

Legal 500

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Chile

Gambling Law

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This country-specific Q&A provides an overview of gambling laws and regulations applicable in Chile.

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Chile: Gambling Law

1. What is the legal definition of gambling?

Chilean law does not explicitly define "gambling." Instead, it differentiates between games of chance and games of intellectual or physical skill. Games of chance are those where luck or chance predominantly determines the outcome (e.g., bingos, lotteries, scratch cards). In contrast, games of skill rely primarily on intellectual or physical abilities (e.g., sports betting, horseracing).

Additionally, Law No. 19,995 of 2005 (the "Casino Law") introduces a third category: casino games. Offering casino games requires prior approval from the Chilean Casinos Superintendence (*Superintendencia de Casinos de Juego* or the "Casino Authority"). This category includes roulette (French roulette, American roulette, and Big Six), card games (blackjack, baccarat, various types of poker, and war), dice games (craps, crown and anchor, and chuck-a-luck), bingo, and slot machines.

2. What legislation applies to gambling? Please provide a summary of the legal/regulatory framework.

The regulatory framework for gambling in Chile is dispersed across several laws. Relevant provisions are found in the Chilean Civil and Criminal Codes, the Casino Law, and Law No. 4,566 of 1929 (the "Horse Racing Law"). Additionally, two specific laws govern the charters of two licensed lottery operators: the state-owned Polla Chilena de Beneficiencia S.A. ("Polla") and the privately owned Lotería de Concepción. Decree Law No. 1,298 of 1975 further grants Polla special authorization to offer and manage sports betting activities, including football/soccer, official Olympic sports, and car racing.

A bill seeking to regulate online gambling and sports betting is currently under discussion in the Chilean Congress (see number 17 below).

3. Which body/ies regulate gambling?

The primary gambling regulatory agency in Chile is the Casino Authority, an autonomous governmental entity with oversight limited to licensed brick-and-mortar casinos. The Casino Authority's functions include granting, denying, renewing, and revoking operating permits for these casinos, in accordance with the Casino

Law. It also ensures that all licensed casinos comply with applicable laws and regulations, including its own instructions and orders.

4. Are licences available? If so: a) What is the duration of a licence? b) What types of licences are available? c) Are there different types of licences for B2C and B2B operators? d) Do software suppliers need to be licensed?

Gambling licenses in Chile are currently available only for 24 brick-and-mortar casinos, which must be obtained through a public bidding process. Additionally, a special casino license for cruise passengers can be obtained by cruise ships traveling through Chilean territorial waters, but not while docked at a Chilean port. There is no licensing system for lottery operations or online gambling. Only horse racetracks specifically authorized by law are permitted to offer bets on horse races. Finally, sports betting is not specifically regulated—except as per Decree Law No. 1,298 of 1975, which authorizes Polla as a gambling operator—and there is no licensing regime in place.

a. What is the duration of a licence? Brick-and-mortar casino licenses in Chile have a duration of 15 years. Cruise-based casino licenses are valid for five years and can be renewed for the same period.

b. What types of licences are available? Gambling licenses in Chile are available only for the operation of brick-and-mortar and cruise-based casinos. There is no licensing system for lottery operations, horse race betting, online gambling or sports betting (online or offline).

c. Are there different types of licences for B2C and B2B operators? Chilean gambling laws do not specifically regulate vendors or suppliers providing products or services to licensed operators, and no specific licenses are required for such vendors or suppliers to operate in Chile. However, licensed brick-and-mortar casinos may only use certain gambling-related products (e.g., software and slot machines) that are approved and/or homologated by the Casino Authority.

d. Do software suppliers need to be licensed? See letter c above.

5. Are any types of gambling products prohibited?

Pursuant to the Chilean Civil Code, games of chance are generally illegal unless specifically authorized by a special law. The Chilean Criminal Code also penalizes illegal gambling. Games of intellectual or physical skill are generally legal; however, recent judicial decisions have treated sports betting as games of chance, thus indirectly deeming them illegal, as further explained below.

