

Total Tax Contribution 2019 Enel Chile



April 2020



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An aerial photograph of a modern building's courtyard. The courtyard is paved with light-colored tiles in a geometric pattern. Several people are walking around. The building has white columns and large windows. A red semi-transparent overlay covers the left side of the image, containing the text '1. Executive summary'.

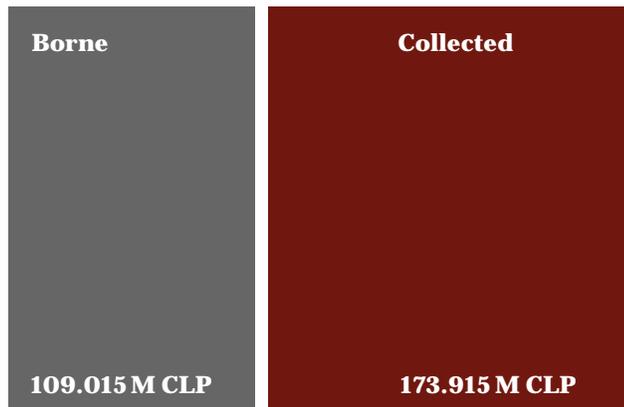
1. Executive summary

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Enel Chile Total Tax Contribution in 2019 amounted to 282.930 million pesos, with 39% of these corresponding to taxes borne and 61% to taxes collected

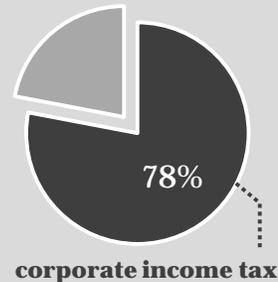
Total Tax Contribution 2019

282.930 M CLP



Source: PwC

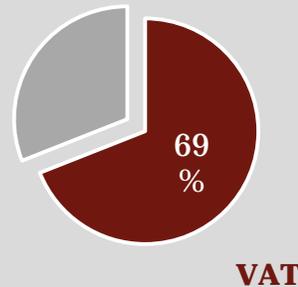
Tax Borne in 2019



The taxes borne by Enel Chile in year 2019 amounted to **109.015 million pesos**, the most important being **income taxes**, which represented **78%** of the taxes borne.

Source: PwC

Tax Collected in 2019

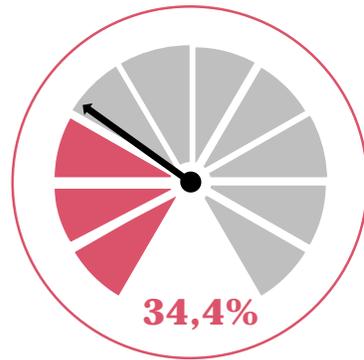


The taxes collected by Enel Chile in 2019 amounted to **173.915 million pesos**. A major part of these corresponds to **taxes on products and services – mainly VAT**, which represent a **69%** of the taxes collected.

Source: PwC

1. Executive summary

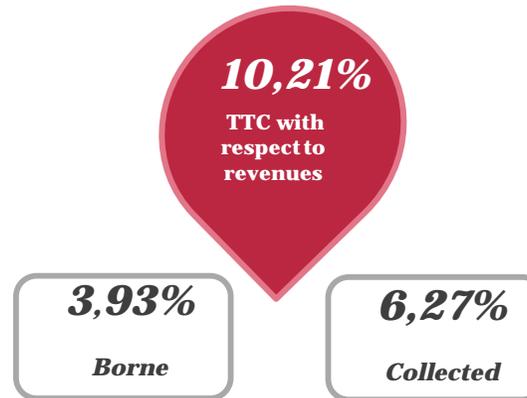
Distributed tax value 2019



Source: PwC

34,4% of the value generated by Enel has entered into the Chilean Treasury through borne and collected taxes. Thus, for every **100 pesos** of value generated by the Group in 2019, **34,4 pesos** were used to pay taxes.

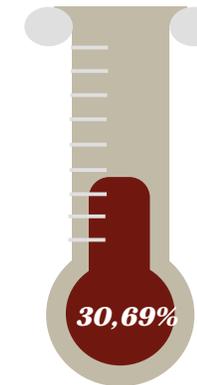
Tax contribution of Enel with respect to revenues in 2019



Source: PwC

In relation to the size of its business, for every 100 pesos of revenues obtained by Enel, **10,21 pesos are allocated for the payment of taxes, of which 3,93 pesos** correspond to borne taxes and **6,27 pesos** to collected taxes.

Total Tax Contribution Rate in 2019

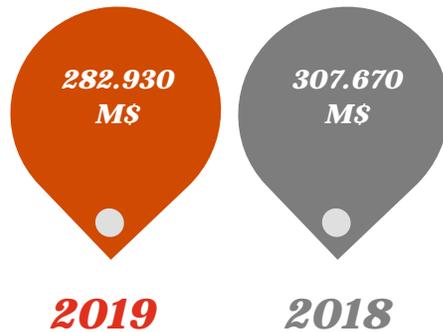


Source: PwC

Enel Total Tax Contribution rate for 2019 is 30,69%. This means that borne taxes represent a **30,69%** of the total earnings before all input taxes included in the Total Tax Contribution.

1. Executive Summary

TTC trend for 2019-2018

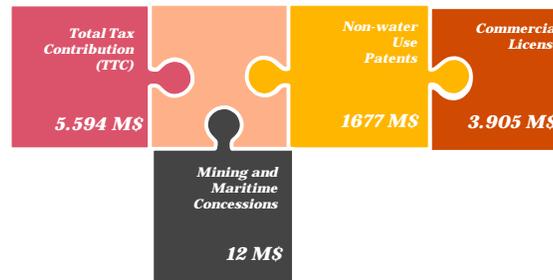


Source: PwC

Enel's Tax Contribution in Chile **has decreased by 8%** in relation to 2018.

This is due, on one hand, to a **32,5 decrease in borne taxes** compared to 2019, mainly caused by the decrease of 2018 income tax, which is paid in 2019; and, on the other hand, to an **19% increase in borne taxes**, mainly due to the increase of VAT (net position)

Total amount of payments made to Public Administrations



Source: PwC

Payments made by Enel to **Public Administrations in 2019**, including payments for mining and maritime concessions, commercial licenses, non-water use patents and other regulatory payments, amounted to **5.594 million pesos**.

Salaries in 2019



Source: PwC

In 2019, the **annual salaries per employee and annual taxes per employee** amounted to 57,83 million pesos and 6.70 million pesos respectively.

Compared with 2018, the **annual salary per employee has decreased by 6,77%**.

A photograph of a modern building facade featuring a combination of light-colored stone panels and large glass windows. The building has a curved, dynamic design. A dark red semi-transparent rectangular box is overlaid on the left side of the image, containing white text.

2. Background and purpose of this report

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Purpose and Scope

The PwC global network through different studies is interested in creating, maintaining, and strengthening links between companies and governments, as well as between companies and society. While the actions of companies, regardless of the industry sector to which they belong, are increasingly exposed to public scrutiny, it is essential to facilitate the dialogue between different participants, promote strong values and principles, and innovate through the exchange of analysis and ideas.

The aim of this report is to obtain and analyze the Total Tax Contribution data of Enel for 2018 and 2019.

The data for 2019, as well as the contribution profiles and indicator analysis have been compared with the equivalent data for 2018, analyzing the resulting trend.

The contribution made by Enel's activities to the Chilean budget, and the way in which Enel tax contribution is distributed, is currently a matter of socio-economic debate.

In this context, and as shown in the current tax strategy of Enel, which is made public and shared on the Company's official website, complying with the tax legislation in force at any given time is part of the principles that inspire Enel's corporate responsibility, which is of the utmost importance to the Company.

Enel decides to voluntarily disclose this Total Tax Contribution report, to reflect the importance given by the Group to tax matters and its level of commitment with the main stakeholders. The information offered in this report makes it possible to identify measure and show the asset that represent Enel Chile's tax contribution and have a significant impact on its reputational value.

In this regard, this report aims to provide a broader scope towards the concept of Corporate Social Responsibility, promoting the social function derived from Enel's tax contribution.

The method used to present the tax information provided in this report is intended to provide greater versatility and integrity to such tax information so that it can be presented in accordance with the parameters required by the different stakeholders.

Explaining clearly the significance of Enel's tax contribution is a priority for the Company from the perspectives of transparency and Corporate Social Responsibility

2. Background and purpose of this report

The data compiled by PwC -TLS includes information received from Enel, obtained from its own IT system and its internal working procedures. Our work has consisted of the analysis of the information supplied by Enel and verification of the consistency of the trends and figures reflected. Their origin has been neither verified nor audited.

