

# Insights: Tax Alert

## Bill on National Reconstruction, and Economic and Social Development

KPMG Chile

This document summarizes the main modifications in tax matters contained in the bill “*Law for National Reconstruction and Economic and Social Development*”, highlighting its scope and Effective provisions. This summary is for information purposes only and does not replace the revision of the legal text and its transitional provisions, which may vary during the legislative process.

### 1. Corporate Income Tax Rate Reduction

- A transitional rule is established that regulates the gradual reduction of the CIT rate from 27% to 23% for companies subject to the general regime (Article 14 letter A).
- Thus, during the 2026 business year the rate will be 27%; for the 2027 business year the rate will be 25.5%; for the 2028 business year the rate will be 24%; and for the 2029 business year the rate will be 23%.
- The differentiated rates for taxpayers under the ProPyme or SME Regime (25%) and taxpayers under the general regime (27%) are eliminated. Thus, a unified reference to the rate is consolidated.

#### Effective provisions

Subject to the gradualness explained.

### 2. Total integration of CIT with final taxes

The total integration of the Chilean tax system is restored, so that the CIT paid by the company is fully creditable against the final taxes of the owner.

- Modification to business income registers: the distinction between credits with and without the obligation to return at the level of business income registers is null and void and all the regulations associated with this distinction are eliminated.
- Elimination of rules on restitution: the reference to the obligation of restitution in the regulations referring to the application of final taxes to owners subject to final taxes is deleted.



### Effective provisions

- Effective as of January 1, 2027.
- However, a transitional regime for restitution is envisaged for previously generated claims.

CIT Credit Generation Period	Percentage of restitution
Until 31.12.2026	35%
Business Year 2027	30%
Business Year 2028	20%
Starting from Business Year 2029	No obligation to return

### 3. Elimination of capital gains tax

It is established that the capital gains regulated in Article 107 CITL obtain the character non-taxable income, eliminating the current single tax of 10%.

- The 10% tax on capital gains on the sale of shares, shares of investment funds or mutual funds traded on the stock exchange is eliminated (Article 107). Thus, capital gains that were affected by a single tax of 10% are now expressly classified as non-income income. By virtue of the above, the numerals of the article associated with the old single tax regime are deleted.
- The wording of the rule that regulates non-taxable income in the distribution of shares released from payment (bonus shares), in the increase in the nominal value of the shares and in the dividends that come from them, is adjusted to align it with the modification of article 107, by virtue of which these incomes are no longer taxed.

### Effective provisions

Effective as of January 1, 2027.

### 4. PPM rate reduction

- The rate to determine the Monthly Provisional Payment (“PPM”) under the ProPyme/SME regime is reduced, replacing the rate of 0.25% with one of 0.23%.
- For the purposes of the PPM, taxpayers must recalculate the CIT with the rate in force in each calendar year to determine the percentage they will apply on their gross income for the months of April to March from 2027 to 2030.



- In the case of taxpayers under general regime, the PPM rate used in December will be reduced by 5.56% for 2027, 5.88% for 2028 and 4.17% for 2029 for the months of January to March.

### Effective provisions

The Bill contemplates transitional recalculation rules applicable to certain periods (April to March) between 2027 and 2030. It is recommended to verify the details of transitional provisions to confirm the temporal scope.

## 5. Regularization of assets and income located abroad

A voluntary, extraordinary and transitory system is established that allows the tax situation of assets and income held abroad to be regularized, through their declaration and the payment of a sole tax of 10%, applied to their commercial value. The rate is reduced to 7% when the assets are repatriated and effectively invested in Chile, and such investment must be maintained for a minimum period of 5 years.

