

TAX POLICY



BancoEstado
desde 1855





BancoEstado

TAX POLICY
BANCOESTADO

OBJECTIVE

Establish the general principles on which BancoEstado, hereinafter "the Bank", and its subsidiaries will administer the legal obligation to determine, control and pay their taxes.

SCOPE

The scope of this policy includes all taxes that the Bank and its subsidiaries are required to pay into the tax coffers under current tax legislation.

LEGAL FRAMEWORK

- Decree Law No. 830, on Tax Code.
- Decree Law No. 824, on Income Tax Law.
- Decree Law No. 2,398, Supplementary Rules on Financial Administration and Budgetary Incidence.
- Decree Law No. 825, Law on Value-added Tax.
- Decree Law No. 3,475, on Stamp Tax/Law No. 18,010.
- Law No. 17,235, which establishes the rewritten, systematized and coordinated text of the Land Tax Law.
- Law No. 20,544, regulates the tax treatment of derivative instruments.
- Decree Law No. 3,063, establishes rules on Municipal Revenues.
- Circulars, resolutions and administrative doctrine of the Internal Revenue Service, hereinafter "SII" (by its Spanish acronym).
- Judicial Jurisprudence.
- Other complementary laws and regulations.

ROLES AND RESPONSIBILITIES

▪ Tax Management and Control Department

The Tax Management and Control Department (DGCT, by its Spanish acronym), which reports to the Accounting Management, is responsible for tax management and control in accordance with current regulations, and is responsible for defining and updating the Tax Policy, disseminating the regulations and instructions on their application, and implementing controls over the tax processes of the Bank and its subsidiaries.

It is responsible for the determination of direct taxes affecting the Bank. It is also responsible for the declaration and payment of taxes, with the exception of the following:

- Land Tax, which is determined by the SII and paid by the General Management of Administration.
- Municipal Income Tax, which is determined by the Municipalities, according to the calculation of the taxable base made by the DGCT. Its payment is decentralized, being made by each branch or head office.

Lastly, the DGCT is in charge of representing the Bank and its subsidiaries before the SII, external auditors and other tax authorities in tax matters, as well as advising and resolving tax controversies affecting the Bank and its subsidiaries with customers, suppliers or employees.

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ROLES AND RESPONSIBILITIES

- Areas of the Bank's Business Operations

The operations areas that support the different businesses or products are responsible for determining and accounting the indirect taxes in which the Bank plays a withholding role, according to the DGCT's instructions.

- Executive Committee and Board of Directors

The Executive Committee and the Board of Directors are responsible for approving the Tax Policy. Its updates, review and approval will be the responsibility of the Executive Committee. This policy was defined and formalized in August 2019, being approved in both instances.