Following the above, this report is based on the tax contribution numbers provided on April 9, 2020. Our research work ended on April 13, 2020, therefore, significant events may have occurred after this date that would not be covered in this report.



TTC Methodology

The Total Tax Contribution (hereinafter “TTC”) methodology measures the total impact that represent the payment of taxes by a company. The methodology is simple, without using any tax technicality and therefore easy to understand for those with a limited knowledge of taxes.

TTC is a universal framework that seeks to provide an accurate and immediate summary of the taxes paid by the company in the jurisdictions in which it operates. It is implemented through the development of reports that contain benchmarks and indicators that explain the significant tax contributions of the company.

The Framework is built around two essential criteria: the definition of a tax and the distinction between taxes that are a company’s cost (taxes borne) and taxes that the company collects on behalf of the government (taxes collected). The methodology may also include “other payments” made to the government.

The key points to be bear in mind in relation to this methodology are the following:

1. Distinguishes between taxes that are a cost for Enel Chile and the taxes it collects

Borne taxes are those that Enel Chile has paid to the Chilean Authorities of the different States in which it operates. These are taxes that represent an actual cost for the Company, e.g. income taxes, social contributions, real estate taxes, etc.

2. Background and purpose of this report

Collected taxes are those that have been paid in because of Enel Chile's economic activity but which, apart from the related management expenses, imply no cost for the Company. In this scenario the Company withholds on behalf of the government, e.g. employment taxes.

Nevertheless, these amounts are paid into the public coffers as a result of the economic activity carried out by Enel Chile.

Some taxes appear both as collected and borne taxes, either by their nature (e.g. non-recoverable VAT is considered a borne tax and net VAT, which contains taxes incurred on products/services offered by Enel Chile, is considered a collected tax) or by their incidence (e.g. stamp tax paid by the Company is a borne tax, while stamp tax withheld from the Company's customers is a collected tax).

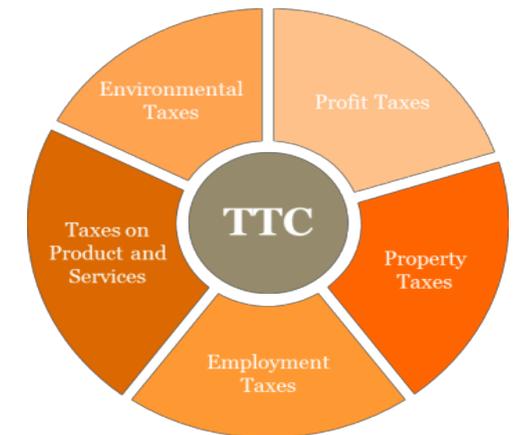
In this regard, the TTC methodology is consistent with the approach adopted by the OECD, which highlights the relevance of the role played by business groups in the taxation system, both as contributors of taxes which imply a cost ("Legal Tax Liability"), and as "withholders" of taxes on behalf of others ("Legal Remittance Responsibility"), as stated in working paper no. 32. "Legal tax liability, remittance responsibility and tax incidence" [1].

2. As taxes are given different names across countries, taxes borne and taxes collected have been grouped into 5 main categories:

The Total Tax Contribution has been used by companies in different countries. As taxes are given different names across countries, we identified five broad categories under which taxes borne and collected can be categorised ("the five Ps"):

(i) Income taxes: this includes taxes borne on the income obtained by companies, such as corporate income tax, the tax on economic activities and taxes collected in the form of withholdings on payments made to third parties.

(ii) Real estate taxes: these are taxes on the ownership, sale, transfer or tenancy of real estate. These may include taxes borne (e.g. taxes on ownership and occupation of the real estate) and taxes collected (e.g. rental of business premises collected by the landlord and paid to the government)



Source: PwC

[1] <http://www.oecd-ilibrary.org/docserver/download/e7ced3ea-en.pdf>
PwC

2. Background and purpose of this report

(iii) Employment taxes: these generally includes taxes on employment (including taxes on income and social security payments), taxes levied on the employer are considered borne taxes (e.g. social security contributions, health insurance/ pension/ disability contributions, payroll tax), and taxes levied on employees are considered collected taxes (e.g. taxes on income or social security contributions levied on employees, usually withheld by the employer).

(iv) Taxes on products and services: these considers indirect taxes on the production and consumption of goods and services, including VAT, customs duties, etc. It includes taxes and duties that are collected by companies in relation to the consumption of their own products and services, even though they may be paid to the seller or to the service provider, rather than directly to the government. This section includes borne taxes, (e.g. consumption tax, turnover tax, customs taxes, non-recoverable VAT, etc.) and collected taxes (VAT, GST, etc.)

(v) Environmental taxes: Taxes levied on the supply, use or consumption of products and services which are considered to have an environmental impact. Taxes borne (e.g. tax on electricity production, tax on nuclear fuel production, tax on coal, etc.) and collected taxes (tax on electricity, tax on hydrocarbon, etc.).

In this regard, when classifying taxes as environmental, the agreed definition in the harmonized statistical framework developed in 1997 jointly by Eurostat, the European Commission, the OECD, and the International Energy Agency (IEA) has been used. According to this definition, environmental taxes "*are those whose base is a physical unit (or a proxy of a physical unit) of a material that has a proven, specific, negative impact on the environment. All taxes on energy and transport are included and all value-added-type taxes are excluded*".

[1]<http://www.oecd-ilibrary.org/docserver/download/e7ced3ea-en.pdf?expires=1518608619&id=id&accname=guest&checksum=F8B98F3CB2D74B6C44A7DB049DF7A63B>

[2]<https://stats.oecd.org/glossary/detail.asp?ID=6437>

2. Background and purpose of this report

3. It includes all tax payments made to Public Administrations

When considering the numbers reflected in this report, it should be noted that they include tax payments made to Public Administrations, which, given their nature qualify as taxes, although for historic or circumstantial reasons, they are not considered as such.

4. It can be tailored to the specific circumstances of the organization

The set of payments made to the Administration that have been considered in this study, has been listed in the annex for illustrative purposes.

5. There are certain features with respect to Value Added Tax and equivalent taxes

Value Added Tax (and equivalent taxes) is characterized as a tax on products and services collected, whose amount includes the result of the net payments made by Enel Chile to tax authorities in each of the jurisdictions in which it operates, during the corresponding period.

Thus, considering the mechanics of VAT, the figure indicated in this report includes the positive amount paid to the corresponding body, subtracting the VAT received.

On the other hand, amounts of VAT that are not recoverable (e.g. VAT paid to suppliers that cannot be deducted from the VAT paid by customers), will be considered as borne taxes on products and services, provided that they represent a cost for the Company.

6. Main assumptions made during the preparation of this report

- i. Scope:** this report accounts the 100% of the tax contribution made by companies whose accounts are consolidated with their parent Company under the full consolidation method, provided that it has been possible to obtain the necessary information.

In particular, this report considers the tax contribution made by Enel entities in 2018 and 2019.

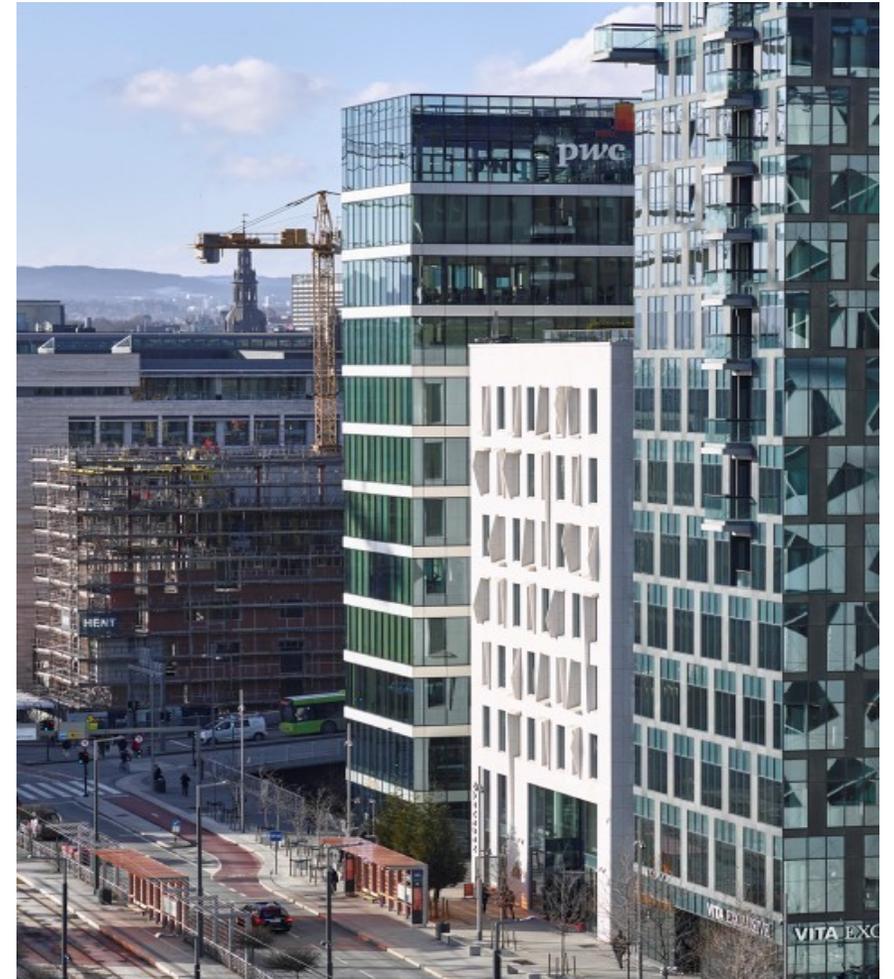
- ii. Currency:** This report considers the Chilean pesos as the reporting currency.

