

Alert Tax Law: Affidavits and penalties: certain related party transactions



June 29, 2022 / By: [Amory Heine](#) and [Sebastián Camus](#)

This Thursday, July 30th, is the deadline to submit affidavits N°1907, N°1937, N°1950 and N°1951 for domiciled taxpayers, residents, or parties established in Chile with operations related to parties that are not domiciled or reside in Chile.

- **Affidavit N°1907 on “Transfer Pricing”**, must be submitted by taxpayers that, on or before December 31st, belong to mid-size or large size enterprise segments and that have performed operations with related parties for an amount that CLP\$500,000,000 or its equivalent according to exchange parity.
- **Affidavit N°1937 on the “Country-by-Country Report”**, must be presented by the parent Company or the controlling entity of a Multinational Enterprise Group (“MEG”), with residence in Chile for tax purposes, as long as the consolidated income of such MEG during the period is at least €750,000,000 according to the exchange rate observed on January 1st, 2015.
- **Affidavit N°1950 on “Master File”**, contains standardized information related to the MEG and must be presented by resident MEGs in Chile, as long as the consolidated income of such MEG during the 12 months prior to the start of the period is at least €750,000,000 according to the exchange rate observed on January 1st, 2015.
- **Affidavit N°1951 on “Local Files”**, which must include documentation on important operations of local taxpayers that meet the following criteria: i) Classify as a Large Enterprise, ii) the MEG was required to file a Country-by-Country Report, and iii) operations with related parties exceed CLP\$200,000,000 or its equivalent according to exchange parity.

Publication N°29 of June 24th, 2022 indicates that **a one-time extension of up to three months** after the deadline can be applied for via an administrative request through the Chilean IRS website.

Moreover, Publication N°29 established sanctions for the following:

1. Affidavits filed after the deadline - sanctioned with a progressive fine as follows:

i. **Delays of up to 45 days – 15 Annual Tax Units (ATU)**

ii. **Delays between 46 to 90 days – 20 ATU**

iii. **Delays of 91 days and thereafter – 30 ATU**

2. Affidavits not filed: **50 ATU**

3. Incomplete or erroneous affidavits – sanctioned as follows:

i. **If amendments have been filed, there will be a 10 ATU fine for each affidavit filed after the original deadline, up to 50 ATU.**

ii. **If the Chilean IRS detect an incomplete or erroneous filing, there will be a 30 ATU fine.**

iii. If, after the fine indicated in ii above, the taxpayer files an amendment, each amendment will be charged **10 ATU**, up to **50 ATU**.

4. Affidavit presented with false or malicious intent: will be sanctioned with a **fine amounted between 50% and 300% of the applicable tax amount and with potential criminal implications.**

	Contact: For more information, contact: Amory Heine Partner amory.heine@dlapiper.cl
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