In order to keep fluctuations in the average exchange rate within certain limits, the Central Bank of Chile has in the past intervened by buying or selling foreign currency on the formal exchange market. In September 1999, the Central Bank of Chile decided to limit its formal commitment to intervene and decided to exercise it only under extraordinary circumstances, which are to be announced in advance. The Central Bank of Chile also committed to provide periodic information about the levels of its international reserves.

Purchases and sales of foreign exchange effectuated outside the Formal Exchange Market are made through the Informal Exchange Market (*Mercado Cambiario Informal*). There are no limits on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the observed exchange rate.

Although our results of operations have not been significantly affected by fluctuations in the exchange rates between the peso and the U.S. dollar because our functional currency is the U.S. dollar, we are exposed to foreign exchange losses and gains due to exchange rate fluctuations. Even though the majority of our revenues are denominated in or pegged to the U.S. dollar, the Chilean government's economic policies affecting foreign exchange and future fluctuations in the value of the peso against the U.S. dollar could adversely affect our results of operations and an investor's return on an investment in ADSs.

E. Taxation

Chilean Tax

The following discussion relates to Chilean income tax laws presently in force, including Ruling No. 324 of January 29, 1990 of the Chilean *Servicio de Impuestos Internos* ("Chilean IRS") and other applicable regulations and rulings, all of which are subject to change. The discussion summarizes the principal Chilean income tax consequences of an investment in the ADSs or common shares by a person who is neither domiciled in, nor a resident of, Chile or by a legal entity that is incorporated abroad not organized under the laws of Chile and does not have a branch or a permanent establishment located in Chile (such an individual or entity is referred to herein as a Foreign Holder). For purposes of Chilean tax law, an individual holder is (i) a resident of Chile if such person remains in Chile, whether continuously or not, for a period or periods exceeding a total of 183 days, within any twelve-month period; and/or (ii) domiciled in Chile if such person's main place of business is located in the country. The discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor's particular tax situation.

Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may only be amended by another statute. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of Chilean tax law. Chilean tax may not be assessed retroactively against taxpayers who act in good faith relying on such rulings, regulations, and interpretations, but Chilean tax authorities may change these rulings, regulations, and interpretations prospectively.

On December 19, 2023, an income tax treaty between the United States and Chile (Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion or "Convention") entered into force. With respect to taxes withheld at the source of income, the Convention will have effect for amounts paid or credited on or after February 1, 2024. For all other taxes, the Convention will have effect for taxable periods beginning on or after January 1, 2024. Some of the main implications of the Convention are:

- Generally reduces rates of withholding taxes.

- Generally eliminates withholding tax in the source country on service payments.

- Withholding tax rates on royalties will be limited to 2% or 10%.

- As a general rule, capital gains of a resident may be taxed in both countries, although reduced rates or exemptions from one country's tax may apply to gains derived by a resident of the other country, depending on the type of asset disposed of. In the case of shares or other rights or interests representing the capital of a company resident in a country, 16% is the maximum rate allowed to be imposed by that country on a resident of the other country who alienates the shares or other rights or interests, if the seller previously owned shares representing no more than 50% of the capital of the company (and in the case of alienators of other rights, rights previously owned by the seller represented less than 20% of the capital). Exemptions for pension funds and institutional investors are applicable. Likewise, tax exemptions apply to the sale of shares with stock market presence, being taxed only in the taxpayer's country of residence when certain requirements are met.

- It does not preclude the United States from taking payments from Chilean residents into account in computing the “Base Erosion Anti-abuse Tax” (known as the “BEAT”) of a U.S. taxpayer.

Law No. 21,420, published on February 4, 2022, aims to reduce or eliminate certain tax exemptions. The new law limits the non-taxable income benefit on capital gain on the disposal of public traded instruments, incorporating a 10% single tax on capital gains obtained by non-institutional investors on the sale of those instruments, tax effective for operations as of September 2, 2022. If all the requirements stated in the Convention for exemption from tax of capital gains on this type of assets are met, then this single tax will generally not be applicable after the relevant effective date in the Convention.