2. Background and purpose of this report

iii. Certain financial indicators:

- 1) **Earnings:** Corresponds to the sum of revenues of each entity within the scope.
- 2) **Wages and Salaries:** Is the sum of the wages and salaries of each entity within the scope (excluding social security contributions, incentives or benefits),
- 3) **Earnings before taxes:** This report considers earnings before taxes data which is indicated as "EBT" in the local report.

The amount of earnings before taxes excludes inter-company dividends distributed to regional entities in order to avoid doubling the income of various entities. Such calculation allows to reflect objectively the amount of earnings before taxes at the country level, to calculate the correct ETR (Effective Tax rate), since dividends usually have special tax treatments compared to other types of income (also called "participation exemption" regime)



[3] El Informe Mirrlees ha sido elaborado por encargo del IFS de Reino Unido y publicado después de cuatro años de trabajo en 2011, bajo el título "Tax by Design, The Mirrlees Review".

<http://www.ifs.org.uk/mirrleesReview/design>

2. Background and purpose of this report

4) Total Distributed Value

The total value distributed to the Company consist of the following:

- i. Net Interest:** is calculated as the net value between interest expenses and interest income according to the information published in Enel Chile's annual accounts. This amount represents the value distributed to the entity's creditors included in the scope of the TTC.
- ii. Earnings after taxes:** is the Company's net earnings. Since consolidated financial statements are not prepared locally, the corresponding amount is reported as the sum of earnings before taxes of each entity within the scope (similar to earnings before taxes, this amount excludes dividends).
- iii. Wages and Salaries:** calculated as mentioned in the previous section.
- iv. Taxes borne and collected:** calculates as in the TTC report.



An aerial photograph of a public square with a grid of light-colored paving stones. A wide set of concrete steps curves through the square. Several people are walking, some in groups, some alone. A person is pushing a stroller, and another is walking a dog. Two people are riding bicycles. A green lamppost stands near the steps. The scene is brightly lit, suggesting a sunny day.

3. TTC of Enel in 2019

3. TTC of Enel in 2019

Total Tax Contribution	
Enel Report in 2019	
Company	31-12-2019
Enel	
Financial Data	
	Million pesos
Revenues	2.771.719
Wages and Salaries	115.883
Average number of employees	2.153
Earnings before taxes	331.299
Earnings before borne taxes	355.172
Total borne taxes	109.015
Total collected taxes	173.915
Local Tax Contribution	282.930
TTC Indicators	
	Percentage
¹ TTC Ratio	30,7%
² TTC in relation to revenues	10,2%
^{2'} Taxes borne in relation to revenues	3,9%
^{2''} Taxes collected in relation of revenues	6,3%
³ Tax value distributed in the Company	34,3%
⁴ Wages and salaries per employee	53,83
⁷ Taxes paid per employee	6,70
Borne Taxes	
	2019
	Million pesos
Income Taxes	85.143
Corporate income taxes	85.143
Additional Tax (Chilean withholding tax)	-
Real estate taxes	2.067
Tax on real estate	2.067
Employment Taxes	-
Employer's social security contribution	-
Taxes on products and services	4.929
Non-Recoverable VAT	2.143
Tax on air tickets	-
Custom Duties	514
Stamp Tax	2.270
Environmental Taxes	16.877
Pollutant emissions tax	15.548
Hydrocarbon Tax	1.329
TOTAL	109.015
Collected Taxes	
	2019
	Million Pesos
Income Taxes	38.937
Withholding on payments of non-residents	38.937
Real estate taxes	-
Employment Taxes	14.429
Taxes withheld	14.311
Employee social security contributions	117
Taxes on products and services	120.550
VAT (Net position)	120.297
withholding taxes on fees	253
Environmental Taxes	-
TOTAL	173.915
Total Tax Contribution in Chile	
	282.930
Other regulatory payments	
	5.594
Mining and maritime concessions	12
Non-water use patent	1.677
Commercial License	3.905
Total payments to the Public Administrations	288.525

1. Borne taxes/ Earnings before taxes
2. Total tax contribution/ Revenues
- 2'. Borne taxes/ Revenues
- 2''. Collected Taxes / Revenues
3. Borne and collected taxes/ Total distribution value
4. Wages and salaries/ Average number of employees
5. Total employment taxes/ Average number of employees

3. TTC of Enel in 2019

Analysis on the Total Tax Contribution in 2019

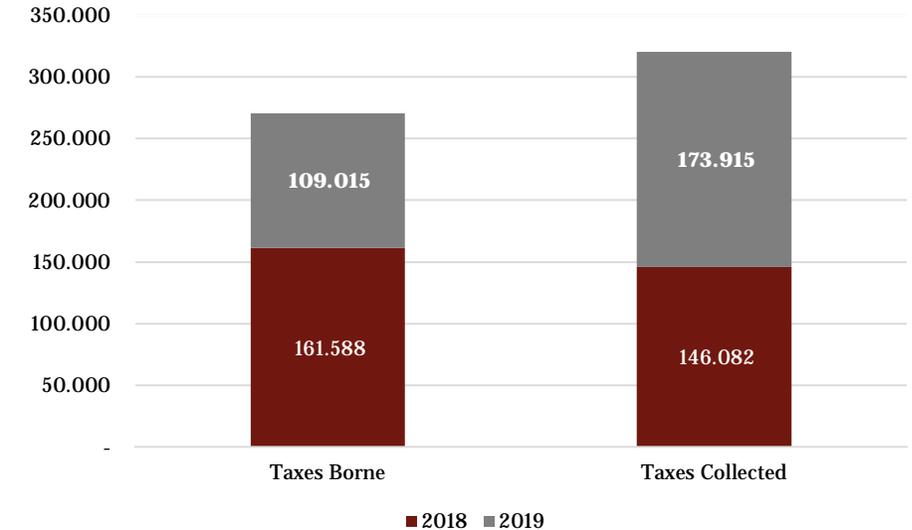
Borne	109.015 M\$
Collected	173.915 M\$
2019	282.930M\$

The Total Tax Contribution of Enel in Chile amounted to 282.930 million pesos during 2019.

In this regard, 39% correspond to borne taxes that represent a cost for the Group, and the remaining 61% relates to taxes collected by the Group, for the performance of its economic activity.

Source: PwC

Trend of the Total Tax Contribution



The decrease experienced by Enel in its tax contribution in 2019 is mainly due to the trend of taxes borne in the period 2018-2019, which decreases by 32,5%, and as explained in the following chapter of this section, is mainly due to a decrease in the income tax.

This decline is slightly offset by the upward trend experienced by taxes collected, which increased by 19,1% in the period due to the increase in the VAT amount.

