

## › Government announces fiscal agreement proposal

Through an announcement issued by the President of the Republic, Gabriel Boric, the government announced the general guidelines of the new fiscal agreement, confirming that the executive will not insist in the Senate on continuing the legislative process of the tax reform bill rejected in March of this year.

The fiscal agreement is based on a series of principles aimed at promoting a modern tax system, fostering economic growth, and prioritizing public expenditure. Although the fiscal agreement does not provide details about its tax proposals, the following can be highlighted:

- 1 The government would submit at least two new bills to Congress:
  - a Second semester of 2023: a miscellaneous bill focused on topics such as modernizing the tax administration and strengthening the fight against tax evasion and avoidance.
  - b First semester of 2024: a bill to modify the income tax law. The bill would include changes to the general income tax regime, including an increase in the tax burden for high-income individuals, and the introduction of new rules to implement a global minimum tax on multinational companies (following OECD guidelines). The proposal also includes expanding tax benefits for smaller businesses (SMEs).
- 2 Other tax measures aimed at encouraging investment, productivity, and formalization of the economy:

Measures such as semi-instantaneous depreciation, the creation of a fund of tax credits for investments with a multiplier effect on the economy, special incentives for research and development (R&D), and a potential temporary reduction of the stamp tax would be incorporated into one of the two previously mentioned bills.

In order to become law, these bills will require the approval of Congress, so it is expected that the government will have to seek agreements with sectors of the opposition.

The fiscal agreement as a whole would aim to generate additional revenues of US\$ 8 billion and set the priorities of public spending on pensions, health, public safety, and social protection.

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