- The payment of the tax fully cleans up the tax situation of the regularized assets and income, extinguishing the tax, civil and criminal liabilities derived from the prior omission of declaration or taxation.
- The declared value will constitute the tax cost of the assets for future purposes.
- This system may be used by natural and legal persons domiciled, resident, established or incorporated in Chile prior to January 1, 2025, who maintain assets or have generated income abroad that did not comply with their tax obligations in Chile in a timely manner.
- The system includes assets acquired prior to January 1, 2025, and income from such assets generated until December 31, 2025. The regime also applies to assets or income held directly or indirectly, including structures such as companies, trusts, fiduciary assignments or mandates, and the final beneficiary must be identified in any case, in accordance with international standards.
- It allows you to pay taxes on profits pending recognition abroad, on which there is still no obligation.
- Excluded from the system are those assets or income from jurisdictions classified as high-risk or non-cooperative, as well as taxpayers linked to tax crimes, money laundering or terrorist financing.
- The non-use of this regime may be considered an aggravating circumstance in possible future audits related to assets or income held abroad.

### Effective provisions

Effective as of the first day of the third month following the date of publication of this law, for a period of 12 months.

## 6. Substitute tax for accumulated profits



A voluntary and transitory regime is established that allows taxpayers to regularize historical balances pending taxation with final taxes, through the payment of a sole and substitute tax of 10%.

- Taxpayers who maintain, at the end of the 2025 or 2026 business years, as applicable, will be able to benefit from this regime:
  - Accumulated profits in the Reinvested Earnings Fund (FUR) and/or in the Total Taxable Profits Balance (STUT), and/or
  - Withdrawals in excess of the Taxable Profits Fund (FUT) that are pending taxation with final taxes.
- The option for this regime is optional, and the taxpayer may affect all or part of the eligible balances to the substitute tax.
- The payment of the sole tax implies that the regularized profits or withdrawals will be exempt from future taxation with final taxes, without the right to tax credits, and the respective balances must be eliminated from the business income records.
- In the case of withdrawals in excess of the FUT, the substitute tax paid will not be deductible as an expense for the determination of the taxable net income.

### Effective provisions

The option to avail himself of this regime must be exercised within a period of 8 months, counted from the publication of the law in the Official Gazette.

## 7. Temporary VAT exemption for the sale of new homes

Transitional rule that establishes, for a period of one year, a VAT exemption applicable to the first sale of new homes that, according to the general regime, would be subject to said tax, without affecting the seller's right to the tax credit and with limited retroactivity.

- Housing is understood to be any property built and intended for habitation, with no limit on value, surface area or number of units of the project.
- Parking lots and storage units are included as "direct dependencies", only if: they are sold in the same act or contract as the home; and they are covered by the same partial or definitive municipal reception, granted before the publication of the law.
- It must be the first transfer of ownership of the new property for consideration, after the municipal reception. The sale between related companies is not considered a first sale in accordance with the rules of the Tax Code.
- On the date of publication of the law, the dwelling must have been definitively or partially accepted by the Municipality.
- As a general rule, the sale must be recorded in a public deed executed within the year of validity of the exemption. Alternatively, public deeds granted after the period of validity may

be accepted, provided that they derive from a promise of sale granted by means of a public deed or private instrument protocolized within said period.

- The exemption does not affect the seller's right to use the VAT paid on the construction as a tax credit. Such credit may be set off against tax debits from other taxable transactions and the remainder may: (i) become part of the cost of the goods; or (ii) be deducted as an expense if the option is exercised in a year subsequent to the year of the sale.
- The exemption may be eligible for sales granted by public deed between the date of entry of the presidential message and the first business day of the month following the publication of the law. To this end, the general requirements established in this exemption must be met; likewise, the VAT corresponding to this sale must have been paid and the exemption must be expressly recorded in the deed.
- The seller may request a refund of the VAT paid, for which he must prove that said tax has been effectively refunded to the buyer.
- Sales of a housing unit covered by this exemption will not be considered for the calculation of the proportionality of the tax credit.

### Effective provisions

Valid for 1 year, counted from the first business day of the month following the publication of this law.

## 8. Temporary reduction of the gift tax

Transitory rule that, for one year, reduces by 50% the tax on donations that meet certain requirements.

