

Government submits Bill for National Reconstruction and Economic and Social Development

Tax Newsletter – April 23, 2026

The Government has submitted to the House of Representatives the long-awaited **Bill (Message No. 018-374) “for national reconstruction and economic and social development”**, a 203-page initiative containing key measures for the government's agenda.

The bill, also referred to as the “Miscellaneous Law” states as its rationale “restoring economic growth and opening development opportunities as a duty to Chilean families.”

According to the submitted text, the bill is structured around **four pillars** aimed at rebuilding the path to national development. These pillars address complementary dimensions to tackle the country's economic challenges: “**physical reconstruction, economic reconstruction, institutional reconstruction, and fiscal reconstruction.**”

At its core, the initiative combines tax reductions, investment incentives, support for formal employment, and regulatory efficiency measures, with ambitious goals: achieving average growth of 4% per year, reducing the unemployment rate to 6.5% by 2030, and increasing the GDP level by 8.18% over a ten-year horizon.

The Financial Report prepared by the Ministry of Finance groups the measures into three broad categories: **(1)** measures related to fiscal spending; **(2)** regulatory simplification measures; and **(3)** tax measures and measures related to fiscal revenue.

Among the most notable measures are the gradual reduction of the Corporate Income Tax from 27% to 23%, a tax credit for formal employment, reintegration of the tax system, tax invariability for large investments, the elimination of the tax on stock market capital gains, temporary VAT exemptions on housing, incentives for capital repatriation, and payment facilities for tax debts, among others.

The bill, which has already been submitted to the House of Representatives, will now begin its legislative process. As agreed, the Finance Committee will be the central body in the process. Environmental matters will be reviewed by the respective committee, while two specific articles have been referred to the Labor Committee. Progress in Congress is expected in the coming weeks.

Below, we present a summary of the main aspects and tax measures of the bill:

I. Permanent Tax Measures

1. Gradual reduction of the Corporate Income Tax

One of the major proposals in the bill is the establishment of a **gradual reduction of the corporate income tax rate (CIT), from 27% to 23%**, applicable to income accrued or received from business year 2026 onwards.

Specifically, the rate will be modified as follows:

- For income accrued or received during commercial year **2026**, the rate will be **27%**.
- For income accrued or received during commercial year **2027**, the rate will be **25.5%**.
- For income accrued or received during commercial year **2028**, the rate will be **24%**.
- For income accrued or received from commercial year **2029 onwards**, the rate will be **23%**.

Regarding **SMEs**, the transitional rates established by Law No. 21,755 are maintained, namely 12.5% (2026 and 2027) and 15% (2028), so that **from 2029 onwards they will align with the 23% rate applicable to large companies**.

In connection with the proposed rate reduction, transitional rules are also established regarding **Monthly Provisional Payments (PPM)**. Specifically, for companies under the general regime (Art. 14A), a **progressive reduction of the PPM rate is provided during the first quarters (January to March) of each year**, applying discounts of 5.56% in 2027, 5.88% in 2028, and 4.17% in 2029 relative to the rate applied in the preceding December. Additionally, the PPM reduction for SMEs will come into effect on January 1, 2029.

2. Reintegration of the Tax System

The bill establishes the **reintegration of the Chilean tax system**, transitioning from the current partial integration scheme—where taxpayers may credit up to 65% of the corporate income tax paid against their final taxes—to a **full integration system, under which such credit will be fully applicable**.

This transition will also be **implemented gradually** (30% in commercial year 2027, 20% in commercial year 2028, and full integration from commercial year 2029 onwards).

This simplification, which would amend various provisions of the Income Tax Law (ITL), also extends to rules on end-up of activities, withholdings on taxpayers without domicile or residence in Chile, among others.

However, amendments must be presented to reinstate the non-application of the restitution for investors with Double Taxation Treaties while the system is fully integrated, since the project omits it and repeals the final part of article 63.

3. New Tax Invariability Regime for Investors

A **tax invariability mechanism is established for local and foreign investors** developing mining, industrial, forestry, energy, infrastructure, telecommunications, research, technological development, medical, or scientific projects in the country, among others, **provided the investment amount equals or exceeds USD 50 million**. This regime would come into effect as of January 1, 2027, or from the date the law enters into force if later.

This invariability will have a **duration of 25 years** and will be formalized through contracts executed with the State.

For **foreign investors**, a total effective income tax burden of 35% is guaranteed—excluding the mining royalty—while for **local investors**, the maximum invariable rate will correspond to that determined under the rules in force at the time the contract is executed.