On September 12, 2023, the Chilean Supreme Court ruled that any gambling activity in Chile, including online gambling platforms, is illegal unless offered by authorized local operators—such as licensed brick-and-mortar casinos, licensed cruise-based casinos, authorized lottery operators, horse racetracks, and sports betting operated by Polla. The Supreme Court did not differentiate between onshore and offshore operators or between games of chance and games of skill. Thus, this Supreme Court decision—while applicable and binding only to the parties to the relevant case—deems all gambling activities not expressly authorized by law, including sports betting and online gambling, as illegal.

Following this rationale, on April 9, 2024, the Santiago Court of Appeals upheld a fine imposed by the Chilean TV regulator against a national TV network for airing advertisements for online sports betting platforms during hours designated as protected for minors (6:00 am to 10:00 pm). The court explicitly stated that sports betting is a game of chance and therefore illegal, except when conducted by authorized operators such as horse racetracks and Polla. The court reasoned that sports betting is largely unpredictable and dependent on factors beyond the bettor's control.

While judicial rulings do not constitute binding precedent in the Chilean civil law system, they significantly influence lower courts. Therefore, the current prevailing judicial interpretation of Chilean gambling law is that any online gambling or betting activity offered or carried out within Chilean territory by anyone other than the authorized operators mentioned above, is prohibited.

6. What is the headline application procedure? Please include any eligibility and other application requirements, including approximate application costs and any need to establish a local presence.

In Chile, gambling licenses are exclusively available for

brick-and-mortar casinos and must be obtained through a public bidding process. The Casino Law limits the number of licenses to 24 and prohibits the establishment of casinos in the capital city's Metropolitan Region of Santiago. Each bidding process specifies the technical requirements that operators must meet to qualify for a license. The Casino Authority reviews and evaluates each submitted offer to ensure it meets the required technical standards, and then issues a final resolution to grant, deny, or renew the relevant license.

There are no statutory application fees or costs. Other costs will vary depending on the terms of the bidding process, the specific casino project offered by the applicant, etc. Only locally incorporated corporations that meet the requirements outlined in the Casino Law are eligible to participate in the public bidding process for a casino license.

7. Do individuals within the business need to be personally licensed or authorised? If so, please provide headline requirements.

There is no requirement to license individuals, but a background compliance check is carried out by the Casino Authority regarding individuals who are direct or indirect owners/shareholders, beneficial owners, board members and main managers of a casino license applicant.

8. Is advertising of gambling permitted and, if permitted, how is it regulated?

Advertising of gambling products or services in Chile is not explicitly permitted or regulated, except for a specific prohibition on advertising unlicensed wagering on horse racing, as outlined in the Horse Racing Law.

However, the Casino Authority interprets the Casino Law's prohibition on the exploitation of casino games by unlicensed operators to also extend to the advertisement of unauthorized gambling activities. In addition, in 2023 the Ministry of Justice ordered the National Association of Professional Football to cancel its sponsorship and advertising contract with an international online gambling operator. This order was upheld by the superior courts of Chile on procedural grounds and the parties involved in the case complied with the order.

As mentioned in number 5 above, in April 2024, the Santiago Court of Appeals upheld a fine imposed by the Chilean TV regulator against a national TV network for broadcasting advertisements for offshore sports betting

platforms during hours designated as protected for minors (6:00 am to 10:00 pm). Following this ruling, any TV advertising of sports betting during these protected hours is considered a breach of Chilean TV broadcasting laws and subject to fines. The rationale in the subsequent Court of Appeals' decision further allows the Chilean TV regulator to impose fines for broadcasting sports betting ads at any time, including non-protected hours. While the Court of Appeals referred only to sports betting ads and did not address the advertising of online gambling activities, its decision implies that such advertising is contrary to Chilean TV broadcasting laws.

Currently, three bills are under discussion in Congress to regulate the advertisement of online gambling activities in Chile. The first bill seeks to prohibit online gambling advertising during sports events and at sports clubs; the second bill aims to ban sponsorship agreements between professional football/soccer players and online gambling operators; and the third bill proposes regulating the broadcasting hours of advertisements related to online gambling platforms. It remains uncertain if or when these bills may be approved and how they will relate to the bill currently under discussion in the Senate that seeks to regulate online gambling activities generally (see number 17 below).