- Donations subject to the tax will be entitled, for a single time, to a reduction of 50% of the tax determined.
- They must be granted by means of a public deed signed within a period of 1 year, counted from the first day of the month following the publication of this law. Within the same period, the donee must file the gift tax return with the SII (CIRS). The term requirement will be understood to have been met, even if the registrations or registrations necessary to transfer the assets are made later.
- Donations that take advantage of the 50% reduction will be freed from judicial insinuation.
- At least 50% of the value of the donated property must be owned by the donor's beneficiaries, in the proportions established in the Civil Code. At least 25% of the value of the donated property must be owned by one or more assignees of the fourth of improvements. The remaining 25% may only benefit the same beneficiaries and/or assignees of the fourth of improvements, in the proportions determined by the donor.
- Donations to other than legitimates or assignees of fourth improvements (forced heirship) will not give the right to the reduction.



- The value of what is donated, considering all donations that are covered by this article, may not exceed 75% of the total assets of the donor.
- The total amount of the estate, the existence of legitimates/assignees of the fourth of improvements, the proportion that corresponds to each one and the percentage of the estate donated to each assignee will be accredited by means of an affidavit of the donor. This declaration may be included in the same deed of donation. The donor must submit the affidavit to the SII.
- The donation made to the spouse will have, for the purposes of this reduction, the character of irrevocable and, consequently, will be subject to tax.
- The notary must deliver to the donee or donees an unauthorized copy of the deed of donation to be presented to the SII along with the gift tax return.
- The notary may not authorise the public deed of donation without prior proof of payment of the tax by means of a certificate from the SII. This certificate must be notarised together with the deed of donation.
- The donee may finance the tax through: (i) loans granted by public deed, or (ii) promissory notes authorized before a notary, from the companies whose corporate rights or shares are donated or from other related companies. These loans/promissory notes will not be subject to the taxation of the CITL rejected expense.
- To determine the right to credit and calculate the tax on future inheritances or donations from the same donor, the tax that would have been payable without the 50% reduction will be considered as effectively paid.
- If the donee disposes of the donated goods within 3 years from the date of the deed of donation, the tax cost of the property will correspond to the cost that the donor had according to general rules (not to the appraisal or donation value).

### Effective provisions

In force for 1 year, counted from the first day of the month following the publication of this law, both to grant the deed and for the donee to file the Gift Tax return.

## 9. Reduction of land tax

A 100% exemption from the Land Tax is established with respect to the main residence of natural persons aged 65 or over.

- It applies to the property intended and used preferably for the habitation, which constitutes their habitual residence, and coincides with that registered in the SERVEL (Electoral Services).
- The exemption may only be invoked with respect to one dwelling throughout the national territory. In the event of being the owner of more than one property, it must be declared which of them constitutes the main residence.

- In cases of co-ownership, the exemption may be invoked provided that all the co-owners are natural persons, at least one actually resides in the property and has a minimum participation of 50%, or 25% in cases of acquisition by succession.
- In mixed-use properties, the exemption is maintained only if the living area represents at least 50% of the total built area and is inhabited by the owner.
- To access the benefit, an affidavit must be submitted designating or confirming the property as habitual residence, through the taxpayer's personal site on the SII website, in the form and term determined by resolution.
- The exemption will cease if the property loses the character of habitual residence, after summons from the taxpayer.
- The SII will be empowered to request information from all kinds of institutions, to verify compliance with the requirements.
- If the property does not meet the conditions, the SII will declare it by means of a reasoned resolution.
- The improper obtaining of the exemption through maliciously false declarations or simulation will be sanctioned with a fine of 300% of the tax evaded, and disqualification from the benefit for a period of ten years.
- The exemption may not be invoked with respect to real estate acquired from related persons within the three years prior to the filing of the affidavit, unless it is proven that it was due to causes other than purely taxation.
- In the event of the death of the owner, the benefit may be maintained for up to three years or until the sale of the property.

### Effective provisions

Effective as of January 1 of the year following the publication of this law in the Official Gazette.

## 10. Changes in the treatment of DFL 2 homes

A new special regime of mandatory single tax (natural persons) and optional (legal persons and individual entrepreneurs) applicable to income obtained from the lease or other form of transfer of use of economic housing (DFL 2) is introduced, with the aim of encouraging investment and expanding the supply of smaller rental housing.