Additionally, on July 7, 2022, the Chilean government submitted to Congress a tax reform bill that includes amendments to the Income Tax Law, the Tax Code, the VAT Law, the introduction of a new wealth tax, among others however, this bill was not passed in Congress. A new tax reform bill is likely to be presented to Congress for discussion and eventual Congress and Senate approval during 2024. So far, the final content and details of the tax measures is unknown.

Finally, on December 19, 2023, the government presented before the Congress a bill that creates a Register of Beneficial Ownership. Such registry will contain information of final beneficiaries of legal persons, investment funds, and other entities without legal personality, incorporated or domiciled in Chile, or with any type of permanent establishment in Chile.

Cash Dividends and Other Distributions

Under the Partially Integrated Regime, cash dividends we pay with respect to the ADSs or common shares held by a Foreign Holder will be subject to a 35% Chilean withholding tax, which we withhold and pay over to the Chilean tax authorities (the “Withholding Tax”). A credit against the Withholding Tax is available based on the corporate income tax rate of the year of distribution and provided a sufficient balance of accumulated corporate income tax credits is available. These credits correspond to corporate income tax we actually paid on the accumulated income (referred to herein as the “First Category Tax” or “FCIT”). However, this credit does not reduce the Withholding Tax on a one-for-one basis because it also increases the base on which the Withholding Tax is imposed. In addition, if we distribute less than all of our distributable income, the credit for First Category Tax we pay is proportionately reduced. If we register net income and a tax loss, no credit against the Withholding Tax may be available.

The Partially Integrated Regime reduces the amount of First Category Tax creditable against the Withholding Tax for certain Foreign Holders. As a general rule, only 65% of the First Category Income Tax credit will actually offset the Withholding Tax. However, if a tax treaty is in place between Chile and the country of domicile of a Foreign Holder and such Foreign Holder is entitled to treaty benefits in relation to the income, as it the case, the full First Category Tax credit will continue to be available to be offset against the Withholding Tax.

In general, the example below illustrates the effective Withholding Tax burden on a cash dividend received by a Foreign Holder assuming a Withholding Tax rate of 35%, a First Category Tax rate of 27% and a distribution of 30% of the consolidated net income of the Company after payment of the First Category Tax:

	Foreign Holder in Treaty Country	Foreign Holder in Non-Treaty Country
The Company’s taxable income	100.00	100.00
First Category Tax (27% of Ch$100).	(27.00)	(27.00)
Net distributable income	73.00	73.00
Dividend distributed (*)	21.90	21.90
First category increase	8.10	8.10
Amount subject to Withholding Tax (**)	30.00	30.00
Withholding Tax	(10.50)	(10.50)
Credit for First Category Tax	8.10	8.10
Add back 35% of the First Category Tax	N/A	(2.84)
Net tax withheld	(2.40)	(5.27)
Net dividend received	19.5	16.64
Effective dividend withholding rate	11%	24%

(*) 30% of net distributable income.

(**) The dividend of Ch$21.90 grossed up with the First Category Tax credit of Ch$8.10.

The effective rate of Withholding Tax to be imposed on dividends we pay will depend on the First Category Tax rate applicable in the year of distribution and on the balance of First Category Income Tax credits accumulated by the Company. The First Category Tax rate is 27% for 2018 and following years. The First Category Tax credits generated as of 2017, will be allocated first. Once the balance of First Category Tax credits generated as of 2017 are exhausted, the First Category Tax credits accumulated until December 31, 2016 will be used. In that event the First Category Tax credit available against the Withholding Tax will not correspond to the First Category Tax rate of the year of distribution but to the average rate of First Category Tax credits accumulated until December 31, 2016. This average rate will be determined by dividing the aggregate First Category Tax Credits accumulated until December 31, 2016 by the aggregate retained taxable profits accumulated at the same date. The First Category Tax credits accumulated until December 31, 2016 are not subject to the First Category Tax Credit Restitution irrespective of whether a tax treaty is in place with the country of the Foreign Holder or not.

