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# CHILEAN TAX AUTHORITY RELEASES NEW VERSION OF TAX SCHEMES CATALOGUE AND LAW NO. 21,047 THAT INTRODUCES SEVERAL TAX AMENDMENTS IS PUBLISHED

## 1 *New version of Tax Scheme Catalogue*

On November 23, 2017, the Chilean Tax Authority (hereinafter "SII") publicly released a new version of the Tax Schemes Catalogue. In this new version, the SII includes 15 new schemes of situations that could be declared abusive or simulated, adding to a total of 28 schemes published since November of 2016. In addition, through the catalogue the SII proposes an interpretation about how the general anti-avoidance rule should interact with specific anti-avoidance rules in conflict situations.

Among the new tax schemes included in this version that can be highlighted are the generation of tax losses through share sales between related parties, back-to-back loans, loans from an open stock corporation to its shareholders, corporate migrations and a new case of life insurance contracts used as wealth management tool, among others.

*Read more in:http://www.sii.cl/destacados/catalogo_esquemas/catalogo_esquemas_2017.pdf*

## 2 *Law No. 21,047*

On the same date, Law No. 21,047 (hereinafter the "Law"), which amended several provisions of the Chilean Income Tax Law (hereinafter the "ITL") and the Chilean Tax Code, was published on the Official Gazette. Among the most relevant amendments are the following:

- The business-platform tax regime contained in Article 41 D of the ITL was abrogated, precluding any new companies from joining such regimen from the date the Law was published.
- For purposes of the ITL, the reference to the black list of tax haven jurisdictions elaborated by the Chilean Ministry of Economy was replaced with a reference to certain general criteria that determine the existence of preferential tax regimes, contained in Article 41 H of the ITL. These new criteria expressly excludes member countries of the Organization for Economic Cooperation and Development (OECD).

If you have any questions regarding the matters discussed in this memorandum, please contact the following attorneys or call your regular Carey contact.

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- It extends by additional years the application of the transitory rule that entitles non-resident owners of Chilean companies subject to the partially integrated tax regime (regime B) to use 100% of the corporate tax credit to pay the withholding tax on their profit withdrawals or dividend distributions, when their countries of residence have a signed DTT[1] with Chile that is not yet in force. Consequently, this benefit was extended to withdrawals and distributions that are executed until December 31, 2021. In addition, this benefit was extended to countries that sign a DTT with Chile before January 1, 2019.

- A new Article 62 ter was included in the Chilean Tax Code, which amended the rules regarding baking information secrecy with the purposes of enabling the SII to request local qualified institutions for certain financial information of non-resident entities and individuals, in order to comply with the automatic exchange of information obligations established in the Convention on Mutual Administrative Assistance on Tax Matters (MAAT) and the Common Reporting Standard (CRS).

[1] International treaty for the avoidance of double taxation