- **Natural persons (mandatory regime):** The general regime in force with respect to the first two economic dwellings is maintained. From the third economic dwelling inclusive, provided that the built-up area of each unit does not exceed 90 m<sup>2</sup>, the income obtained by leasing, assignment of use or temporary enjoyment or exploitation in any capacity may be subject to a single income tax at a rate of 5%, applied to the gross amount of the income established in the respective contract, without deduction of expenses.
- **Legal persons and individual entrepreneurs (optional regime):** In the same way, the regime is extended to legal entities and to economic housing assigned to individual

entrepreneurs (starting from the third economic home), provided that the built area of each unit does not exceed 90 m<sup>2</sup>, who may choose to take advantage of the single tax of 5% with respect to the rental income of said properties, which will also be applied to the gross amount of the rent, without deduction of expenses.

- The option for this regime must be communicated to the SII and will be mandatory for at least five consecutive tax years. Once the waiver of the regime has been exercised, it will not be possible to opt for it again.
- The single tax of 5% will be a substitute for general taxation, and the taxation of said income will be understood to have been fully complied with. The net income affected by the regime must be recorded as such in the corresponding tax registers.
- This new treatment does not modify the historical benefits of DFL 2 for the first two homes of natural persons, but establishes a differentiated and simplified tax framework for additional smaller real estate investments.

### Effective provisions

Effective as of January 1, 2027.

## 11. Tax Invariability

- A tax invariability statute applicable to foreign and local investors is created, provided that the project involves a minimum investment of USD 50 million. The regime covers strategic sectors such as mining, industry, energy, infrastructure, telecommunications, forestry, research, technological development, health and science.
- Invariability is granted through a contract with the State. In the case of foreign investors, the contract is entered into with the Foreign Investment Promotion Agency; in the case of local investors, it is signed with the Ministry of Finance. The benefit has a duration of 25 years, counted from the start-up of the project.
- For foreign investors, a total effective income tax burden of 35% is guaranteed, expressly excluding the mining royalty from said calculation. In the case of local investors, the invariability of the rules in force at the time of the contract in CIT, Complementary Global Tax and VAT is ensured.
- The invariability covers both legal norms and administrative interpretations in force, including rules on depreciation, carry-forward of losses and organizational and start-up expenses. Likewise, the VAT and tariff regime applicable to the import of capital goods during the investment period remains unchanged.
- Mining projects have access to reinforced protection, which ensures invariability with respect to the current royalty, possible new specific taxes and more burdensome modifications to exploration and exploitation patents.

### Effective provisions

Effective as of January 1, 2027 or the entry into force of this law, if it occurs at a later date.

## 12. Facilities for the payment of tax obligations

- The Treasury (TGR) will have 180 days from the publication of this law to apply this special regime. It covers all taxes and obligations subject to the enforcement of tax obligations of money, due until December 31, 2025.
- If the taxpayer pays in cash, the TGR may forgive up to 100% of the interest and 80% of the fines. On the other hand, in the case of payment agreements, the forgiveness will reach up to 95% of the interest and 75% of the fines, provided that a minimum deposit equivalent to 10% of the principal of the original debt, excluding interest and penalties, is known.
- The payment agreements will have a maximum duration of 24 equal and successive monthly installments.
- The forgiveness of interest and fines within the framework of payment agreements will be subject to the following resolutive condition: as long as the debtor remains up to date in compliance with the agreement, no new interest or fines will be accrued. However, failure to comply with any of the instalments will render the agreement null and void, resulting in the revocation of the forgiveness granted and the resumption of the collection of the original interest and fines from the date of non-compliance, applicable to the unpaid principal and fines.
- The following may benefit: (i) natural persons; (ii) micro, small and medium-sized enterprises, or (iii) taxpayers without classification, according to information from the SII.
- The same taxpayer may not sign more than 3 agreements under this faculty.

### Effective provisions

Effective for 180 days, counted from the publication of this law in the Official Gazette.