9. Are marketing affiliates permitted? If so, are they licensed or regulated?

Marketing affiliates are not expressly permitted or otherwise regulated.

10. What are the penalties for offering, facilitating or marketing unlawful gambling, and can the gambler be penalised for participating in unlawful gambling?

From a criminal law perspective, unless specifically authorized by a special law or regulation (e.g., the Casino Law, the Horse Racing Law, etc.), individuals participating as "lenders, owners, managers, or agents" in a gambling business are subject to (i) fines ranging from 11 to 20 UTMs or Chilean-monthly tax indexation units (approximately USD 750 to USD 1,400), (ii) fines ranging from 21 UTMs to 30 UTMs (approximately USD 1,460 to USD 2,100) if the prize is real estate, and (iii) imprisonment ranging from 61 to, in cases of recidivism, 540 days.

Lenders, owners, managers, or agents of illegal gambling facilities may be subject to fines ranging from 11 UTMs to 20 UTMs (approximately USD 750 to USD 1,400), and

imprisonment ranging from 61 days to five years.

Anyone attending unauthorized gambling facilities or illegal casinos with the intent of gambling, may be subject to (i) fines ranging from 11 UTMs to 20 UTMs (approximately USD 750 to USD 1,400) or (ii) imprisonment ranging from 61 to 540 days. In addition, the gambled funds or assets and the instruments, objects and equipment used for the illegal gambling may be confiscated.

Under the current Law on Economic Crimes, legal entities may be criminally liable for offenses associated with illegal gambling activities. Depending on the severity of the violation, legal entities may face penalties such as debarment, loss of governmental benefits, fines, confiscation of assets, and, in the most serious cases, dissolution. The fines are based on a per-day system and can range from approximately USD 680 up to USD 204 million, depending on the convicted entity's daily net income and the number of days the crime was committed.

11. Briefly detail key requirements for licensees.

In addition to being incorporated in Chile as a corporation, brick-and-mortar casino licensees are subject to control and oversight rules applicable to publicly traded corporations. They must have a minimum paid-in capital of 10,000 UTMs (approximately USD 680,000), maintain appropriate financial stability and resources, and file regular reports with the Casino Authority regarding their operations and financial performance, among other requirements.

12. Briefly detail key anti-money laundering requirements.

Brick-and-mortar and cruise-based casinos must comply with anti-money laundering ("AML") and combating the financing of terrorism ("CTF") obligations as determined by the Financial Analysis Unit ("UAF"). These obligations include: (i) registering with the UAF; (ii) appointing a compliance officer; (iii) preparing suspect transaction reports; (iv) performing Know Your Customer (KYC) due diligence and completing customer data sheets; (v) adopting and implementing an AML and CTF manual; (vi) conducting AML and CTF training sessions for all employees; (vii) registering and analyzing the activity of clients from "non-cooperative" or "tax haven" jurisdictions; and (viii) maintaining records of cash transactions, politically exposed persons, and electronic fund transfers.

13. Briefly detail key responsible gambling (or safer gambling) requirements.

Licensed brick-and-mortar casino operators are required to implement strict age verification measures at entry points to prevent underage gambling. Additionally, casino operators must adopt measures to ban the following individuals from entering or remaining in their facilities: (i) individuals subject to an anti-dissipation judicial order; (ii) individuals in a manifest state of alcohol intoxication or under the influence of drugs; (iii) civilians carrying weapons; (iv) individuals causing disturbances or otherwise disrupting the games; (v) individuals who cannot verify their identity with the corresponding official document upon request. Operators must also provide clear and accessible information about responsible gaming, including resources to seek help for gambling addiction and related issues.

14. Briefly detail shareholder reporting and approval threshold(s).

Licensed brick-and-mortar casinos, which may have a maximum of ten direct shareholders, must report any direct or indirect change in shareholding, regardless of whether it involves a change of control. Such changes must be approved in advance by the Casino Authority.

During a license bidding process, the Casino Authority requires comprehensive and detailed information on each direct shareholder, as well as any indirect shareholder or investor controlling 5% or more of a company participating in the bid. The Casino Authority also has the power to investigate other direct and indirect shareholders and the origin of all funds.