The regime also ensures the stability of rules and administrative criteria in areas such as asset depreciation, carryforward of tax losses, organization and start-up expenses, as well as the VAT and tariff regime for the importation of capital goods. In the case of **mining projects, invariability with respect to the royalty and new specific taxes for the activity is included**.

The benefit may be extended to **"related projects"** (*"proyectos conexos"*) understood as those forming part of the same economic unit or seeking to incorporate new technologies, increase productive capacity, or improve efficiency.

Finally, if subsequent regulatory changes prove more favorable, investors may opt for those changes in lieu of the originally agreed invariability.

4. Elimination of the 10% single tax on stock market capital gains

The bill proposes **the elimination of the 10% single tax on capital gains from the sale of securities with stock market presence** (shares, mutual fund units, and investment fund units), **restoring their classification as non-taxable income.**

This reinstates the regime prior to Law No. 21,420, under which such gains were not subject to taxation. Because of this change, the rules regarding the deduction of stock market losses, as well as the withholding mechanisms and reporting obligations associated with the repealed tax, are also eliminated.

5. Tax Credit for the protection of formal employment

The bill further introduces **a new tax credit aimed at protecting formal employment**, the amount of which is determined based on the worker's gross remuneration under a progressivity criterion.

Specifically, the credit will **amount to 15% of remuneration for workers with a gross remuneration of up to 7.8 Monthly Tax Units (UTM) (CLP 545,000)**, decreasing linearly to 0% when remuneration reaches 12 UTM (**CLP 838,000**). The benefit applies to all formally hired workers, directly targeting informality as the main source of employment precariousness.

The measure will primarily benefit SMEs and companies subject to the regime under Article 14(a) of the Income Tax Law, as it operates as a direct reduction of the corporate tax burden based on the wage bill of lower-paid workers.

In this way, the credit seeks to reduce the effective cost of formal hiring, protecting employment stability against increases in labor costs.

Legal entities that own economic housing units, as well as individuals who have assigned such properties to their sole proprietorship, **may opt to avail themselves of the same 5% single tax regime**, provided they exercise such option before the SII and **remain under the regime for at least 5 consecutive tax years.**

6. Expansion of DFL2 Housing Tax Benefits

The tax benefits for properties under DFL 2 are expanded, establishing a **new regime applicable from the third economic housing unit onwards.**

Specifically, rental income obtained **by individuals from the third unit onwards will be subject to a 5% single tax**, provided the properties are **up to 90 square meters**, while the current treatment for the first two properties remains unchanged.

7. Elimination of Property Tax on primary residence for senior citizens

Another widely discussed measure is the introduction of a **new 100% exemption from property tax (“contribuciones”) for individuals aged 65 or older, with respect to their primary residence**, understood as the property that constitutes their habitual residence and matches their registered electoral domicile. The benefit is **limited to a single property nationwide** and extends to mixed-use properties, provided the residential area represents at least 50% of the total built surface.

In cases of co-ownership, the exemption will apply when all co-owners are individuals and the person effectively residing in the property holds at least 50% of the ownership. For persons who acquired the property through inheritance upon the death of their spouse or civil partner, ownership of at least 25% will suffice. The surviving spouse or civil partner may maintain the benefit for up to three years after the death of the owner.

Penalties are established for improper obtainment of the benefit, including fines of 300% of the evaded tax and a 10-year disqualification from the benefit. The exemption will take effect as of January 1 of the year following the publication of the law.

8. Strengthening of tax enforcement capacity

Another relevant measure contained in the initiative is the strengthening of the **SII's (Chilean IRS) enforcement capacity**, authorizing it to **request, receive, and cross-reference** nominative data from any body of the State Administration, including records, databases, and information systems managed by such agencies.

In particular, the Ministry of Social Development and Family is required to provide the SII with information on individuals contained in the socioeconomic characterization instrument (Social Household Registry), for the proper enforcement and application of taxes.

Additionally, the SII is authorized to share such information with the Budget Office for the exercise of its functions, including public efficiency studies and financial reports. In all cases, both the SII and the other agencies involved must adopt the necessary measures to safeguard the confidentiality and security of the data, with all information subject to strict secrecy and confidentiality rules.

II. Transitional Tax Measures

1. Regularization of a assets or income located abroad

Among the transitional tax measures, the bill introduces a voluntary and extraordinary system for the **regularization of assets and income held abroad, for a period of 12 months**, aimed at Chilean-resident taxpayers **with respect to assets acquired and income generated up to December 31, 2025**.