The First Category Tax credits accumulated until December 31, 2016 correspond to the First Category Tax we actually paid on the income generated in a given year. For earnings generated from 1991 until 2001, the First Category Tax rate was 15%. The rate was 16.0% in 2002, 16.5% in 2003, 17% from 2004 until 2010, 20% from 2011 until 2013, 21% in 2014, 22.5% in 2015, 24% in 2016 and 25.5% in 2017 for companies subject to the Partially Integrated Regime.

In the event that the accumulated First Category Tax credits are not sufficient to cover any particular dividend, we will generally withhold tax from the dividend at the full 35% rate.

Dividend distributions made in kind would be subject to the same Chilean tax rules as cash dividends based on the fair market value of the relevant assets. Stock dividends and the distribution of preemptive rights are not subject to Chilean taxation.

Capital Gains

Gains from the sale or other disposition by a Foreign Holder of ADRs evidencing ADSs outside Chile will not be subject to Chilean taxation. The deposit and withdrawal of common shares in exchange for ADRs will not be subject to any Chilean taxes.

Gains realized on a sale or disposition of common shares by a Foreign Holder (as distinguished from sales or exchanges of ADRs evidencing ADSs representing such common shares) may be subject to a 35% Tax. However, a gain not exceeding 10 Annual Tax Units (app US $8,759.22 as of December 13, 2023) recognized by a Foreign Holder without taxable presence in Chile in a sale to a non-related buyer will not be taxable. The proceeds of the sale or disposition are subject to a withholding of 35% applicable on the gain. If the gain subject to taxation cannot be determined, the Foreign Holder is subject to a provisional withholding of 10% of the total proceeds, without any deduction, when the amounts are paid to, credited to, accounted for, put at the disposal of, or corresponding to, the Foreign Holder. The Foreign Holder would be entitled to request a tax refund for any amounts withheld in excess of the taxes actually due in April of the following year upon filing its corresponding tax return.

Notwithstanding the above, Article 107 of the Chilean Income Tax Law provides for a 10% sole tax on capital gains arising from the sale of shares of listed companies traded in the stock markets (except for capital gains obtained by “institutional investors” –as defined in Article 4 bis (d) of the Chilean Securities Market Act–, whether domiciled or resident in Chile or abroad, which will be tax exempt if the legal requirements are met). In general terms, the referred provision mandates that in order to qualify for this special tax treatment: (i) the shares must be of a publicly held stock corporation with a “high trading presence” status in the Chilean Stock Exchanges; (ii) the sale must be carried out in a Chilean Stock Exchange authorized by the CMF, or in a tender offer subject to Chapter XXV of the Chilean Securities Market Act or as the consequence of a contribution to a fund as regulated in Article 109 of the Chilean Income Tax Law; (iii) the shares which are being sold must have been acquired on a Chilean Stock Exchange, or in a tender offer subject to Chapter XXV of the Chilean Securities Market Act, or in an initial public offering (due to the creation of a company or to a capital increase), or due to the exchange of convertible publicly offered securities, or due to the redemption of a fund’s quota as regulated in Article 109 of the Chilean Income Tax Law; and (iv) the shares must have been acquired after April 19, 2001.

The buyer or stockbroker or securities agent acting on behalf of the Foreign Holder shall withhold the amount of the sole tax at the time the sales price is paid, remitted, credited into account or placed at the disposal of the Foreign Holder. The withholding shall be made at 10% rate on the taxable gain, unless the buyer or stockbroker or securities agent acting on behalf of the Foreign Holder does not have sufficient information to determine such capital gain, in which case the withholding shall be made at a provisional rate of 1% on the total price, without any deduction. In this last case, the Foreign Holder must file an annual tax return to pay any differences between the withheld amounts and the final applicable tax, or to request a refund if the first were made in excess of the final tax.

