Insights: Tax & Legal Highlights

A monthly selection of the latest tax developments of interest.
English edition

KPMG Chile

August 2026

Content

1. VAT on online betting and casino platforms

A foreign company engaged in betting, gambling, online casinos and similar activities requested guidance on how to determine the VAT tax base applicable to the services provided.

The Chilean Internal Revenue Service (IRS) stated that, in principle, any amount received as consideration for the provision of services should be regarded as remuneration. Accordingly, in this industry, the VAT tax base would correspond to the amounts paid, deposited or wagered by users as consideration for the services, without any deduction for prizes paid out.

However, to the extent that it is duly substantiated before the IRS, the VAT tax base may be determined by deducting from the amounts wagered the prizes that the company was required to pay as a result of bets placed by users.

This remuneration must be determined for each applicable VAT period, whether monthly or quarterly, depending on the option selected by the taxpayer upon registration in the simplified VAT portal.

Read online:
Ruling N°1658 / 2026

2. Chilean tax effects of the corporate migration of an LP

The IRS addressed the Chilean tax consequences arising from the corporate migration of an LP incorporated in the Cayman Islands by Canadian partners to a province in Canada, while maintaining underlying Chilean assets in its portfolio.

First, the corporate migration of the LP will not trigger tax consequences in Chile provided that the transaction does not interrupt the continuity of the LP's legal personality and does not involve the transfer of the underlying assets.

Additionally, with respect to the application of the Chile-Canada Double Tax Treaty (DTT) by the Canadian partners of the LP, and considering that the LP is treated as a transparent entity in both the Cayman Islands and Canada, such partners may directly claim treaty benefits in respect of income earned by the LP, provided that:

- The LP qualifies as a fiscally transparent entity, whereby the entity's income is taxed only in Canada at the partner level in the same fiscal year in which it is withdrawn, remitted or distributed from Chile;
- The partners qualify as residents of Canada; and
- Certification is obtained from the Canadian tax authority confirming that the partners are taxed on the LP's income as a transparent entity.

Read online:
Ruling N°1834 / 2026

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3. Cross-Border Contribution of Shares

A query was submitted to the IRS as to whether the contribution of all shares of a Chilean company to a Canadian company may qualify under the rules applicable to international business reorganizations set forth in Article 64 of the Tax Code.

The IRS indicated that, provided certain requirements established in Article 64 of the Tax Code are met, the transaction may be excluded from the tax authority's appraisal powers, as international business reorganizations also include contributions of assets.

For these purposes, it is essential that, in the case of a contribution of shares in a company incorporated in Chile, Chile's taxing rights are not impaired. Such taxing rights will be preserved if future transactions involving those assets remain subject to taxation in Chile, including under the indirect transfer rules, without prejudice to the existence of a DTT.

The IRS further emphasized that the receiving entity must maintain the tax basis of the contributed assets. This circumstance must be expressly and unequivocally documented in the relevant agreement or supporting documentation, which must comply with the legal formalities required under the applicable foreign legislation.

Accordingly, the contributor must retain all traceability documentation for the transaction in order to substantiate each of the foregoing circumstances.

Read online:
Ruling N°1760 / 2026

4. Methods for Determining the Fair Market Value of Intangibles

The IRS was asked whether the DEMPE analysis contained in the OECD Transfer Pricing Guidelines may be used to determine the fair market value of intangibles for purposes of Article 64 of the Tax Code.

Current tax legislation defines fair market value as the value that unrelated parties would have agreed upon in comparable transactions and circumstances.

For this purpose, factors such as the industry, sector, functions performed, assets used and risks assumed, the characteristics of the good or service, and any other relevant circumstance may be considered.

Based on this definition, the IRS noted that the determination of fair market value may take into account any circumstance relevant to the specific case, including situations in which there is no market or direct comparables.

Accordingly, in principle, the DEMPE analysis may be used for the valuation of intangibles.

Read online:
Ruling N°1801 / 2026

5. Tax Basis upon the Sale or Redemption of Fund Units

The IRS was consulted regarding the determination of the tax basis upon the sale or redemption of mutual fund and investment fund units acquired on different dates.

