

NEW SUBSTITUTE TAX ON FINAL TAXES ENTERS INTO FORCE

Effective July 1, 2024, the Law creating the Transitory Emergency Fund for fires and other reconstruction measures for Valparaíso ("Law") came into effect. This law introduces a new Tax on Final Taxes ("ISFUT"), which replaces the payment of final taxes (i.e., Personal Tax and Withholding Tax) with a single, fixed-rate tax, featuring special characteristics distinguishing it from previous versions.

The new ISFUT applies to Corporate Tax taxpayers under both the general and Pro-SME regimes, with the following general features:

General Regime

- Taxpayers with accumulated taxable profits in the RAI register at the end of the 2023 tax year (including those generated before 2017 in the STUT register) may benefit from the new ISFUT at a 12% rate, without credit rights, on part or all of this profits.
- The corporate income credit associated with profits subject to the ISFUT is lost.

SME Regime

- Companies under the SME regime can opt for the ISFUT at a 30% rate, with the right to a corporate tax credit proportional to the amounts covered, capped at the balance recorded in the SAC register as of December 31, 2023.
- If the credit is applied, such amount must be deducted from the SAC register.

For both regimes, profits subject to the ISFUT will not be taxed again at the final taxpayer level and can be distributed with preference, without being subject to the current imputation order under the Income Tax Law.

The option to opt for this new ISFUT can be exercised until the last

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