According to Ruling No. 1,480 (issued on August 22, 2014), the Chilean IRS confirmed that capital gains stemming from the sale of shares with high stock market presence acquired through the exchange of American Depositary Receipts (ADRs) for shares is subject to the same tax regime as the gain on the sale of any stock with high stock market presence, which according to the rules enforce as of such date, were not subject to taxes in Chile. Thus, according to the recent modifications, such ruling should imply that they would be subject to the sole tax at a rate of 10%. Such reduced rate is applicable provided that the ADRs comply with the requirements established by the CMF for the public offering of securities in Chile (i.e. if the ADRs are registered in the Foreign Securities Registry of the CMF, or their registration has been exempted by the CMF under a cooperation agreement signed with regulators of foreign markets), and the underlying shares have been registered in the Securities Registry of the CMF and on a Chilean Stock Exchange. According to General Ruling No. 327, issued by the CMF on January 17, 2012, shares are considered to have a high presence in the stock exchange when they:

- are registered in the Securities Registry;
- are registered in a Chilean Stock Exchange; and
- meet at least one of the following requirements:
- have an adjusted presence equal to or above 25%;
- have a Market Maker (this requirement is limited under Law No. 21,420).

To calculate the adjusted presence of a particular share, the aforementioned regulation first requires a determination of the number of days in which the operations regarding the stock exceeded, in Chilean pesos, the equivalent of 1,000 UF (app US$ 41,648.93 as of December 13, 2023) within the previous 180 business days of the stock market. That number must then be divided by 180, multiplied by 100, and expressed in a percentage value.

To meet the “Market Maker” requirement the issuer of the shares must execute a written contract with a stockbroker incorporated in Chile that fulfills some additional requirements. Law No. 21,210 modified this provision in those cases where the high stock market presence is given exclusively by virtue of a Market Maker. In such cases, the capital gain tax exemption would apply only for the term of one year from the first public offering of the securities.

The tax basis of common shares received in exchange for ADRs will be the acquisition value of the common shares on the date of exchange duly adjusted for local inflation. For purposes of Ruling No. 324, dated January 29, 1990, issued by the Chilean IRS, the valuation procedure set forth in the deposit agreement, which values the shares that are being exchanged at the highest reported sales price at which they trade on the stock exchange on the day on which the transfer of such shares is recorded on the books of the company's share registrar, will determine the Foreign Holder's acquisition value for this purpose. In the case where the sale of the shares is made on a day that is different from the date on which the exchange is recorded, capital gains subject to taxation in Chile may be generated. Notwithstanding the foregoing, following the criteria of Ruling No. 3708, dated October 1, 1999, issued by the Chilean IRS, the deposit agreement provides that in the event that the exchanged shares are sold by the Foreign Holder on a Chilean stock exchange on the same day on which the transfer is recorded on the company's share registrar or within two Chilean business days prior to the date on which the sale is recorded on those books, the acquisition value of such exchanged shares shall be the price registered in the invoice issued by the stock broker that participated in the sale transaction.

Notwithstanding the above mentioned tax exemption under article 107 of the Chilean Income Tax Law in benefit of institutional investors which is still applicable, a previous specific capital gain tax exemption for "foreign institutional investors" such as mutual funds and pension funds was repealed as from May 1, 2014, by Law 20,712. However, the law includes a grandfathering provision for shares acquired before May 1, 2014. This provision establishes an exemption on the capital gain obtained in the sale of shares that are publicly traded and have a high presence in a stock exchange when the sale is made by a foreign institutional investor, provided that the sale is made in a local stock exchange or in a public tender in accordance with the provisions of the Securities Market Act, or in the redemption of fund quotas, and the shares were acquired before May 1, 2014.