3. TTC of Enel in 2019

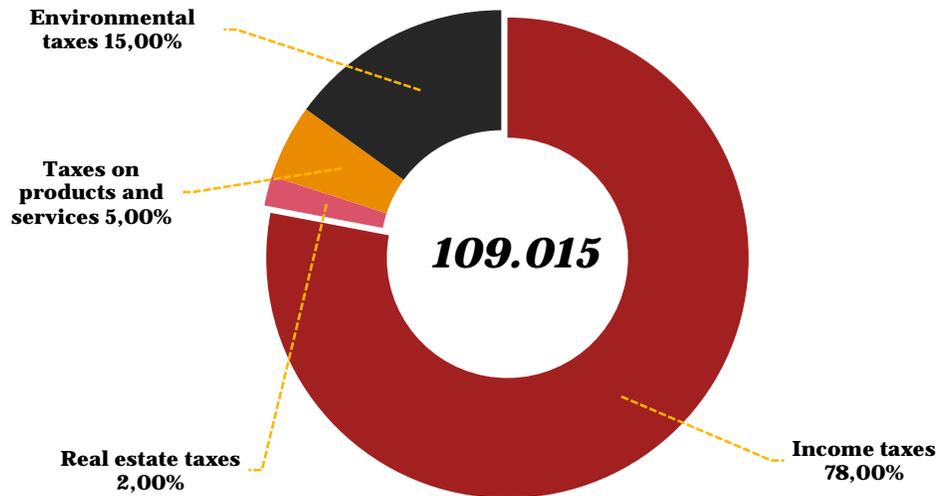
Analysis of borne taxes in 2019

Profile of the borne taxes

The **taxes borne** by Enel during 2019 amounted to **109.015 million pesos**.

The income taxes borne by Enel amount to 85.143 million pesos, representing a 78% of the total of borne taxes.

Categories of taxes borne by Enel in 2019



Source: PwC



Income taxes amount to 85.143 million pesos, which represents about **78% of the total borne taxes**.



Real estate taxes, which are only composed by the real estate contributions, which **represents 2%** of the taxes borne by the Company borne taxes and amounts to **2.067 million pesos**.



The taxes on products and services represent 5% of the total taxes borne by Enel Chile. It includes stamp tax and non-recoverable VAT, which amount to **2.270 million pesos** and **2.145 million pesos** respectively.



Environmental taxes represented 15% of the total taxes borne by Enel Chile, amounting to **16.877 million pesos**, of which 92% corresponds to taxes on polluting emissions and the remaining 8% to the tax on diesel oil.

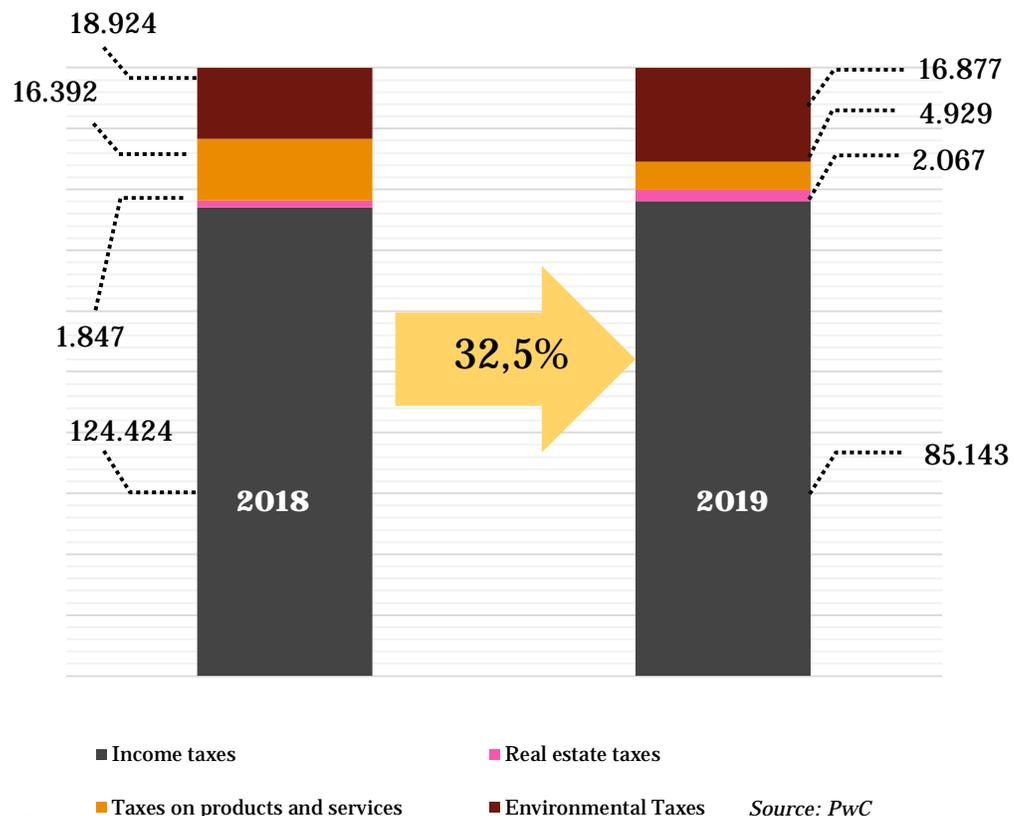
3. TTC of Enel in 2019

Analysis of borne taxes in 2019

Borne tax trend

The borne taxes show a downward trend in the last year, decreasing by approx. 52.573 million pesos, which means a decrease in relative terms of 32,5% in 2019 compared to 2018.

Development of Enel Chile's borne taxes in 2019



More precisely, the main factors that have led to the decrease in the contribution in absolute terms match the decrease in the income tax category, which has decreased by approx. 32% million pesos compared to 2018.

This decrease is a consequence of the fact that during 2019 there were (i) higher expenses resulting from the liquidation of hydroelectric power plants in Aysén and (ii) higher expenses due to variations in the exchange rate.

On the other hand, there is also a considerable decrease of 70% compared to 2018, related to taxes on products and services, which largely correspond to the payment stamp tax, generated in the increase in financing activities that took place during 2018.

In addition to the above, although less relevant, environmental taxes suffered a decrease of 11%, related to lower energy generation and fuel consumption, compared to 2018.

On the contrary, real estate taxes increased by 12%, mitigating the overall increase in borne taxes compared to 2018. This tendency is mainly due to the increase in payments made in 2019 for real estate contributions, due to higher tax valuations.

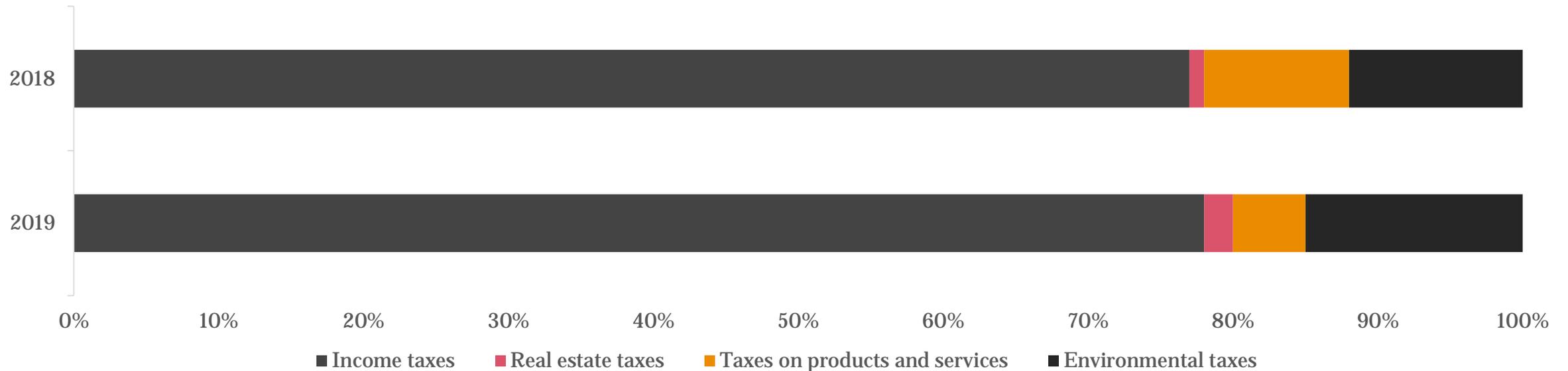
3. TTC of Enel in 2019

Analysis of borne taxes in 2019

Borne tax tendency

Development of the profile of taxes borne by Enel

With regard to the development of the profile of borne taxes, it should be noted that taxes on income maintain their main role, despite the fact that payments made in 2019 for these taxes fell compared to 2018