15. Briefly detail the regulator's enforcement powers, including sanctions.

The Casino Authority is the regulatory agency responsible for overseeing and supervising the establishment, management, and operation of brick-and-mortar casinos. It ensures compliance with legal and regulatory requirements through on-site visits, audits, and reviews of operational practices. The Casino Authority also has the power to impose administrative sanctions and fines, as well as suspend or revoke gaming licenses.

16. What is the tax rate?

Licensed casino operators are subject to a special corporate income tax rate of 20% on the gross revenue

from authorized games, after deducting value-added tax (VAT) and mandatory provisional income tax payments.

17. Are there any proposals for changing gambling laws and regulations in the next 12-24 months? If so, please provide an overview of the proposed changes and likely timing.

On March 7, 2022, a bill was submitted to the Chilean Congress which, if approved, will legalize and regulate online gambling and sports betting operations by allowing locally incorporated entities to apply for online gambling licenses, subject to certain requirements (the "Online Gambling Bill"). Some of the main requirements and features of the Online Gambling Bill, as per its current draft, include: (i) shareholder and gaming group solvency, transparency and lawful conduct; (ii) minimum capital of licensee and lawful origin of funds; (iii) five-year renewable licenses; (iv) only independently-certified systems and games allowed; (v) Casino Authority registration, regulation and oversight; (vi) user and account rules and protections, including data privacy; (vii) special taxation system; (viii) responsible/safe gambling rules and policies, including prevention of underage gambling; (ix) regulation of illegal gambling conduct and enforcement measures; (x) a cooling-off period for license applications from online operators doing business in Chile prior to the enactment of the Online Gambling Bill; (xi) prevention of money laundering and financing of terrorism; etc.

The Online Gambling Bill is currently under discussion in the Senate and may still undergo substantial amendments, including changes to the features and requirements described above. The likelihood and timing of its eventual approval, as well as its final text, remain unpredictable due to conflicting political views, business interests, and legislative priorities. Despite this, the government is pressing for its prompt approval by Congress. However, it is unclear when this bill will be approved, as past estimated timetables set by the government have not been met.

18. What key regulatory developments are proposed or on the horizon in the next 12-24 months?

No other significant regulatory developments are expected in the foreseeable future aside from the bills described in numbers 8 and 17 above.

19. Do you foresee any imminent risks to the growth of the gambling market in your jurisdiction?

The stringent stance adopted by incumbent local operators and Chilean authorities against offshore online gambling is likely to persist as long as the Online Gambling Bill remains under discussion in Congress.

In addition to the risks posed by the court rulings and the Online Gambling Bill, as described in numbers 5 and 17 above, Polla initiated tort claims during the first semester of 2024 against five local internet service providers (ISPs), claiming they failed to comply with an alleged duty to shut down online gambling websites. These actions are likely part of Polla's broader efforts to influence the ongoing discussions of the Online Gambling Bill in the Senate.

In addition, the authorized lottery operator Lotería de Concepción has been pushing a broader claim which, if accepted, would force six ISPs to block online gambling websites operated by offshore entities.

Finally, the three main brick-and-mortar casino operators are facing a serious claim filed by the Chilean Antitrust

Authority (*Fiscalía Nacional Económica*) with the Antitrust Court, due to their alleged collusion and market sharing arrangements in past casino license tender processes. The severity of the fines and criminal sanctions sought in this case could imply a substantial obstacle for future growth of these casino operators, if they are found guilty.

20. If a gambling start-up was looking for a jurisdiction in which to commence its activities, why would it choose yours?

Gambling activities in Chile face substantial entry barriers, including strict regulatory requirements for brick-and-mortar casinos, regulatory uncertainty for online gambling operators, and strong opposition from market incumbents. These barriers, compounded by recent anti-gambling rulings described in number 5 above, serve as powerful disincentives for gambling start-ups to initiate activities in Chile. However, Chile's fast-growing gambling market—especially online—and the prospective regulation of online gambling will continue to attract major international gambling operators, who have experience overcoming similar or greater market-entry challenges in other jurisdictions.

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