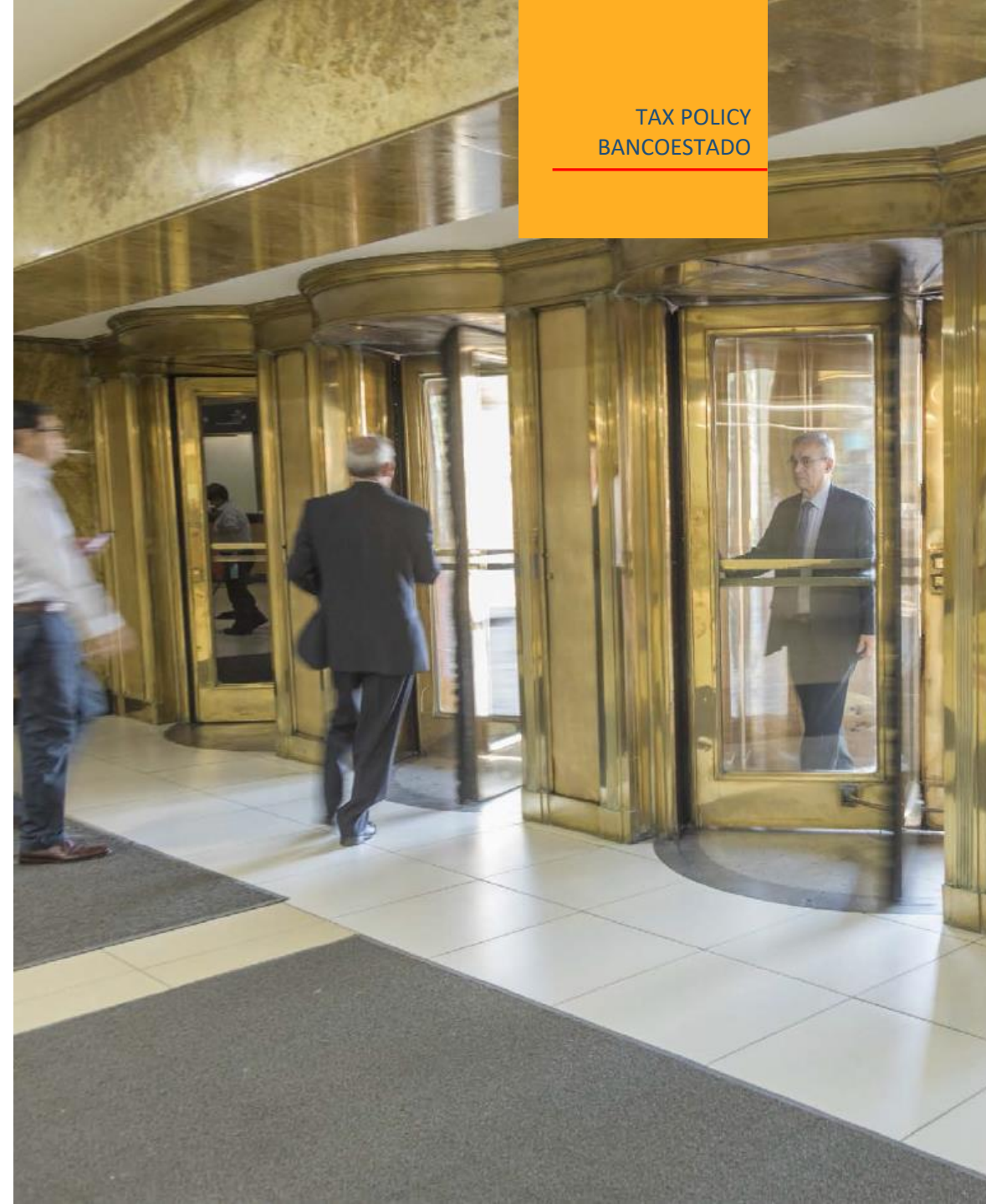


The corporate tax policy of BancoEstado and its subsidiaries is aligned with the business strategy and manages tax matters by means of good practices, strict adherence to the tax provisions in force and transparency to declare and pay taxes in a responsible and efficient manner, with a cautious approach to these matters, promoting cooperative relations with regulatory bodies, while taking care of image and reputational risks.

In this sense, the Corporation recognizes its social responsibility not only through the generation of value for its customers, employees and owners, but also for the social environment in which it is inserted, seeking, through its fiscal contribution, to be a tangible benefit for all citizens.

Therefore, the principles that make up the tax strategy must also make it possible to comply with the international taxation standards developed by the **Organisation for Economic Co-operation and Development (OECD)**, within the framework of the implementation stage of the results of the Base Erosion and Profit Shifting (BEPS) Project. Its objective is to prevent tax base erosion and profit shifting due to existing loopholes or undesired mechanisms between different tax systems.

The tax policy, in relation to the values that make up the Corporation's general strategy, **assumes a limited and cautious tax risk profile in the interpretation and application of current regulations**, without forgoing the adoption of the most efficient alternatives for the declaration and payment of taxes.





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According to the above, BancoEstado Corporation's tax policy includes the following principles:

- Comply with the tax provisions required, performing a periodic reading of their interpretation in compliance with the applicable regulations and the tax impacts of the business it carries out.
- Taxation shall be based on the legal nature and economic substance of the facts, acts or businesses carried out, avoiding operations or businesses that are artificial or improper.
- Avoid any tax planning that may be considered aggressive, as it does not respect the principles indicated in the preceding paragraphs, without prejudice to using those alternatives or options that allow a more favorable tax treatment, following the guidelines issued in this regard by international organizations. This includes a specific commitment to carry out price transfers using the arm's length principle.
- To ensure transparency, avoiding the use of non-transparent structures for tax purposes. These structures are understood to be those in which the use of special purpose vehicles through tax havens or territories that do not cooperate with the tax authorities is designed with the purpose of preventing the tax authorities from knowing who is ultimately responsible for the activities or the ultimate owner of the assets. In particular, we undertake not to transfer the value created through capital contributions to BancoEstado's branches, subsidiaries, or representative offices in low-tax jurisdictions nor to share ownership with companies established in such territories.

- To collaborate with the tax administration, external auditors or other agencies, in a truthful and complete manner, with the information required for the fulfillment of its tax obligations, either as a taxpayer or as an entity collaborating in the management of taxes.
- Pursue the establishment of a cooperative relationship with the tax administration, based on the principles of transparency and mutual trust, taking care of the spirit of the regulation aligned with the regulator's interpretation.

In short, to adopt all the good practices that allow an adequate prevention and reduction of both fiscal and reputational risks, so as to generate greater legal and economic security for the entity, employees, customers, owners and society as a whole.

This policy will be reviewed periodically, incorporating good practices and international taxation standards.



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