Source: PwC

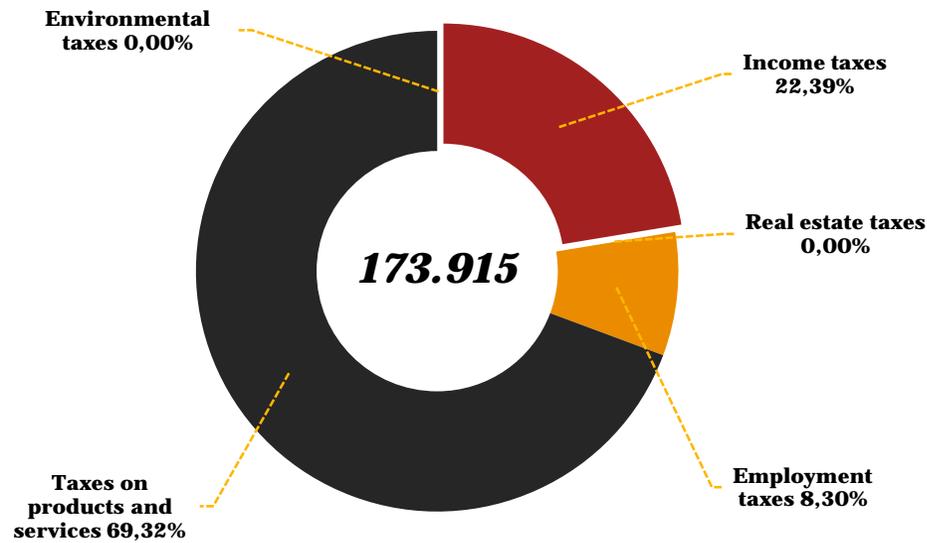
3. TTC of Enel in 2019

Analysis of collected taxes in 2019

Profile of the collected taxes

The **collected taxes** during 2019 amounted to **173.915 million pesos**, showing the following profile:

Categories of taxes collected by Enel in 2019



Source: PwC



Taxes on products and services represent a 69% of total collected taxes, which amounts to 120.550 million pesos. 99,8% of these correspond to VAT collected and paid by Enel Chile and a 0,2% corresponds to withholdings made to the remuneration of suppliers of services (“boletas de honorario”).



Income taxes which during 2019 represent **22,39%** of the total collected taxes, **amounted to 38.937 million pesos**, all of which corresponded to **income taxes withheld from entities and individuals non-residents**



Employment taxes, amount to **14,429 million pesos** and represent **8,30%** of the total collected taxes, of which 99% correspond to withholding taxes on employee remuneration and 1% to social security payments on behalf of employees.

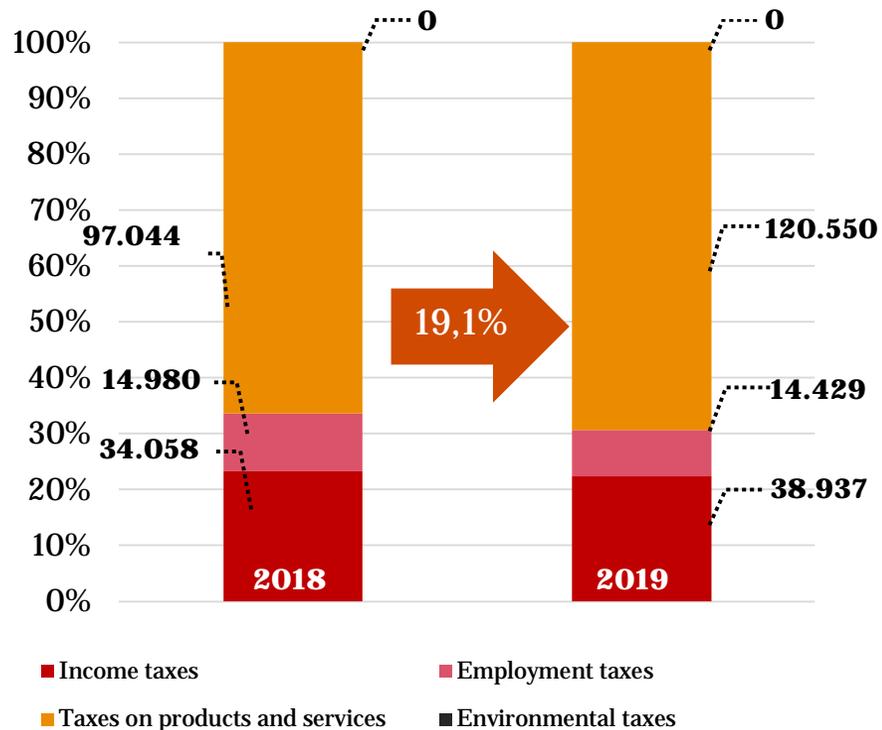
3. TTC of Enel in 2019

Analysis of collected taxes in 2019

Trend of Collected taxes

Taxes collected during 2019 will increase in absolute terms by approximately 27.833 million pesos, representing a considerable increase of 19,1% compared to 2018. This is mainly due to the fact that in 2019 there were no refunds of the VAT credit pursuant to article 27 bis of Chilean VAT Law.

Development of the taxes collected by Enel in 2019



One of the reasons that have led to the rise in absolute terms of the contribution, is the increase of taxes on products and services by approx. 23.505 million pesos.

This increase is due to the fact that in 2019 there were no refunds of VAT credit, pursuant of article 27 bis of Chilean VAT Law.

On the other hand, there was also an increase of 14% compared to 2018, related to the income tax withheld on behalf of entities and individuals who do not have a residence or domicile in Chile.

With regard to employment taxes, it decreased by 4% with respect to the previous year, which is directly related to the decrease in employees.

3. TTC of Enel in 2019

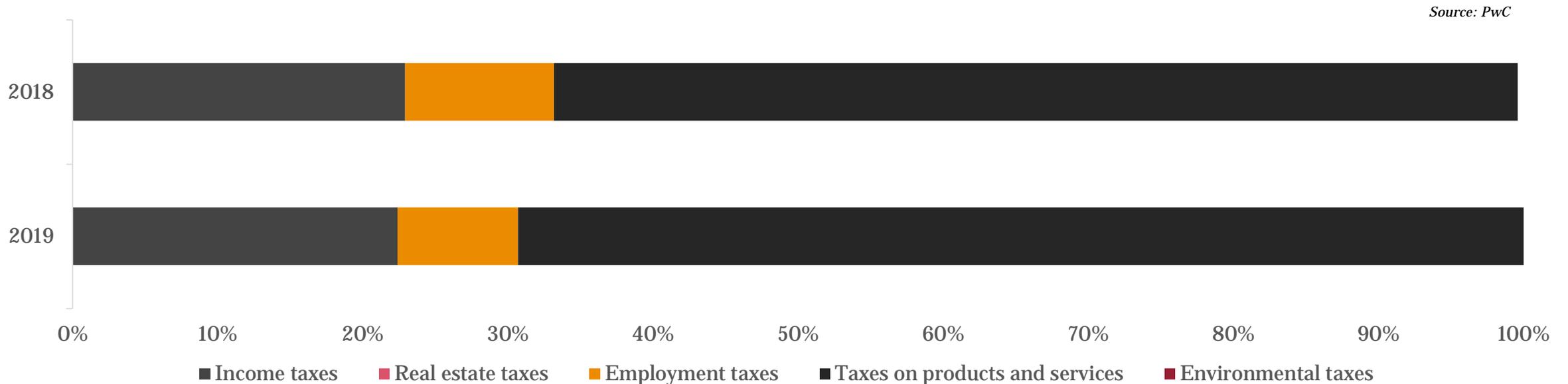
Analysis of collected taxes in 2019

Trend of Collected taxes

Development of the profile of taxes collected by Enel Chile

With regard to the development of the profile of borne taxes, it should be noted that taxes on products and services maintain their main role, increasing their importance with respect to 2018.

Enel paid 120.550 million pesos for the concept of VAT to withholdings made to the remuneration of suppliers of services , which represents 69% of the total taxes collected.



3. TTC of Enel in 2019

TTC indicators

Total Tax Contribution Ratio

The Tax Contribution ratio is an indicator that reflects the cost of borne taxes in relation to the profits obtained.

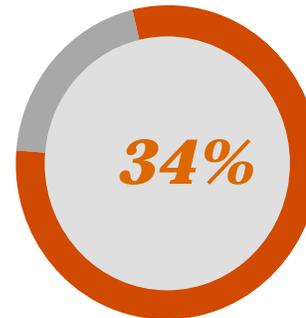
The calculation is made by taking into account the percentage of borne taxes with regard to the earnings before such borne taxes, considering consolidated amounts that include the activity carried out by Enel Chile at a global level.

This ratio is used in the study “*Paying Taxes*”, conducted annually by the World Bank and PwC to measure the competition of the tax systems in 189 countries, based in the PwC Total Tax Contribution methodology. According to the results of the 2020 Paying Taxes report, the ratio for Chile was **34%** in 2018.

In 2018, borne taxes, which represent a direct cost for Enel Chile were approximately 1/3 of earnings before all borne taxes



Total Tax Contribution ratio of Enel Chile in 2018



Total Tax Contribution in Chile (2020 Paying Taxes report)

* Paying Taxes 2020 is based on 2018 data

Enel Chile's Total Tax Contribution in 2018 is 28,5% and in 2019 amounted to 30,69%.