Pursuant to the regulations of the grandfathering rule, to qualify for the exemption, the taxpayer must be incorporated or formed outside of Chile, not have a domicile in Chile, and must qualify as a foreign institutional investor according to the requirements set forth in the law. In addition, the foreign institutional investor must not directly or indirectly participate in the control of the corporations issuing the shares it invests in, nor possess or participate directly or indirectly in 10% or more of the capital or the profits of such corporations. Furthermore, the foreign institutional investor must execute a written contract with a bank, or a stockbroker incorporated in Chile. In this contract, the bank or stockbroker must undertake to execute purchase and sale orders, verify the applicability of the tax exemption or tax withholding, and inform the Chilean IRS of the investors it works with and the transactions it performs. Finally, the foreign institutional investor must register with the Chilean IRS by means of a sworn statement issued by such bank or stockbroker.

The date of acquisition of the ADSs is considered to be the date of acquisition of the shares for which the ADSs are exchanged.

The exercise of preemptive rights relating to the common shares will not be subject to Chilean taxation. Any gain obtained by a Foreign Holder without taxable presence in Chile on the sale of preemptive rights relating to the common shares will be subject to Withholding Tax (the former being creditable against the latter).

It should be noted that the single 10% tax indicated above with respect to the disposal of shares with stock market presence would not be applicable for capital gains obtained by taxpayers domiciled in the U.S. eligible for the benefits of the Convention who meet all the requirements for exemption. In this regard, the Convention sets out that earnings obtained by a resident of a state that has ratified the Convention (a "Contracting State") and the disposal of shares in a company resident in the other Contracting State with a stock market presence on a recognized stock exchange located in in that other Contracting State, may be taxed only in the country where the transferor resides if the following requirements are met: (a) the shares are sold on a stock exchange recognized in the another Contracting State or in a takeover bid process of shares in accordance with applicable law, and (b) such shares have been previously acquired in (i) a stock exchange recognized in that other Contracting State, (ii) in a legally regulated takeover bid process, (iii) in a primary placement of shares, (iv) upon the incorporation of the company or of a subsequent capital increase, or (v) in an exchange of bonds convertible into shares.

Other Chilean Taxes

Please note that there should not be Chilean inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of ADSs by a Foreign Holder, but such taxes generally will apply to the transfer at death or by gift of the common shares by a Foreign Holder. However, in the inheritance of a Foreign Holder, assets located abroad may only be subject to inheritance, gift or succession taxes when they have been acquired with resources originating in Chile. There are no Chilean stamp, issue, registration or similar taxes or duties payable by Foreign Holders of ADSs or common shares.

Withholding Tax Certificates

Upon request, we will provide to Foreign Holders appropriate documentation evidencing the payment of the Withholding Tax (net of the applicable First Category Tax credit).

Material United States Federal Income Tax Considerations

This section describes the material U.S. federal income tax consequences to a U.S. holder (as defined below) of owning common shares or ADSs. It applies to you only if you hold your common shares or ADSs as capital assets for tax purposes. This section does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may be relevant to U.S holders with respect to their ownership and disposition of ADSs or common shares. Accordingly, it is not intended to be, and should not be construed as, tax advice. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization,
- a financial institution,
- a regulated investment company,
- a real estate investment trust,
- a life insurance company,
- a person liable for alternative minimum tax,
- a person that directly, indirectly or constructively owns 10% or more of the vote or value of our stock,
- a person that holds common shares or ADSs as part of a straddle or a hedging or conversion transaction,
- a person that purchases or sells common shares or ADSs as part of a wash sale for tax purposes,
- a U.S. holder (as defined below) whose functional currency is not the U.S. dollar,
- a U.S. expatriate,
- a person who acquired our ADSs or common shares pursuant to the exercise of any employee share option or otherwise as compensation, or
- a partnership or other pass-through entity or arrangement treated as such (or a person holding our ADSs or common shares through a partnership or other pass-through entity or arrangement treated as such).

If you are a member of a special class of holders subject to special rules, you should consult your tax advisor with regard to the U.S. federal income tax treatment of an investment in the common shares or ADSs. Moreover, this summary does not address the U.S. federal estate, gift, or the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. holders or alternative minimum tax considerations, or any U.S. state, local, or non-U.S. tax considerations of the acquisition, ownership and disposition of common shares and ADSs.

