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Chile – tax update 2024

The tax climate in Chile

The tax landscape in Chile during 2024 has been marked by the approval of the Tax Compliance Bill,¹ which introduces significant amendments to the Tax Code, the Income Tax Law and the VAT Law. This legal framework aims to increase tax revenue by 1.5 per cent of GDP, granting broader auditing powers to the Chilean Internal Revenue Service (Servicio de Impuestos Internos or SII) and strengthening tax compliance standards.

Tax compliance law

On 25 September 2024, the Chamber of Deputies approved the Tax Compliance Bill, focused on combatting tax evasion and avoidance. On this occasion, the Chamber overwhelmingly approved the amendments proposed by the Senate on 28 August. These include changes to the General Anti-Avoidance Rule (GAAR), special anti-avoidance rules, corporate reorganisations, VAT and the governance of the SII.

An additional revenue of approximately US\$1.5bn is expected. The main aspects are summarised below.

General Anti-Avoidance Rule

Application of GAAR remains judicial: the prior judicial procedure is maintained, but substantive and procedural changes are introduced at the administrative level.

The threshold for application of the rule has been raised (approximately US\$73,000 of taxable base).

The regulation clarifies how the GAAR interacts with special anti-avoidance rules, outlining when and how each may be applied by the tax authority (SII), and establishing that the same act cannot be simultaneously subject to both.

Extension of the statute of limitations: the tax authority (SII) has six years to audit and apply the anti-avoidance rule from the payment deadline, and six years to sanction or demand payment from the date the evasion ruling is notified.

Moreover, the amendment introduces a new hypothesis of tax evasion and modifies the provisions related to penalties for advisors and penalties for taxpayers.

SII governance

Two new institutions have been created:

- Executive committee: an internal collegiate body with decision-making powers on matters previously reserved for the National Director; and
- Tax council: a consultative body with the capacity to block general instructions that are contrary to law or the principle of legal reserve.

The audit, regulatory and legal deputy directors will be appointed under the senior public management system.

Tax sustainability

The concept of ‘tax sustainability’ has been given legal status and has been introduced to the legislation. It is defined as the set of actions that a taxpayer implements to promote mutual cooperation and transparency in complying with its tax obligations.

Taxpayers will be able to obtain compliance certifications and enter into cooperative compliance agreements with the SII.

Modifications regarding the recognition of passive income of controlled entities abroad (CFC)

The rules for determining control of foreign entities are expanded by applying the Tax Code’s relationship rules. New presumptions of relationship include close family members such as spouses, civil partners, direct relatives up to the second degree, and, in some cases, siblings.

Bank secrecy

The procedures for lifting bank secrecy have been streamlined, maintaining prior judicial authorisation. In certain tax crimes, the taxpayer will not be notified and cannot oppose the request.

Valuation and reorganisations

Article 64 of the Tax Code has been reformulated regarding the tax neutrality of business reorganisations, including requirements for mergers, spin-offs and international reorganisations.

Audit powers

- Multi-jurisdictional audits are allowed.
- Audits of matters already reviewed in previous years are prohibited.
- New audit deadlines: nine, 12 or 18 months depending on the case.
- The statute of limitations is extended by 12 months if there is omission of informative returns.

Combating evasion

New measures include:

- obligation to verify business initiation for digital platforms and payment providers;
- new crimes and increased penalties for tax offences;

- mandatory use of electronic or traceable payment methods in certain transactions;
- reporting by financial institutions of certain multiple transfers;
- obligation for regular sellers of used goods to issue documentation identifying suppliers and origin of goods;
- updated tax compliance requirement for bank loan eligibility; and
- regulation of anonymous whistleblowers and substantial cooperation, including penalties for false reports and a reward of 10 per cent of the evaded amount.

VAT

- Exporters who cease activities must provide proof of exports equivalent to the recovered VAT credit amount.
- Reclassification of certain transactions as sales of fixed assets if there is simulation or abuse.
- Elimination of the US\$41 threshold for import exemptions. Digitally acquired goods under US\$500 will be subject to the simplified system (exempt from VAT and customs duties).

Transfer pricing

Improvements have been made to the Advance Pricing Agreement (APA) procedure, including retroactive application for up to three years. Taxpayers are also allowed to make self-adjustments without impact on other taxes.

Other notable matters

Digital VAT

Law No 21,713 (2024) amends the VAT Law (LIVS), introducing the new Article 3 bis. This provision establishes that digital platform operators will be responsible for VAT on underlying transactions. The measure takes effect in October 2025 and aims to optimise tax collection and compliance in business to customer (B2C) transactions.

Territories or jurisdictions with preferential tax regimes

The Internal Revenue Service updated, through Resolution Ex. SII No 30 of 10 March 2025, the list of territories or jurisdictions with preferential tax regimes, in compliance with the amendment to Article 41 H of the Income Tax Law (introduced by Law 21,713). This update came into force on 1 January 2025.

According to the new regulation, a territory is considered to have a preferential tax regime if:

- it does not have a valid and effective agreement with Chile for the exchange of tax information; and
- it does not meet the international transparency standards established by the Global Forum.

The classification of a territory as a tax haven has major implications for several Chilean tax rules, including:

- transfer pricing;
- thin capitalisation;
- controlled foreign corporations;
- investment reporting obligations; and
- additional withholding tax.

Conclusions

The 2024 tax compliance reform represents a structural transformation in the relationship between taxpayers and the SII. It strengthens:

- the institutional framework;
- the auditing powers of the tax authority; and
- the tools for cooperation to tackle tax evasion and avoidance.

¹ Tax Compliance Bill, see

www.bcn.cl/leychile/navegar?idNorma=1207746&idParte=10521197&idVersion=2024-10-31, accessed 23 June 2025.