Source: PwC

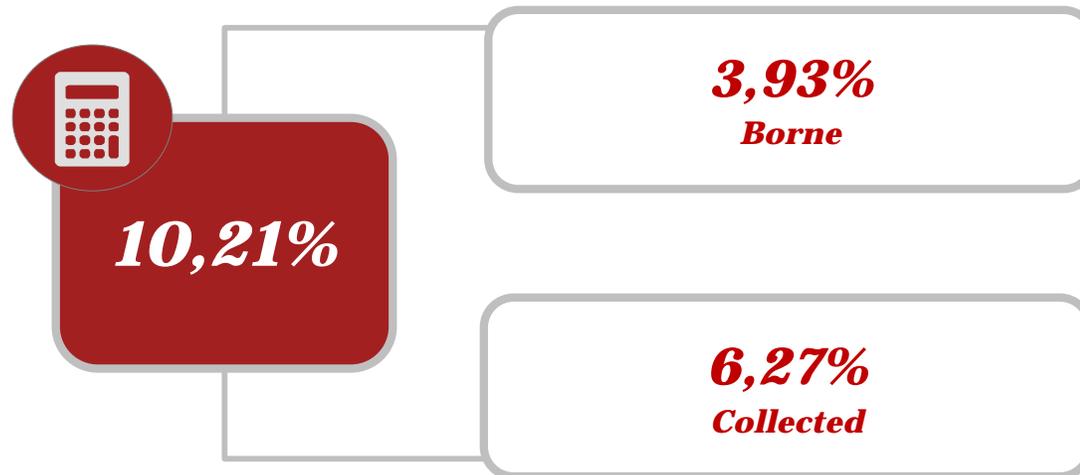
3. TTC of Enel in 2019

TTC Indicators

TTC compared with revenues

The TTC compared to the revenues, which amount to 2.771.719 million pesos, is an indicator that shows the amount of the contribution made by the Company in relation to the size of its business.

For Enel Chile, the average ratio of TTC in relation to revenues in 2019 is 10.21%. In other words, for every 100 pesos of revenues, 10,21 pesos are allocated to the payment of taxes, of which 3,21 pesos are borne taxes and 6,27 pesos are collected taxes.



Source: PwC

Enel pays 10,21 pesos in taxes for every 100 pesos of revenues, of which 3,93 pesos represent a direct cost for the Group.

3. TTC of Enel in 2019

TTC Indicators

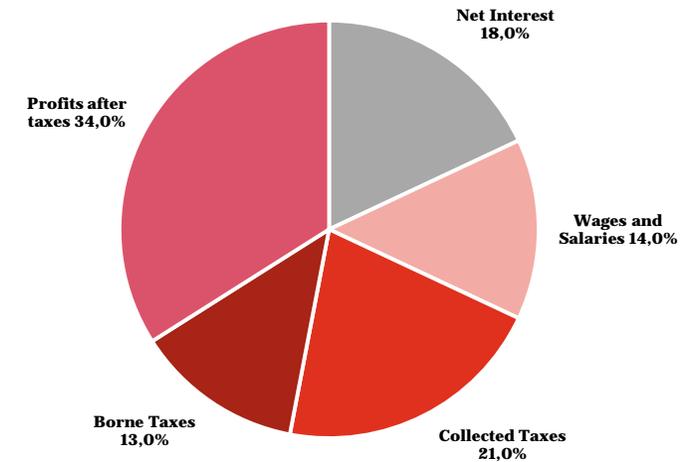
Tax Value Distributed in the Company

According to the CTT methodology, the distributed value of a company consists of the sum of the following elements:

- Net interest
- Wages and salaries (net of taxes collected from employees)
- Taxes (borne and collected)
- Shareholder value (i.e. dividends, reserves, etc.)

El **distributed tax value ratio** shows the percentage of the total value generated by Enel Chile that is destined to the payment of borne and collected taxes to Public Administrations.

In essence, the distribution tax value reflects the way in which Enel Chile contributes the economic value it generates to society.



Source: PwC

In 2019, the total distribution tax value amounted to **822.780** million pesos, of which **282.930**, millions were paid to the different Public Administrations for the concept of borne and collected taxes.

On this regard, **34%** of the value generated by Enel Chile benefit the society through the payment of borne and collected taxes in the different jurisdictions it operates.

Concept	Amount in Million Pesos	%
Net Interest	146.688	18%
Wages and Salaries	115.882	14%
Collected Taxes	109.015	21%
Borne Taxes	173.915	13%
Earnings after Taxes	277.280	34%
Total	822.780	100%

Source: PwC

In 2019, 34,39% of the value generated by Enel was destined to pay borne and collected taxes.

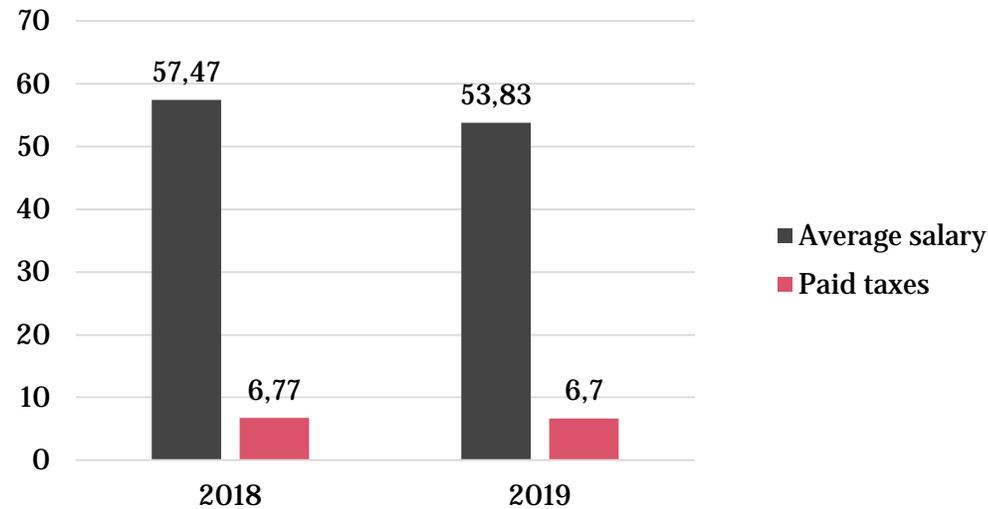
3. TTC of Enel in 2019

TTC Indicators

Taxes paid on wages and salaries per employee

Taxes paid on **wages and salaries per employee** is an indicator that allows you to relate the level of employment to the associated taxes. This indicator is calculated by dividing the total taxes (borne and collected) related to employment by the number of employees.

Development of the average salary and Taxes associated with average employment at Enel



In 2019, Enel Chile paid 6.70 million pesos per employee in employment taxes. The total amount corresponds to taxes collected on behalf of the employee.

In relation to the average salary paid by Enel Chile, decreased to 53,83 million pesos, mainly because there were fewer bonus payments to employees during 2019.

Source: PwC

The average employment related taxes remain sustained during the period, in line with the magnitudes of wages and salaries, and with the number of employees



