

TAX REFORM PUBLISHED IN THE OFFICIAL GAZETTE: KEY CHANGES AND THEIR EFFECTIVE DATES

On October 17, Law No. 21,850 was published in the Official Gazette, introducing various tax measures aimed at promoting investment, revitalizing the economy, and providing greater legal certainty, as well as establishing temporary tax benefits for businesses and individuals.

Below, we summarize the key measures and their effective dates.

1. Gradual reduction of the Corporate Income Tax ("CIT") rate.

- Gradual reduction of the CIT rate from 27% to 23%.
- **Effective date:** November 1, 2026.

2. Full integration of the tax system.

- CIT paid by companies may be credited 100% against the final taxes of their owners. This measure will be implemented gradually.
- **Effective date:** January 1, 2027, with gradual application until December 31, 2028.

3. New tax stability regime.

- Local and foreign investors making investments of at least USD 50 million may lock in their tax burden for 10, 15 or 20 years, depending on the amount invested.
- **Effective date:** January 1, 2027.

4. Capital gains on the sale of shares with stock market presence.

- The gain obtained on the sale of shares and other securities covered by Article 107 of the Income Tax Law will not constitute taxable income.
- **Effective date:** January 1, 2027.

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5. Temporary 50% reduction of the gift tax.

- Gifts to forced heirs (legitimarios) or beneficiaries of the “cuarta de mejoras” will benefit, once per donor, from a 50% reduction of the tax, provided that they do not exceed 50% of the donor’s net worth and the other legal requirements are met. These gifts will be exempt from the court authorization procedure (insinuación).
- **Effective date:** one-year period starting December 1, 2026.

6. Disclosure of offshore assets at a preferential rate.

- Taxpayers domiciled or resident in Chile may disclose undeclared offshore assets and income, acquired before January 1, 2026, subject to a sole substitute tax of 10%, or 7% if they are brought into and kept invested in Chile for at least five years.
- **Effective date:** January 1, 2027, for a 12-month period.

7. Payroll credit for the export of knowledge-based services.

- Companies that export knowledge-based services, rendered remotely to persons without domicile or residence in Chile, will be entitled to a CIT credit of 15% on the portion of remuneration paid to employees linked to those services.
- **Effective date:** November 1, 2026.

8. 10% substitute tax on FUR, STUT and excess withdrawals.

- Companies with positive balances in the Reinvested Profits Fund (FUR), the Total Taxable Profits Balance (STUT) or excess withdrawals pending allocation, as of December 31, 2025 or 2026, may elect to pay a 10% sole tax on all or part of such balances, in substitution of final taxes and without the right to the associated credits.
- **Effective date:** the election may be made within the eight months following publication of the law, that is, from October 17, 2026 through June 17, 2027.

9. Temporary VAT exemption on the sale of new housing.

- Temporary VAT exemption on the first sale of new homes (including parking spaces and storage units sold together with them), provided the legal requirements are met, without loss of the seller's VAT credit.
- **Effective date:** one-year period starting December 1, 2026.

10. **5% sole tax on rental income from affordable housing (DFL No. 2).**

- Individuals who lease affordable housing of up to 90 m², from the third unit onwards, to unrelated parties may elect a 5% sole tax on gross rental income. Legal entities whose exclusive business is leasing these homes may access a similar regime.
- In addition, those who purchase new affordable homes of up to 140 m² within the twelve months following publication of the law may apply this tax to their rental income.
- **Effective date:** January 1, 2027.

The Chilean Internal Revenue Service is currently preparing 13 circulars and 17 resolutions that will set out the instructions and the manner of implementing the tax measures contained in the law.

For more information on Law No. 21,850 and its main amendments, please visit the following Carey portal:

<https://www.carey.cl/en/tax-reform>

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