://hdl.handle.net/1805/28345>.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 4.2

There have been only minor changes since 2022. One notable change is a new exemption introduced by law No. 21.440 in 2022 states that in-kind donations are no longer subject to import tax. For more information, please see the 2022 GPEI Chile Country Report, available here: <https://hdl.handle.net/1805/28345>.

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 3.8

The political environment has presented challenges for POs in general over the last three years, which have undermined the generally positive relationship between POs and the government. Although no structural changes have occurred, there have been threats that are worthy of notice. Political instability derived from the two failed constitutional reform processes Chile endured between 2021–2023 inhibited investments and long-term agreements with state agencies, as the possibility of private involvement in areas such as education, health provision, and nature conservation were under revision. There is no new constitutional process anticipated for the near future.

In June 2023, a nation-wide scandal known as Caso Convenios, involving a small number of non-profit organizations linked to political parties that had received irregular fund transfers from regional governments, triggered a complete revision of the funding mechanisms that allow nonprofits to implement public policies. Several POs provide supplemental funding to these POs in order to increase the quality of services provided in areas such as child protection, education, and residential care of elderly and disabled people, among others. All existing contracts to transfer funds from government agencies to POs were suspended by the central authority, the General Comptroller of the Republic, although the decision was reversed within a week. By the end of 2023, new controls were set in place through transitory legislation, which has significantly increased the difficulty for nonprofits providing public services to establish new contracts, receive funds in a timely manner,

and report their expenses. In this scenario, philanthropic support to these POs is not enough to sustain them in the long run, making it urgent to establish clear and permanent rules.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 3.5

Although some improvements have been introduced by Law No. 21.440, the lack of capacity for government agencies to support and oversee POs across a wide variety of regulatory bodies and legislation prevails. The complexity of the system fosters a lack of trust among parties, leading to excessive regulation and increased costs of transaction. The crisis triggered by the Caso Convenios case described in the previous question led to the creation of a commission to increase transparency and suggest modifications to the regulation of fund transfers between state agencies and POs. The commission was set up in July 2023 and included current and former high level public servants, academics, and representatives of POs. It provided a list of over 130 recommendations, spanning from administrative adjustments to legislative reforms.

Finally, a progressive income tax reform has been debated since 2022, proposing significantly higher taxation to high income individuals and large corporations, which may affect the availability of resources for donation purposes or impact the creation of higher incentives for tax-exempted giving. The current state of the proposed bill is not conclusive and has no clear path for becoming law in the near future.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 4

Although structural economic conditions have not changed since the last survey, the country has still not recovered from the COVID-19 pandemic-related economic crisis, due in part to political instability derived from the constitutional reform processes between 2021–2023 and a high-inflation cycle caused by emergency cash transfers and pension fund withdrawals. This crisis and the slim expectations for recovery have affected the quantity of monetary resources available for POs.

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 4.3

There are no significant structural changes since the last GPEI publication. However, contingent events have brought tensions to the perception of POs in general. The public scandal resulting from Caso Convenios during the second semester of 2023 brought trust in POs and nonprofits in general to the forefront, becoming a topic in most public opinion polls. Although people's perception of POs as trustworthy institutions fell significantly between June–September 2023, as it became clear that

the case was an isolated situation, this perception bounced back and recovered its pre-crisis level as the most trusted type of institutions in the country.

In a survey conducted over the last trimester of 2023, 81 percent of people consider POs as important for the country, and 68 percent acknowledged they were going through a crisis, although 75 percent consider this crisis to be a political one, because of the ties between the involved foundations and political parties. However, citizens perceive that POs must improve their transparency and accountability.

VII. Recommendations for Philanthropy

These questions are used to provide a general picture of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Three key recommendations to improve the environment for philanthropy

- Develop a systemic view of the philanthropic environment. There has been a significant increase in the number of philanthropic organizations over the last five years, from around 110 foundations to roughly over 200 in 2023. However, there is very little knowledge about what each organization is doing, their goals, and areas of interest and action. Developing an ecosystemic view could help improve the effectiveness of individual efforts and foster greater collaboration among POs.
- Increase collaboration among the whole philanthropic environment, including between POs and public agencies. There have been noble initiatives over the last three years where POs have developed collaborative efforts among foundations and funded collective action between POs. There are a few efforts involving the public sector, but there is significant room to deepen collaboration to be more effective in tackling social and environmental challenges.
- Advance in transparent communication with the public. In order to prevent blanket accusations and mistrust, as experienced over the last year, there is significant room for improvement in the ways in which POs engage with the general public, such as sharing their origin stories, challenges and motivations, finances, and program results, in order to build awareness and goodwill around philanthropy.

Lasting innovation or impacts in the nonprofit sector and philanthropy in response to the COVID-19 pandemic

- Increased collaboration between POs
- Unrestricted/Less restricted private funding
- Virtual or hybrid workplace

Issues or trends are emerging as significant to the nonprofit sector and philanthropy

- Climate change/environmental conservation
- Decline of democracy
- Professionalization of the nonprofit sector
- Social justice and equity
- Other (Migration)

The social and political environment in Chile is increasing in polarization and declining in civic discourse, while the issues affecting people's quality of life (such as climate change, increase in the informal migrant population, and inequality) require increasingly sophisticated, long-term, and collaborative solutions. The philanthropic and nonprofit sectors can contribute from a perspective of innovation, investing in solutions that go beyond political cycles.

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