



Chile

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Since when does a TP documentation requirement exist in your country?	1998
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Methods: CUP, Resale Price, Cost Plus, Profit Split, TNM, Residual (other) methods
Are any TP methods preferred over others?	No. There is no hierarchy of methods
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR implemented; MF and LF-Intentions.
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	Sworn Statement F-1937 (Country-by-Country Reporting) must be submitted in June on an annual basis. Also Sworn Statement F-1913 (Global Taxpayers Characterisation) to be submitted in April, also on an annual basis.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Article 41E of the CITL (2012) and Resolution N° 126 published by the Chilean Internal Revenue Service (SII) on 27 December 2016 establishing Sworn Statement (Form F-1937) and ratifying Sworn Statement F-1907.

2. Master File (MF)	Intentions
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3. Local File (LF)	Intentions
What is the threshold requirement for the obligation to prepare a LF?	Subject to the expected new tax reform

4. Country-by-Country Reporting	Yes
What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?	EUR 750 million
As from which year does this CbCR obligation exist?	CbCR at this time is limited to submit the sworn statement F-1937 with very little detail of transactions
When and how do the tax authorities need to be notified who the reporting entity is?	Notifications are only required by Chilean HQ companies and need to be submitted in Spanish in a template (Annex No.5 of Resolution 126) defined by the Chilean revenue service.
If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?	Notifications need to be submitted at least 30 days before filing deadline of the CbC Reporting.
Are there any deviating submission deadlines for the secondary mechanism?	No
Does your country have a requirement that the financial figures of the group need to be aligned with?	No

Does your country have a requirement that the financial years of the group need to be aligned with?	No
Where is the CbCR to be submitted ?	CbC Reporting in Chile must be submitted under sworn statement F-1937 (share same formats as OECD)
How is the CbCR to be submitted, specifically, is there any prescribed standard?	Until now, there is no prescribed standard. CbC Reporting is submitted online Chilean revenue service.
What are the possible consequences of not having the CbCR available?	
Penalties?	Yes
Imprisonment?	Yes
To which extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?	Basically are the same.
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No
Can a taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?	No

5. TP disclosure in tax return or transfer pricing specific returns

Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes, specifically if the company has made a transfer pricing adjustment
What would be the filing deadline?	Transfer Pricing Sworn statement (F-1907) must be submitted in June on annual basis. Transfer pricing report is not mandatory but is highly recommended to support results.
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	Corresponds to make an adjustment for transfer prices in his Annual Tax Return
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	There is no legal prosecution for tax advisor/accountant/administrator who draft and filed the sworn statement, unless deception is demonstrated.
Does a taxpayer need to file TP-specific returns?	Yes
Please state the filing form number and name.	Form F-1907
What would be the filing deadline?	Last day of June.
What would be the penalties for non-compliance?	Penalties for non-compliance for Transfer pricing obligations ranges from 10 to 50 annual units (approx. USD 10,000 to USD 50,000) without exceeding the upper limit between 15% of the taxpayer's equity or 5% of the effective capital, whichever is greater.

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	Yes. Transactions in excess of CLP 200 million (approx. USD 296,000) should indicate the transfer pricing method, in most cases to have a benchmark analysis. Transactions below that amount do not require detailed benchmark analysis.
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	No
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Rationality of intercompany charging services; rejection of operating (adm & sales) expenses; selection of adequate profit level indicators for transactions.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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