

LAW & POLICY GROUP

GRIST



CHILE RESTRICTS PROJECT-BASED EMPLOYMENT CONTRACTS

*By Mercer's Agustina Bellido, Fiona Webster and Stephanie Rosseau
2 Jul 2019*

Restrictions on the use of project-based — or fixed-term — contracts in Chile took effect on 1 Jan 2019, with the wage multiplier for mandated severance payments increasing gradually to 2.5 times a worker's daily wage in 2022. The measures are included in [Law 21.122](#) (Spanish), which revises the labor code.

HIGHLIGHTS

- Workers employed on a project-based contract of at least one month that ends early will be entitled to a severance payment of 2.5 times their daily wage for each full month of work, or partial month exceeding 15 days. The severance payment will be calculated on the workers' final pay, and workers must be informed of the amount they will receive. The wage multiplier will be phased in, increasing to the full 2.5 times a worker's daily wage in 2022.
- Workers employed under two successive contracts for the same project will be converted to open-ended employment contracts.
- Workers employed for more than a year under two or more contracts on the same project will be entitled to paid vacation.

RELATED RESOURCES

- [Law 21.122](#) (Spanish) (Chilean government)

Note: Mercer is not engaged in the practice of law, accounting or medicine. Any commentary in this article does not constitute and is not a substitute for legal, tax or medical advice. Readers of this article should consult a legal, tax or medical expert for advice on those matters.