The regime provides for a **single tax of:**

- **10% on the commercial value of the declared assets**, and
- **The rate is reduced to 7% if the assets are repatriated and maintained in local investments for at least 5 years.**

Assets or income that were not subject to taxation in Chile may also qualify, provided the conditions for entry and effective investment in the country are met.

According to the bill, payment of the tax extinguishes civil, criminal, and tax liabilities arising from prior omissions, although **it requires the identification of ultimate beneficial owners and authorizes the exchange of information between the SII (Chilean Internal Revenue Service), the Financial Analysis Unit, and the Central Bank**. The entry of capital from high-risk jurisdictions as classified by FATF, or from individuals formally charged with money laundering or tax crimes, is expressly prohibited.

Failure to comply with the requirements or the malicious declaration of third-party assets will revoke the benefits and trigger fines and criminal penalties. Finally, the bill establishes that not availing oneself of this regime will constitute an aggravating factor for future tax crimes related to such assets.

2. Substitute Tax on FUR, STUT and excess withdrawals

Additionally, the twelfth transitional article of the bill establishes another voluntary and extraordinary mechanism **allowing companies that maintain accumulated balances in the Reinvested Earnings Fund (FUR), the Total Balance of Taxable Profits (STUT), or in records of excess withdrawals from the historical Taxable Profits Fund (FUT registry), to opt to subject all or part of such balances to a 10% substitute single tax**, replacing the final taxes that would have otherwise applied, with no right to any tax credit.

The tax paid will not be deductible as an expense for purposes of determining taxable net income.

In this way, the measure would allow companies to "clean up" their historical records, leaving profits with fully satisfied tax obligations.

Taxpayers will be able to take advantage of this system **within eight months of the law's publication**, allowing them to regularize these balances by paying the tax and extinguishing the associated credits.

The bill does not include what President Kast announced in a national address regarding the temporary possibility of applying a 15% substitute tax on credits registered with a repayment obligation.

3. Temporary VAT Exemption on new housing sales

In its fourth transitional article, the bill proposes a **temporary VAT exemption** applicable to the **first sale of new housing units** with final municipal reception prior to the publication of the law, **for a period of one year from the month following such publication**. The benefit extends to parking spaces and storage units, provided they are sold together with the main unit.

To access this benefit, the sale must be formalized through a public deed within the effective period or be backed by a promise executed through a public deed or a private instrument notarized within that period, **expressly excluding transfers between related companies**.

Regarding **input tax credits**, the **possibility of using the construction VAT as a credit is maintained, allowing any remaining balances to be incorporated into cost or applied against other taxable debits**.

Lastly, the refund of the tax is also contemplated for transactions carried out since the submission of this bill, subject to the condition of restituting the VAT charged to the buyer.

4. Reduction of the Donation (Gift) Tax

Another proposed temporary measure involves an **exceptional and temporary 50% reduction of the donation tax**, applicable to donations formalized through a public deed within a period of **one year** from the first day of the second month following the publication of the law.

According to the first transitional article, to access the benefit, **the donation must respect forced heirship rules, allocating at least 50% to forced heirs (*legitimarios*) and 25% to the betterment portion (*cuarta de mejoras*), without exceeding 75% of the donor's total estate**.

The regulation simplifies the process by **eliminating the requirement for judicial approval (“*insinuación*”)** and requiring payment of the tax as a prerequisite for notarization of the deed. It also allows for financing this tax through loans granted by the donated companies or their related parties, without the application of the taxation provisions of Article 21 of the Income Tax Law.

Finally, as a safeguard, a sworn statement to the Internal Revenue Service (SII) is required, and it is established that if the donee sells the donated assets within three years of the donation, the tax basis that would have originally corresponded to the donor will be maintained.

5. Treasury authority to reduce interest and penalties on tax debts

As a final transitional tax measure, the Executive proposes to **authorize the General Treasury of the Republic to grant payment facilities** for a period of **180 days** from the publication of the law, **with respect to taxes and tax obligations due on or before December 31, 2025**.

The benefit is exclusively aimed at individuals and micro, small, and medium-sized enterprises.

- In the case of **lump-sum payment**, the Treasury may waive **up to 100% of interest and up to 80% of penalties**.
- If the taxpayer **opts for a payment plan**, the waiver may reach **up to 95% of interest and 75% of penalties**, with a minimum down payment of 10% of the original debt principal.

Payment plans may have a maximum duration of 24 equal and consecutive monthly installments, and a single taxpayer may not enter more than three payment plans under this authority.

In the event of default on any of the agreed installments, the plan will be rendered null and void by operation of law, the waiver will be revoked, and interest and penalties will resume accruing from the date of default.



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