## 13. New audit powers of the SII

- The supervisory powers of the Internal Revenue Service (SII) are strengthened by expressly expanding its capacity to request, receive and cross-check nominative information from other organs of the State Administration, when necessary for the correct application and control of taxes.
- The information may come from public records, databases and information systems, whatever the medium, always within the framework of the SII's audit functions.
- It is expressly established that the SII must adopt the necessary measures to safeguard confidentiality, security and reserve of the information obtained.

### Effective provisions

Effective as of the first day of the month following its publication in the Official Gazette.

## 14. Interest Forgiveness and Penalties for Municipal Rights Debts

An extraordinary and transitory procedure is established for the forgiveness of all interest and fines arising from debts generated by the delay in the payment of municipal fees, in order to facilitate the regularization of the aforementioned debts, reduce litigious contingencies and strengthen the formalization of taxpayers and the development of their economic activity.

- The procedure includes the debts of natural and legal persons generated by the delay of municipal rights, such as circulation permits, commercial patents and cleaning rights, among others, that have accrued within the three years prior to January 1, 2026. Likewise, it may be applied with respect to judicial collection proceedings for the amounts indicated, in which no final judgment has been issued.
- The interested party must submit a well-founded written request to the respective Municipality within a period of 12 months from the first day of the month following the publication of this law.
- The Municipality must resolve the request within 30 business days of its submission. If approved, the resolution must contain the readjusted amount owed and the total forgiveness of interest and fines. In addition, in the same resolution, it may declare its waiver of the exercise of the collection action with respect to periods that may be declared time-barred.
- As a general rule, the interested party will have a period of 12 months for the total payment of the amount owed, counted from the date of the resolution. In the case of cleaning rights, the term will be 36 months. In addition, the Municipalities are empowered to authorize payment in installments and establish payment agreements within the indicated periods. The full payment of the amount will result in the expiration of the collection action of the Municipality for the concepts considered in the resolution.
- Failure to pay will render null and void the resolution issued by the Municipality and will make the original debt enforceable, with its respective interest, readjustments and fines.

### Effective provisions

Effective as of the first day of the month following the publication of this law in the Official Gazette and up to 12 months from that date.

## 15. Credit for payment of remuneration

It is proposed to create a new tax credit whose objective is the protection of formal employment, based on the remuneration paid to workers whose monthly salary does not exceed 12 UTM. As a particularity, this credit can be imputed to Income Tax and eventually to VAT.

- A new credit is introduced for remuneration with respect to each remuneration paid monthly whose amount does not exceed 12 UTM.
- The rate of this credit corresponds to 15% of each remuneration paid in the case of remunerations of up to 7.8 UTM. In the case of remunerations above 7.8 UTM and up to 12 UTM, the rate is reduced linearly to 0% according to the formula indicated in the Bill.



- For the calculation of the monthly remuneration, in addition to the taxable remuneration of the worker, the allowances for food, mobilization and lodging are included, in the event that these are paid in money.
- In the case of part-time workers, the credit will be calculated proportionally according to the number of weekly hours agreed with such workers, in relation to the maximum working day.
- The Bill does not set a cap on the amount of credit a company can obtain.
- The order in which the credit is imputed is as follows: (i) Monthly Provisional Payments, (ii) VAT Tax Debit, and (iii) CIT. If for any reason the credit cannot be imputed according to the previous order, it may be used in subsequent tax periods, readjusted.
- State-owned enterprises, or those with a 50% stake by the State, are not entitled to the credit.
- The improper use of credit is a crime that can be punished with a fine based on the amount defrauded and with imprisonment, up to the main imprisonment in its medium degree.
- The credit is incompatible with other benefits intended for the financing of contracting that meet the following two requirements:
  - Give rights to monetary contributions.
  - That they are granted under programs established in the Public Sector Budget Law.

#### **Effective provisions**

Effective as of the first day of the month following its publication in the Official Gazette.

#### **16. Elimination of SENCE credit**

- The credit that was granted for up to 1% of the taxable remuneration paid during the year, for the training expenses of workers, is eliminated. Consequently, all the articles relating to this credit are repealed.

#### **Effective provisions**

Effective as of the first day of the month following its publication in the Official Gazette.