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**REGULATES REGISTRATION IN THE SIMPLIFIED TAXATION REGIME SET FORTH IN ARTICLE 35 A OF THE NEW PARAGRAPH 7° BIS OF THE SALES AND SERVICES TAX LAW.**

**REPLACES PROVISIONS SET FORTH IN ARTICLE 51 OF THE SALES AND SERVICES TAX LAW AND IN THE SECOND PARAGRAPH OF TITLE IV OF THE FIRST BOOK OF THE TAX CODE.**

#### **SII DIRECTIVE N° 55/2020**

**AS ESTABLISHED IN:** The provisions of article 6 letter A N° 1 of the Tax Code, contained in article 1<sup>st</sup> of the D.L. N° 830 of 1974; in articles 1<sup>st</sup>, 4 bis and 7<sup>th</sup> of the Internal Revenue Service Law, contained in article 1<sup>st</sup> of the D.F.L. N° 7, of the Ministry of Finance, from 1980; the provisions of the new Paragraph 7° bis, of the Sales and Service Tax Law, contained in article 1<sup>st</sup> of the D.L. N° 825, of 1974, and incorporated by Law N° 21.210 of 2020; and the thirty-sixth transitory article of Law N° 21.210 of 2020, which Modernizes the Tax Legislation.

#### **WHEREAS:**

1° That, article 35 A of the new Paragraph 7° bis of the Sales and Service Tax Law (hereinafter, the "VAT Law") incorporated by Law N° 21.210 of 2020, establishes that taxpayers neither domiciled nor residing in Chile that provide VAT levied services according to the new letter n) of article 8<sup>th</sup> of the VAT Law, to be used in the national territory by individuals who are not VAT taxpayers, will be subject to the simplified tax regime that the said Paragraph 7° bis regulates.

2° Likewise, taxpayers neither domiciled nor residing in Chile may request this Internal Revenue Service, pursuant to the provisions of article 35 A of the VAT Law, to be subject to the simplified tax regime when they provide other services levied with VAT to the individuals indicated in the previous recital.

3° That, in accordance with the provisions of article 35 B of the new Paragraph 7° bis of the VAT Law, the Commissioner of the Internal Revenue Service is empowered to exempt taxpayers subject to the simplified tax regime wholly or partially of the obligations set forth in article 51 of the VAT Law, by means of a general rule, and also of the obligations established in the 2<sup>nd</sup> Paragraph of the IV Title of the First Book of the Tax Code, or to replace them by other simplified procedures.

4° That, the thirty-sixth transitory article of Law N° 21.210 of 2020, establishes that as of the date that the said Law becomes effective, a process of technological strengthening and digital transformation of the Internal Revenue Service will begin, aimed to provide it with tools that will allow it to correctly exercise the powers and authority established in the Law, improve remote assistance to taxpayers, strengthen the mechanisms of control by digital means, strengthen and increase the capacity for analysis and information processing, streamline the procedures carried out digitally and promote the technological integration of the Internal Revenue Service with other organizations.

**DIRECTIVES:**

**1°** Taxpayers neither domiciled nor residing in Chile who render services subject to VAT in accordance with the new letter n) of article 8<sup>th</sup> of the VAT Law, to be used in the national territory by customers who are not VAT taxpayers, must register in the simplified tax regime established in articles 35 A and following of the new Paragraph 7° bis of the VAT Law. Likewise, taxpayers neither domiciled nor residing in Chile in Chile who have requested this Internal Revenue Service to be subject to the aforementioned simplified taxation regime, for the provision of other services subject to VAT not included in the new letter n) of article 8<sup>th</sup>, to customers who are not VAT taxpayers may also register. Whether the taxpayer must or may register in the simplified tax regime of the new Paragraph 7° bis of the VAT Law, the following procedure must be followed:

**a)** In order to register in the simplified taxation regime, only for tax purposes, taxpayers must fill out the "Registration Form" which will be available in the "Enrollment and Registration" menu of the VAT on Digital Services Portal (hereinafter, the "Portal") that the Internal Revenue Service will activate on its website (sii.cl) and it is displayed both in English and Spanish. When registering, taxpayers must specify which one or which of the services established in numerals 1 to 4 of the new letter n) of article 8<sup>th</sup> of the VAT Law will be provided. Now, taxpayers neither domiciled nor residing in Chile who provide other services subject to VAT, different than those contemplated in the new letter n) of article 8<sup>th</sup> of the VAT Law, to customers who are not VAT taxpayers, and who wish to adhere to the aforementioned simplified tax regime with respect to those other services, must request their incorporation into the simplified tax regime of the new Paragraph 7° bis of the VAT Law regime by sending an email to [IVASD.Chile@sii.cl](mailto:IVASD.Chile@sii.cl) indicating in the subject "Other Services Registration".

**b)** In accordance with the provisions of the second section of article 35 D of the new Paragraph 7° bis of the VAT Law, the taxpayer may choose whether the tax period for which he must file and pay VAT will comprise one (monthly) or three consecutive months (quarterly). The taxpayer may also choose the currency in which VAT is filed and paid, in accordance with the directives that the Internal Revenue Service will issue for this purpose. The option for selecting the tax period as well as the option for selecting the currency in which VAT will be filed and paid, will be displayed in the "Enrollment and Registration" menu of the VAT on Digital Services Portal as indicated in section a). Once each option has been selected, it cannot be modified until January 1<sup>st</sup> of the business year following the one in which the option was selected.

**c)** After completing the "Registration Form" referred to in section a), it must be sent to the Internal Revenue Service using the "Send Form" displayed at the end of the menu.

**d)** To verify the validity of the email address provided by taxpayers neither domiciled nor residing in Chile, an email will be sent containing a verification code to validate the email address. After the verification of the email address, taxpayers will receive a User Number and, at the same time, they will be able to create their Password, which will enable them to access all the Portal's features. The access password can be modified using the "Change Password" option provided for this purpose.

**e)** Guidelines regarding the enrollment and registration procedure will be available on the Portal under the "How is it done" section. Any queries should be reported to the email [IVASD.Chile@sii.cl](mailto:IVASD.Chile@sii.cl) if accessing difficulties arise.

**2°** For taxpayers neither domiciled nor residing in Chile, provisions set forth in article 51 of the VAT Law and on Paragraph 2<sup>nd</sup> of Title IV of the First Book of the Tax Code are replaced for the registration in the simplified tax regime set forth in articles 35 A and following of the new Paragraph 7° bis of the VAT Law, referred to in the 1<sup>st</sup> recital.

**3°** Taxpayers neither domiciled nor residing in Chile who, having registered in the simplified tax regime indicated in the 1<sup>st</sup> recital, that permanently stop providing or modify the services reported in due course, should report this by an email addressed to the box [IVASD.Chile@sii.cl](mailto:IVASD.Chile@sii.cl) indicating the User Number, the date from which the rendering of registered services have been halted and / or the new services that will be provided. Abandonment of the simplified tax regime will take place automatically once the payment of due taxes, if any, has been verified.

**4°** Pursuant to the twenty-ninth transitory article of Law N° 21.210, the rules of the new Paragraph 7° bis of the VAT Law comes into effect in June 1<sup>st</sup> 2020. Notwithstanding the foregoing, starting the enablement of Portal on the Internal Revenue Service website (sii.cl), taxpayers neither domiciled nor residing in Chile who provide the services referred to in this directive, may initiate procedures to register in the simplified tax regime of Paragraph 7° bis of the VAT Law, which will become effective once the corresponding legal norms come into effect. Said taxpayers can register until the date in which VAT accrued in the first tax period must be filed and paid, that is, until the 20<sup>th</sup> of the first month following said tax period.

**5°** This directive shall be effective as of its publication date, in extract, in the Official Gazette.

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CSM/CGG/PAF/RHH/CGM/FRM/ALSR

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