With respect to the methodology to be applied, the IRS analogized these transactions to the disposal of shares in corporations, where the seller may decide which securities to dispose of among shares with identical characteristics of the same company and only subsidiarily resort to FIFO or LIFO if identification is not possible.

Therefore, in situations analogous to the sale or redemption of securities with identical characteristics of the same entity but acquired on different dates, FIFO or LIFO methodologies may be applied in the disposal or redemption of mutual fund units and investment fund units.

The election of the method must be made at year-end in connection with the annual tax return and must be applied consistently with respect to the transactions carried out.

Regarding supporting documentation for the applied method, the IRS indicated that the taxpayer must maintain sufficient records and appropriate methods to substantiate the determination of basis, even in the case of an individual not required to keep accounting records.

Read online:
Ruling N°1601 / 2026

6. Reporting Dividends When Maintaining Accounting Records in a Foreign Currency

The IRS clarified how dividends must be recorded and reported when a company is authorized to keep its accounting records, file returns and pay its taxes in a foreign currency.

When a company maintaining its accounting records in a foreign currency receives dividends paid in Chilean pesos, it must record both the dividend and the associated credit in its functional currency, converting the historical amount of the dividend using the exchange rate published by the Central Bank of Chile in effect on the payment date.

On the other hand, with respect to dividends distributed to its owners, the currency in which a company keeps its accounting records does not alter the manner in which the owners must compute the dividends received.

Consequently, if a dividend is distributed in U.S. dollars but paid in pesos at a specified exchange rate, for purposes of Form DJ 1948 the amount actually determined in Chilean pesos must be reported, together with its associated credit, both duly adjusted for the variation in the CPI between the month preceding the month in which the dividend was paid, credited to account or made available, and the month preceding the end of the fiscal year.

Read online:
Ruling N°1836 / 2026

7. Electronic Tax Documents (DTE) for Late Payment Interest and Collection Fees on Invoices

A query was submitted regarding whether a DTE must be issued for the payment of interest and the fixed fee established under Law No. 19,983 on the Transfer and Enforceability of Invoices.

The late payment interest and fixed fee established under the referenced law constitute a legal consequence arising from the debtor's failure to make timely payment of an invoice. Therefore, they do not correspond to a sale or to the provision of VAT-taxable services.

Accordingly, it is not appropriate for the issuer of the unpaid invoice to issue any type of DTE as a condition for payment of such interest and fee, including exempt or non-taxable invoices or receipts.

Any suitable internal document may be used to substantiate the transaction, provided it supports the concept, amount and parties involved.

Read online:
Ruling N°1827 / 2026

8. Tax Equity and Documentation of Capital Contributions

The IRS addressed how the lack of documentary evidence supporting certain capital contributions may affect the determination of Tax Equity (CPT) and its inflation adjustment, particularly where the assets financed with such contribution do in fact exist and form part of the company's assets.

Tax Equity is determined by considering assets that represent an effective investment and enforceable liabilities, both valued for tax purposes. Therefore, it does not depend exclusively on the company's corporate or statutory capital.

In this context, the company must be able to substantiate the existence, ownership and tax valuation of the assets and liabilities comprising Tax Equity, as well as the source of financing that explains their incorporation into the company's assets.

Therefore, if certain items lack sufficient documentation to support their inclusion in Tax Equity, the corresponding adjustments may be made.

However, the mere observation or questioning of a historical contribution does not automatically give rise to an adjustment to Tax Equity. Such adjustment will apply when the lack of records affects the proper determination of the assets or liabilities considered in calculating Tax Equity and its inflation adjustment.

