TAX RADAR

National Reconstruction and Economic and Social Development Bill: key tax, labor and regulatory measures

In a nationally televised address on April 15, 2026, President José Antonio Kast announced the submission of a bill aimed at financing reconstruction in affected areas, reactivating the economy, encouraging investment, promoting formal employment, and streamlining permits for strategic projects. The proposal is structured around five pillars: reconstruction, construction-sector reactivation, formal employment, tax changes, and regulatory streamlining.

I. Executive summary

The bill sets out a broad package of fiscal, tax, labor and institutional measures. From a tax perspective, the most relevant proposals include: (i) a temporary reduction in gift tax; (ii) an extraordinary capital repatriation regime; (iii) a temporary and optional VAT exemption for the sale of new homes; (iv) the creation of a tax credit aimed at fostering formal employment; and (v) a gradual reduction in the corporate income tax rate, together with the reinstatement of a fully integrated tax system. The bill also includes regulatory measures intended to reduce uncertainty in sectoral permits and environmentally approved projects.

II. Key measures

The bill expands the emergency fund to finance reconstruction in Ñuble, Biobío and Valparaíso, allocating an additional CLP 400 billion. To fund this, the proposal includes temporary revenue-raising measures, such as a reduction in gift tax, a capital repatriation regime, and substitute taxes on balances from legacy tax registers.

1. Temporary reduction in gift tax

A 12-month window is proposed during which gifts would be subject to only 50% of the tax otherwise due under the general rules of Law No. 16,271. The tax credit creditable against future inheritance tax would nevertheless remain at 100% of the tax determined. In addition, gifts would be exempt from prior court approval proceedings, although the donor's asset composition would need to be reported to the Chilean IRS through a sworn statement. The stated objective is to accelerate tax collection linked to estate planning.

2. Extraordinary capital repatriation regime

The bill establishes a voluntary and temporary 12-month regime for the disclosure of assets or income held abroad, subject to a 10% one-off substitute tax. A reduced 7% rate would apply for taxpayers who effectively repatriate the relevant assets within the first three years following publication of the law and keep them invested for at least eight years in DFL2 real estate or securities governed by Section 107 of the Income Tax Law.

3. Temporary VAT exemption on sales of new homes

The proposal includes a temporary and optional VAT exemption, lasting 12 months, for the sale of new homes that have obtained partial or final occupancy approval as of the publication date of the law. The measure would also extend to certain sale promises and purchase agreements executed within the timeframes set out in the bill. Its purpose is to reduce acquisition costs and facilitate the sale of existing inventory.

4. Tax credit to support and incentivize formal employment

The bill introduces a tax credit linked to salary payments, applicable to wages between 7.8 UTM and 12 UTM, with a maximum intensity of 15% for the lowest salary bands, gradually decreasing to 0% as wages rise. The credit could be offset against monthly provisional payments (PPM), VAT and First Category Tax, thereby providing meaningful cash-flow relief to employers, particularly small and medium-sized businesses under the General SME regime.

5. Reduction in First Category Tax and reintegration of the system

The proposal gradually reduces the general corporate income tax rate from 27% to 23%, reaching that level in 2029 for taxpayers under Section 14 A) of the Income Tax Law. At the same time, the bill contemplates the gradual reintegration of the system, which would become fully integrated again by Tax Year 2031. It also introduces a temporary 15% substitute tax in connection with the restitution obligation applicable to certain tax credits.

6. Shorter annulment period for sectoral permits

From a regulatory standpoint, the bill would shorten the administrative annulment period for sectoral permits from 2 years to 6 months, with the aim of increasing certainty for investment projects and allowing faster project execution, particularly in sectors such as energy, mining, public works and construction.

7. Reimbursement of project costs where an environmental permit is annulled

The bill creates a reimbursement mechanism for costs already incurred in projects that obtained a favorable Environmental Qualification Resolution (RCA) and are later revoked or annulled by the courts. The measure is intended to mitigate regulatory risk and discourage delays in the execution of projects once environmental approval has been granted.

III. Preliminary remarks

While several of the announced measures are clearly aimed at boosting economic activity and investment, their practical effect will depend on the final wording of the bill, the outcome of the legislative process, and subsequent administrative interpretation. In particular, it will be important to monitor the legislative drafting of the transitional rules, their interaction with existing regimes, and how the Chilean IRS and other authorities implement these provisions in practice.

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