This section is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed Treasury regulations, published rulings and court decisions, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. In addition, obligations of the United States under the Convention may affect the tax liability imposed by the Code. With respect to taxes withheld at source, the Convention has effect for amounts paid or credited on or after February 1, 2024. For all other taxes, the Convention has effect for taxable periods beginning on or after January 1, 2024.

The laws on which this section is based are subject to differing interpretations. No ruling has been sought from the U.S. Internal Revenue Service (the "U.S. IRS") with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the U.S. IRS or a court will not take a contrary position.

In addition, this section is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

If an entity that is treated as a partnership for U.S. federal income tax purposes holds the common shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the common shares or ADSs should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the common shares or ADSs.

For purposes of this summary, a "U.S. holder" is a beneficial owner of common shares or ADSs that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such common shares or ADSs.

ADSs

As a result of our Chapter 11 proceedings, LATAM was delisted from the NYSE on June 22, 2020. Our ADSs continue to trade in the over-the-counter market under the ticker "LTMAY." In general, and taking into account the earlier assumptions, for U.S. federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the beneficial owner of the common shares represented by those ADRs. Exchanges of common shares for ADRs, and ADRs for common shares, generally will not be subject to U.S. federal income tax.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security. Accordingly, the creditability of any foreign taxes paid and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. holders (as discussed below), could be affected by actions taken by intermediaries in the chain of ownership between the holders of ADSs and us if as a result of actions the holders of ADSs are not properly treated as beneficial owners of the underlying common shares.

Taxation of Dividends

Under the U.S. federal income tax laws, and subject to the passive foreign investment company ("PFIC") rules discussed below, if you are a U.S. holder, the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) is subject to U.S. federal income taxation. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your adjusted tax basis in the common shares or ADSs, as the case may be, and thereafter as capital gain from the sale or exchange of the common shares or ADSs, as the case may be. However, we do not expect to calculate earnings and profits in accordance with U.S. federal income tax principles. Accordingly, you should expect to generally treat any distributions we make as dividend income for U.S. federal income tax purposes.

If you are a U.S. holder who is an individual, trust, or estate, then dividends paid on the ADSs or common shares that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains. Dividends paid on the ADSs or common shares will be treated as qualified dividend income if:

- (a) the ADSs or common shares, as applicable, are readily tradable on an established securities market in the United States; or (b) we are eligible for benefits of a comprehensive tax treaty with the United States, which the U.S. Treasury determines is satisfactory for this purpose, which includes an exchange of information program;
- we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a PFIC; and

- you hold the ADSs or common shares, as applicable, for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements; and you are not under an obligation to make related payments with respect to positions in substantially similar or related property.

We believe that our common shares and ADSs should not be treated as stock of a PFIC for 2023. See additional discussion under the "PFIC Rules," below.

U.S. IRS guidance provides that shares and ADSs are considered as readily tradable on an established securities market in the United States if they are listed on certain national U.S. securities exchanges, including the NYSE. In the case of stock that is not listed in a manner that meets this definition (such as stock listed on the OTC Bulletin Board or on the electronic pink sheets), the U.S. IRS indicated in 2003 that it was considering whether, or to what extent, treatment as "readily tradable on an established securities market in the United States" should be conditioned on the satisfaction of parameters regarding minimum trading volume, minimum number of market makers, maintenance and publication of historical trade or quotation data, issuer reporting requirements under SEC or exchange rules, or issuer disclosure or determinations regarding PFIC or similar status. To date the U.S. IRS has not issued further guidance on this topic.

Accordingly, because our ADSs were delisted from the NYSE on June 22, 2020 and currently trade only on the over-the-counter market, the U.S. IRS may take the position that dividends we pay with respect to the common shares are not paid with respect to stock that is readily tradable on an established securities market in the United States.