4. Comparative indicators

4. Comparative indicators

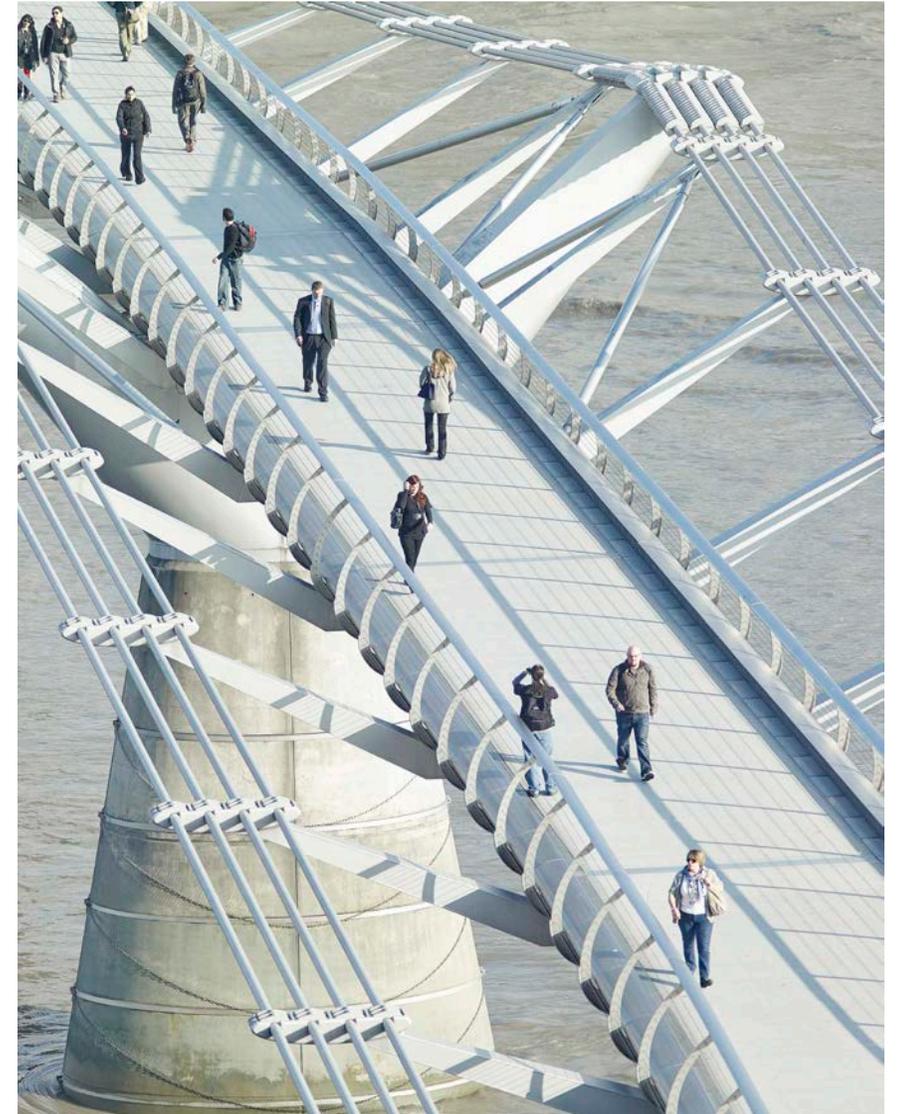
Effective corporate income tax rate

In the next slide, we show a comparative chart of the effective corporate income tax contribution rate among a group of Chilean companies from the electricity sector, for the years 2017, 2018 and 2019.

On one hand, we will analyze the Effective Tax Rate “ETR” and on the other hand, on the reasons that generate the difference with the nominal rate.

Our methodology is based on the public information available, since the tax expense data is information that companies must share in their annual consolidated accounts, which allow us to perform comparative studies such as the one included in this section^[4].

^[4] Please refer to Methodology in Annex III.



4. Comparative indicators

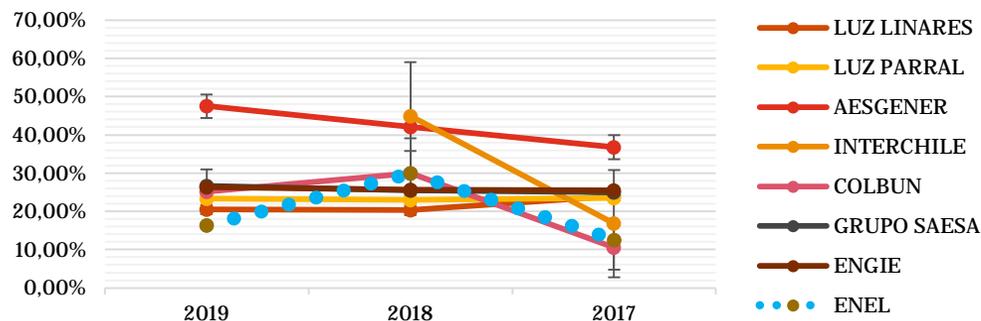
Comparison of Enel Chile's ETR of Enel Chile to other companies in Chile

In relation to the effective tax rate (ETR), it is calculated as the ratio between **the corporate income tax expenses and earnings before taxes**. The attached chart compares the effective tax rate of Enel with that of other equivalent companies, regardless of whether they are in a profit or loss position.

Please note that for purposes of this report, Enel Chile has determined an effective rate based on earnings before taxes, which does not include dividends perceived by companies incorporated outside Chilean territory, since these profits are included in the CTT of these countries.

Enel's average effective tax rate for the periods 2017-2019 was 19,60%

Comparison of Enel Chile's ETR to other Chilean Companies from the electricity sector



Effective rate of Enel Chile	2019	2018	2017	Average
Nominal rate	27,0%	27,0%	25,50%	
Consolidated effective rate	16,31%	29,9%	12,60%	19,60%

The above chart shows that the average effective rate for 2017 for electricity companies in Chile (including Enel Chile) was 21,8%, approx. 9,2% higher than Enel Chile's ETR for year 2019 which was 12,6%. For 2018 the average number of electricity companies in Chile is 30,2%, which is 0,28% higher than Enel Chile's ETR for 2019, which was 30,2%.

Enel Chile in 2019, compared to 2018, shows a decrease in its effective rate of 13,59% placing the effective rate in 2019 at 16,31%. The reason behind this difference is that in 2019 the rate was reduced mainly due to i) a tax benefit resulting from the corporate reorganizations, and ii) the monetary effect.

ETR's average rate for 2019 of the electric companies in Chile reaches 26,41%, which is above of Enel Chile's ETR by 10,10%.

	2019	2018	2017
LUZ LINARES	20,50%	20,27%	24,03%
LUZ PARRAL	23,30%	23,08%	23,50%
AESGENER	47,5%	42,16%	36,73%
INTERCHILE		44,90%	16,80%
COLBUN	25,2%	29,90%	10,60%
GRUPO SAESA	25,68%	25,57%	24,93%
ENGIE	26,41%	40,24%	25,50%

At the date of this report, the effective rate of Grupo Interchile for 2019 was not yet available.

Source: PwC

4. Comparative indicators

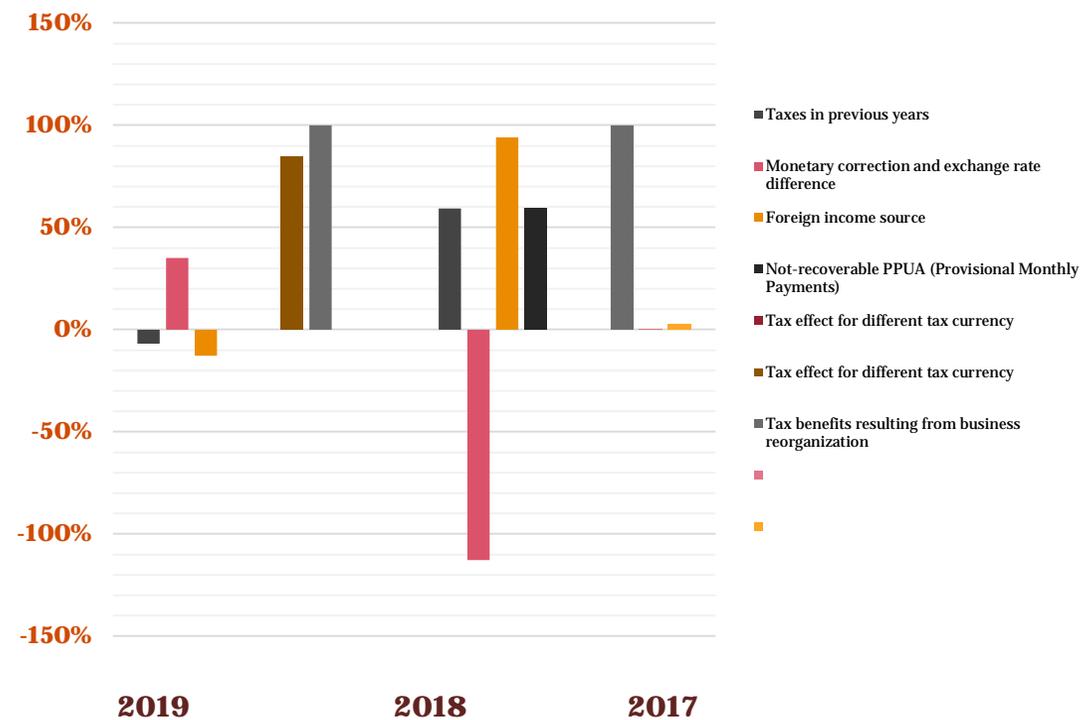
Settlement between Enel Chile's nominal and effective tax rates

In relation to the difference between the nominal rate in 2019 (27%) and the effective rate (16,31%), below are the elements that have an impact on the ETR.

