

Legal Alert: Extension of the Employment Protection Law and New Social Security Caps



8 March, 2021 / By [Luis Parada](#), [Gabriela Andrade](#) e [Ignacio Abogabir](#).

- **Extension of Employment Protection Law benefits:**

On March 6, 2021, Supreme Decree N° 279, of 2021, of the Finance Ministry was published in the Official Gazette, which extends the validity of the Employment Protection Law benefits (Law N° 21,227), and, in addition, grants the right to additional payments charged to the Social Unemployment Insurance Fund, in the indicated cases.

The validity of the Employment Protection Law benefits is, as follows:

Until June 6, 2021:

The possibility to access to the Unemployment Insurance payments is extended, in the event of suspension of the employment relationship by an authority act that doesn't allow to provide agreed services or by agreement of the parties, in accordance with Title I of Law N° 21,227.

It is authorized to grant up to a fifteenth payments (15) charged to the Social Unemployment Insurance Fund, for the beneficiaries of its benefits and whose employment relationship is suspended by an act of authority that doesn't allow to provide agreed services.

iii. In accordance with the Parenting Protection Law (Law N° 21,247), the possibility for parents to suspend unilaterally their employment agreements is extended, while the operation of educational establishments that their children would attend remains suspended, by an authority act (it applies to children born from the year 2013).

It is noted that the possibility of requesting the parental preventive medical leave due to the COVID-19 disease depends on the validity of the State of Exception of catastrophe due to public calamity, associated with the pandemic caused by the COVID-19 virus.

Until July 31, 2021: the possibility of signing agreements to reduce working hours is extended.

- **New Social Security Caps:**

The Pension Authority has recently reported, from February 2021, the amounts of the new social security caps.

Thus, the new monthly social security caps to calculate the mandatory payments of the Pension Fund (AFP), Health Insurance and Labor Accident law system has been set at 81.6 UF (approx. USD 3,300.-). For its part, the monthly social security cap that must be considered to calculate Unemployment Insurance contributions is 122.6 UF (approx. USD 4,900.-).

Social Security caps must be readjusted annually when the real remuneration index reported by the National Institute of Statistics (INE) registers positive variations, in accordance with current law.

The indicated social security caps will be applied from the payment of the social security payments corresponding to the salaries of February 2021, which must be paid until March 10 of this year, but if the social security payment is made electronically, this period is extended until March, 13.

Contacts
For more information, please contact:
Luis Parada Socio lpurada@dlapiper.cl

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