We may, however, be eligible for benefits of the Convention and the U.S. Secretary of the Treasury has determined that the Convention is satisfactory for purposes of the qualified dividend income, definition. If we are so eligible and the U.S. Secretary of the Treasury determines that the Convention is satisfactory for purposes of the qualified dividend income definition, dividends received by an individual, trust, or estate U.S. holder may be subject to taxation at the preferential rates applicable to long-term capital gains if our common shares and ADSs are not treated as stock of a PFIC for the year in which the dividend is paid or the preceding year. Corporate U.S. holders are taxed on dividend income at the U.S. federal corporate income tax rate whether or not the dividend income is qualified dividend income.

The dividend is taxable to you when you receive, in the case of common shares, or the Depositary receives, in the case of ADSs, the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to U.S. domestic corporations in respect of dividends received from other U.S. domestic corporations or certain foreign corporations. The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the Chilean pesos payments made, determined at the spot Chilean pesos/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

The amount of dividend income includes the amount of any Chilean tax withheld from the dividend payment even though you do not in fact receive such amount. Subject to generally applicable limitations and conditions under the Code, Chilean Withholding Tax withheld and paid over to the Chilean tax authorities (after taking into account the credit for the First Category Tax, when it is available) may be creditable or deductible against your U.S. federal income tax liability. These generally applicable limitations and conditions include new requirements adopted by the U.S. IRS in December 2021 and any Chilean withholding tax will need to satisfy these requirements in order to be eligible to be a creditable tax for a U.S. holder. If you either (i) are eligible for, and properly elect, the benefits of the Convention, or (ii) consistently elect to apply a modified version of these rules under recently issued temporary guidance and comply with specific requirements set forth in such guidance, the Chilean withholding tax on dividends will be treated as meeting the new requirements and therefore as a creditable tax. In the case of all other U.S. holders, The application of the requirements to the Chilean Withholding Tax on dividends is uncertain, and we have not determined whether these requirements have been met. If the Chilean withholding tax on dividends is not creditable for you or if you do not elect to claim a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year, you may be able to deduct the Chilean withholding tax in computing your taxable income for U.S. federal income tax purposes.

Dividends will generally be income from sources outside the United States and, for U.S. holders that elect to claim foreign tax credits, will, depending on your circumstances, generally be “passive category income” for foreign tax credit purposes. The availability and calculation of foreign tax credits and deductions for foreign taxes depend on your particular circumstances and involve the application of complex rules to those circumstances. The temporary guidance discussed above also indicates that the Treasury and the U.S. IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S. holders should consult their tax advisors concerning the application of these rules in their particular circumstances.

Taxation of Capital Gains

Subject to the PFIC rules discussed below, if you sell or otherwise dispose of your common shares or ADSs, you will generally recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your adjusted tax basis, in your common shares or ADSs, as determined in U.S. dollars. Capital gain of a U.S. holder who is an individual, trust, or estate, is generally taxed at preferential rates where the property is held for more than one year. The deductibility of capital losses is subject to significant limitations. You will generally not be entitled to credit any Chilean tax imposed on the sale or other disposition of the common shares or ADSs against your U.S. federal income tax liability, except in the case you either (i) are eligible for, and properly elect to claim, the benefits of the Convention, or (ii) consistently elect to apply a modified version of the U.S. foreign tax credit rules that is permitted under recently issued temporary guidance and comply with the specific requirements set forth in such guidance. Additionally, the gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. Consequently, even if the Chilean tax qualifies as a creditable tax, you may not be able to credit the tax against your U.S. federal income tax liability unless such credit can be applied (subject to generally applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. However, if you are eligible for the benefits of the Convention, you may elect to treat such gain as Chilean-source gain under the Convention. If the Chilean tax is not a creditable tax or you do not claim it as a credit pursuant to the Convention, the tax would reduce the amount realized on the sale or other disposition of the common shares or ADSs even if you have elected to claim a foreign tax credit for other taxes in the same year. The temporary guidance discussed above also indicates that the Treasury and the U.S. IRS are considering proposed amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S holders should consult their own tax advisors regarding the application of the foreign tax credit rules to a sale or other disposition of the common shares or ADSs and any Chilean tax imposed on such sale or disposition.