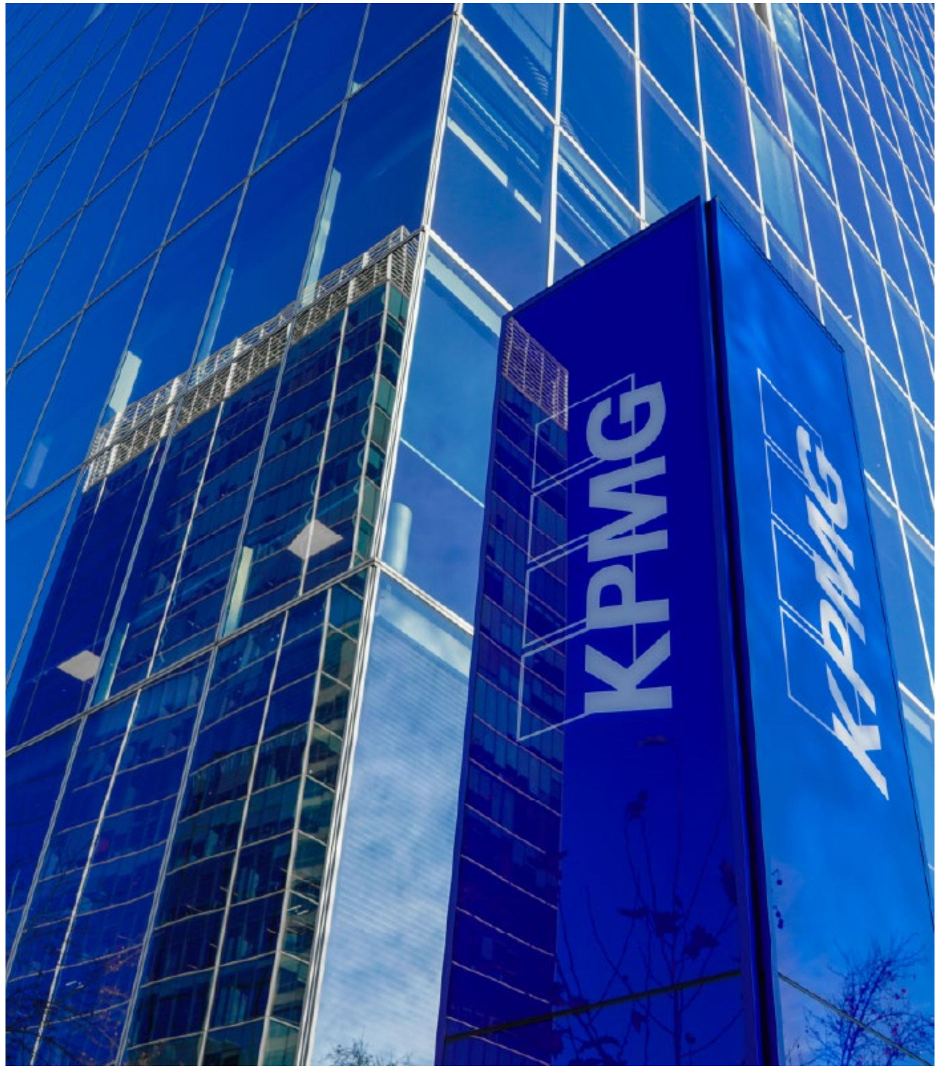
Read online:
Ruling N°1812 / 2026

Other pronouncements

Circular No. 31, dated 07/28/2026	Reiterates instructions on the tax treatment of expenses and donations associated with catastrophes, as well as the deadline and procedure for giving notice in case of inventory losses and fortuitous loss or destruction of accounting books and other documents.
Exempt Resolution No. 99, dated 07/27/2026	Authorizes the use of paper tax documents for taxpayers in the regions of Atacama, Coquimbo, Valparaíso, Metropolitan Region of Santiago, Libertador General Bernardo O'Higgins, Maule, Ñuble, Biobío, La Araucanía and Los Ríos.
Exempt Resolution No. 94, dated 07/15/2026	Updates the list of “VAT SD taxpayers subject to change of taxpayer” in effect between January 1 and December 31, 2026.

Glossary

DTT	Double Tax Treaty
CPT	Tax Equity
TC	Tax Code
DEMPE	Development, Enhancement, Maintenance, Protection and Exploitation, Chapter VI of the OECD Guidelines
DTE	Electronic Tax Documents
FMV	Fair Market Value
FIFO	First In, First Out costing method
VAT	Value Added Tax
LIFO	Last In, First Out costing method
LIR	Income Tax Law
LIVS	Law on Sales and Services Tax
LP	Limited Partnership
OECD	Organisation for Economic Co-operation and Development
GAAR	General Anti-Avoidance Rule
IRS	Chilean Internal Revenue Service



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