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Latam Daily: Chile's Senate Approves Tax Compliance Bill

- **Chile: The Senate approves the Tax Compliance Bill, which will now pass to the Lower House for final approval**

On Tuesday, September 24th, the Senate approved the Tax Compliance (anti-evasion and avoidance) Bill sent by the government, which includes initiatives such as the Tax Council, changes to bank secrecy and the anti-avoidance rule. However, the proposed changes to inheritance and donation taxes were rejected. It should be noted that the project aims to collect 1.5% of the GDP in regime, and its approval would allow to collect close to USD1.2 bn in 2025, according to the Minister of Finance.

In the next few days, the government will have to send the Budget Bill for 2025, which will have a maximum term for approval by Congress of 60 days (approximately until the end of November). In a conservative scenario for the government, with ample room in the event of a worsening fiscal situation, we estimate that Congress would be asked to authorize local and external currency borrowing of about USD15 bn as an upper limit. In a less conservative scenario or one more in line with projected financing needs, even considering a prudent debt space as indicated in the Fiscal Budget 2024 (USD1.5 bn), about USD12 bn would be requested from Congress (table 1).

Fiscal deficit	650
Bond maturities	5,200
Other needs*	4,500
Prudent debt space	1,500
Extra (requested in 2024)**	3,000
Total	14,850

*Includes Recognition Bonds, Sovereign Funds savings, capitalization of public enterprises, and other loans, among others.
**Amount requested in 2024, rejected by the Congress.
Source: Scotiabank Economics.

Our estimate of financing needs considers maturities of around USD5.2 bn (USD3.2 bn in local currency and USD2 bn in foreign currency) and the non-implementation of a new buyback and exchange plan as was done in 2023 and 2024. We also consider the additional financing needs projected in the Q2 Public Finance Report for next year, which includes Recognition Bonds, Sovereign Funds savings, capitalization of public enterprises and other loans, among others.

—Aníbal Alarcón

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