If the consideration received for our common shares or ADSs is paid in foreign currency, the amount realized will generally be the U.S. dollar value of the payment received translated at the spot rate of exchange on the date of disposition (or, if the common shares or ADSs are traded on an established securities market at such time, in the case of cash-basis and electing accrual-basis U.S. holders, the settlement date). An accrual basis U.S. holder that does not elect to determine the amount realized using the spot exchange rate on the settlement date will recognize foreign currency gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates in effect on the date of the sale or other disposition and the settlement date. Our ADSs were delisted from the NYSE on June 22, 2020 and currently trade only on the over-the-counter market. It is unclear whether an over-the-counter market is treated as an established securities market for purposes of these rules. A U.S. holder’s initial tax basis in our common shares or ADSs will equal the cost of such ADSs or common shares. If a U.S. holder used foreign currency to purchase our common shares or ADSs, the cost of our common shares or ADSs will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. If our common shares or ADSs are treated as traded on an established securities market and the relevant U.S. holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, such holder will determine the U.S. dollar value of the cost of such common shares or ADSs by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

PFIC Rules

We believe that our common shares and ADSs should not be treated as stock of a PFIC for 2022 and we do not anticipate becoming a PFIC in future taxable years, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to be treated as a PFIC, gain realized on the sale or other disposition of your common shares or ADSs would in general not be treated as capital gain. Instead, if you are a U.S. holder, unless you make a timely “mark-to-market” election electing to be taxed annually on a mark-to-market basis with respect to your common shares or ADSs, or you make a timely “qualified electing fund” election to be taxed annually on the earnings and gains of the PFIC attributable to your shares or ADSs (irrespective of distributions), you would be treated as if you had realized such gain ratably over your holding period in the common shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year except for the current year. In addition, distributions that you receive from us will not be eligible for the preferential tax rates applicable to qualified dividend income if we are treated as a PFIC with respect to you either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at the tax rates applicable to ordinary income, and to the extent they are treated as “excess distributions” under the PFIC rules, they will also be subject to the PFIC interest charge described above. A U.S. holder will be required to make an annual filing with the U.S. IRS if such holder holds ADSs or common shares in any year in which we are classified as a PFIC. With certain exceptions, your common shares or ADSs will continue to be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your common shares or ADSs even if we no longer meet the PFIC tests in a later year.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. holders are urged to consult their own tax advisers with respect to the application of the PFIC rules to their investment in the common shares or ADSs.

Information Reporting and Backup Withholding

Dividends paid on, and proceeds from the sale or other disposition of, the shares or ADSs to a U.S. holder generally are subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a refund or credit against the U.S. holder’s U.S. federal income tax liability, provided the required information is furnished to the U.S. IRS in a timely manner.

A holder that is not a U.S. holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

Foreign Asset Reporting

Certain U.S. holders who are individuals (and certain entities) that hold an interest in “specified foreign financial assets” (which may include the common shares or ADSs) with an aggregate value in excess of U.S.$50,000 on the last day of the taxable year, or $75,000 at any time during the taxable year, are required to report information relating to such assets, currently on Form 8938, subject to certain exceptions (including an exception for stock held in accounts maintained by certain financial institutions). Penalties can apply if U.S. holders fail to satisfy such reporting requirements. U.S. holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of common shares and ADSs.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. Filings we make electronically with the SEC are available to the public on the Internet at the SEC’s website at www.sec.gov and at our website at http://www.latamairlinesgroup.net/financial-information/sec-filings. (This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to our website. The information on our website, which might be accessible through a hyperlink resulting from this URL, is not and shall not be deemed to be incorporated into this annual report.)

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.