Permanent adjustments	2019	2018	2017
Taxes in previous years	2.365.626	6.288.198	-2.019.855
Monetary correction and exchange rate difference	-12.073.355	-11.953.556	-10.443.346
Foreign income source	4.432.484	9.973.809	-136.078.631
Not-recoverable PPUA (Provisional Monthly Payments)		6.299.081	-
Tax effect for different tax currency			-9.624.526
Tax effect for different tax currency			
Tax benefits resulting from business reorganization	-29.268.837		
Total	-34.544.081	10.607.532	-158.166.359

This chart shows the factors that favorably affect a decrease in the nominal rate (those with a negative impact below 0%), as well as those that affect it unfavorably (positive impact, above 0%).

Elements that have an impact on the ETR.



Source: PwC

4. Comparative indicators

Enel Chile's Tax Contribution in economic and social terms

In order to understand the magnitude of Enel's social contribution in 2019, we compared the amount of the Company's tax contribution with some social variables and macroeconomic data.

The Total Tax Contribution of Enel in 2019 amounted to a 282.930 million pesos, which is equivalent to:

... 22.88% of Chile's budget for the "solidarity pillar" in 2019



Source: www.dipres.cl

... 2,61% of Chilean education ministry budget for 2019



Source: www.dipres.cl

... 5.41% of the total cost of the plan to promote the Araucania region "Plan Impulso Araucanía" for the period 2018-2026



Source: PwC

... The payment of 775 million pesos per day for borne and collected taxes in 2019



Source: www.dipres.cl

... and, 64% of Chilean central government tax income in 2019



Source: www.dipres.cl

A high-angle, wide shot of a modern, multi-level atrium. The space is characterized by its curved, glass-and-steel architecture. A prominent feature is a curved walkway or balcony with a glass railing, where two people—a man in a dark suit and a woman in a white blouse and black pants—are standing and talking. The atrium is filled with light from large windows, and the overall atmosphere is clean, bright, and professional. The text is overlaid on a dark red, semi-transparent rectangular area on the left side of the image.

***5. Other payments
made to Public
Administrations***

5. Other payments made to Public Administrations

Other payments made to Public Administrations

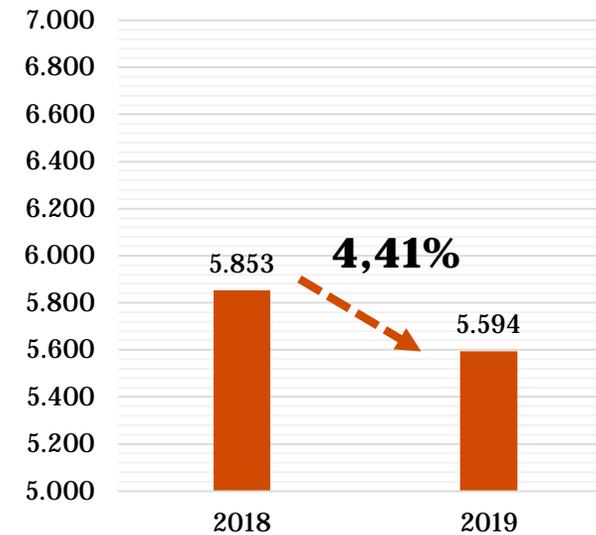
In addition to the TTC, it should be noted that Enel makes other contributions to the public authorities in the places where it operates. These include maritime concessions, the non-water use patents and commercial licenses, among others.

In 2019, Enel's payment to all public authorities amounted to 5.594 million pesos, representing a decrease of 4,41% with respect to the previous year, as detailed below:

(i) Commercial license: represents 70% of the total amounts paid to the public administration. The amount for commercial patent has increased by 9% with respect to 2018, mainly due to payments for pending settlements with the municipalities.

(ii) Non-water use patents: represents 30% of the total amounts paid to the public administration and corresponds to the suspension of several projects such as Neltume, and Choshuenco.

(iii) Maritime and Mining Concessions: Represents less than 1% of the total payments made to the public administration, presenting a decrease of 177 million pesos compared to 2018.



Enel has contributed to the Public Administrations in the places where it operates through regulatory payments amounting to 5.594 million pesos

Source: PwC

6. Annexes



6. Annexes

Annex II: TTC Enel Report 2018

Total Tax Contribution	
Enel Report 2018	
Company	Enel Group
31-12-2018	
Financial Data	
	Million pesos
Revenues	2.458.089
Wages and Salaries	127.182
Average number of employees	2.213
Earnings before taxes	529.970
Earnings before borne taxes	567.134
Total borne taxes	161.588
Total collected taxes	146.082
Local Tax Contribution	307.670
TTC Indicators	
	Porcentaje
TTC Ratio	1 28,5%
TTC in relation to revenues	2 12,5%
Taxes borne in relation to revenues	2* 6,6%
Taxes collected in relation to revenues	2** 5,9%
Tax value distributed in the Company	3 33,5%
Wages and salaries per employee	4 57,47
Taxes paid per employee	5 6,77
Borne Taxes	
	Million pesos
Income Taxes	124.424
Corporate income taxes	124.424
Real estate taxes	1.847
Real estate contributions	1.847
Employment Taxes	-
Employer's social security contribution	-
Taxes on products and services	16.392
Non-Recoverable VAT	1.857
Tax on air tickets	470
Custom Duties	457
Stamp Tax	13.608
Environmental Taxes	18.924
Pollutant emissions tax	16.431
Hydrocarbon Tax	2.461
	0
TOTAL	161.588
Collected Taxes	
	Million pesos
Income Taxes	34.058
Withholding on payments of non-residents	34.058
Real estate taxes	-
Employment Taxes	14.980
Taxes withheld	-
Employer's social security contributions	14.865
Employee's social security contributions	116
Taxes on products and services	97.044
VAT (Net position)	96.779
Withholding on the payment of suppliers	266
Taxes on products and services	-
Hydrocarbon Tax	-
TOTAL	146.082
Total Tax Contribution in Chile	
	307.670
Other regulatory payments	
	5.853
Maritime Concessions	121,16
Mining Concessions	68
Non-water use patent	2.065
Business license	3.598
Total payments to the Public Administrations	
	313.523

1. Borne taxes/ Earning before taxes
2. Total Tax Contribution/ Revenues
3. Borne taxes/ Revenues
4. Collected Taxes / Revenues
5. Borne and collected taxes/ Total distribution value
6. Wages and salaries/ Average number of employees
7. Total employment taxes/ Average number of employees

6. Annexes

Annex II: List of collected taxes

TAXES	STATE TAXES	REGIONAL TAXES	LOCAL TAXES	IMPUESTOS SOPORTADOS	BORNE TAXES	SCOPE
INCOME TAX						
INCOME TAXES	✓			✓		✓
ADVANCE PAYMENT OF INCOME TAX	✓			✓		✓
ADDITIONAL TAX (PAYMENTS MADE TO ABROAD FOR SERVICES AND FINANCIAL INTEREST)	✓				✓	✓
ADDITIONAL TAX SERVICES	✓				✓	✓
ADDITIONAL TAX ON DIVIDENDS PAID TO FOREIGN SHAREHOLDERS	✓				✓	✓
REAL ESTATE TAX						
REAL ESTATE CONTRIBUTION	✓			✓		✓
EMPLOYMENT TAX						
SOLE TAX EMPLOYEES	✓				✓	✓
EMPLOYEES IN FONASA					✓	✓
TAXES ON PRODUCTS AND SERVICES						
VALUE ADDED TAX	✓				✓	✓
WITHHOLDING ON PAYMENTS TO SERVICE SUPPLIERS	✓				✓	✓
NON-RECOVERABLE VAT				✓		✓
STAMP TAX	✓			✓		✓
CUSTOM DUTIES	✓			✓		✓
ENVIRONMENTAL TAXES						
POLLUTANT EMISSIONS TAX (AS OF 2018)	✓			✓		✓
SPECIFIC OIL TAX				✓		✓
OTHER PAYMENTS TO THE PUBLIC ADMINISTRATIONS						
BUSINESS LICENSE		✓		✓		✓
NON-WATER USE PATENT	✓			✓		✓
MARITIME CONCESSIONS AND MINING CONCESSIONS						

Annex III: Methodology for the comparative analysis of the effective rate in corporate income tax

The analysis has been carried out on the basis of public information, no direct contact has been made with any of the companies.

For these purposes, effective tax rate (ETR) was calculated as the ratio of the corporate income tax expense divided by the earnings before taxes, both numbers being taken from the consolidated income statement of the year.

In this regard, the average of the last three years (2017, 2018 y 2019) as well as the upper and lower quartiles have been used to illustrate the results:

Narrow arithmetic average

Our conclusions regarding the individual analysis of companies are based on a statistical analysis of the ETR. In this type of analysis, there are usually elements that distort the mean, such as non-recurring operations or exceptional elements, which must be eliminated in order to draw reasonable conclusions about the sample studied.

pwc.com/es

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