LEGAL NEWSLETTER

January 2024

This newsletter provides information about the laws published during the period, legislative bills currently before Congress, the decrees and regulations issued by the government and autonomous agencies, as well as important jurisprudence on matters that may impact foreign investment in Chile. The information provided herein is strictly for guidance purposes, and under no circumstance should be regarded as replacing an official interpretation by the competent authorities regarding the matters presented.

Area: Tax

Sub-area: Mining

Number: 21,649 - Mining Royalty.

Date of Publication: December 30, 2023

Effective Date: January 01, 2024

The mining royalty system includes different levels of taxation, and under this new legislation, small-scale mining operations (with annual production under 12,000 tons) remain exempt from royalties, while medium-scale mining operations (production 12,000 - 50,000 tons) will pay a progressive rate of 0.4% to 4.4%, depending on annual production.

Large-scale mining operations (those that produce over 50,000 tons) in which more than 50% of production derives from copper will be subject to the 1% ad-Valorem component and to a progressive tax rate of 8% to 26%, according to their mining operating margin, with the sum of both constituting the tax payable.

As part of the efforts to provide certainty in the sector, a maximum potential limit of 46.5% is established, although that ceiling is reduced to 45.5% for operators whose production averaged less than 80,000 tons over the past six years.

Regarding the destination of the proceeds, the most relevant amount is the US$ 450 million earmarked for regions and municipalities. This will be transferred, first, to the Regional Fund for Productivity and Development, which will receive US$ 225 million to distribute among regional governments to develop production investment projects.

while at the municipal level, the newly created Mining Municipalities Fund will receive US$ 55 million for allocation to mining municipalities, i.e. those with mining and related operations or activities such as ore deposits, tailings, smelters or mining ports. Lastly, an Equity Fund of US$ 170 million has been created to allocate funds to the country's most vulnerable municipalities.

In addition, on January 10, 2024, Chile's Internal Revenue Service (SII) issued Regulatory Circular No. 3, which regulates the mining royalty tax provided for in Law No. 21,591 and its amendment, Law No. 21,647 and, providing practical details of how the tax authority will apply this law.

Area: Regulatory
Sub-area: Finance
Number: 21.641 - Strengthening the resilience of the financial system and its infrastructure
Date of Publication: December 30, 2023
Effective Date: December 30, 2023

The purpose of this law is to strengthen the resilience of the Chilean financial system and its infrastructure by amending various regulatory provisions.

First, it amends Law No. 20,720, which replaces the current bankruptcy regime with a law on the reorganization and liquidation of companies and individuals, and improves the role of the sector's Superintendency by introducing modifications to the Bankruptcy Financial Protection to which debtors are entitled. Furthermore**,** it incorporates the new Article 140, which extends the scope of what the law considers "related obligations," defining them as those arising from both "derivative transactions" and "REPO transactions", the latter referring to sale and **repurchase agreements or purchase and** resale agreements, or other equivalent transactions**.**

Article 2 then amends the General Banking Law, modifying the clause that prohibits banks from bringing forward the maturity date of any obligation or restructuring liabilities without prior authorization from the Financial Market Commission (CMF), so that it may no longer be applied to obligations arising from "REPO operations." Similarly, obligations arising from this type of transaction to maintain term and payment conditions of contracts, and obligations of regulated entities once the inspector or provisional administrator has been appointed under the terms of the aforementioned law, are now excluded. At the same time, it adjusts the concept of "related obligations."

Article 3 of this law introduces amendments to the Constitutional Organic Law of the Central Bank of Chile, incorporating a new fourth section to Article 27 of this law, which establishes that the Central Bank may grant financing and refinancing to the management companies constituted as central counterparties as referred to in Law No. 20,345 and to savings and credit cooperatives that fulfill the requirements of the General Cooperatives Law. Along the same lines, Article 36 is amended to enable the Central Bank to extend loans to the aforementioned entities in emergency situations when these companies encounter problems resulting from a temporary lack of liquidity, under the rules set forth in the aforementioned law. For its part, the new Article 33 bis establishes and regulates the Central Bank's power to withdraw from circulation series or denominations of banknotes or coins that have been issued with certain compositional, design, or security characteristics or other technical specifications. Another significant

modification is found in the provisions of the new Article 36 bis, which allow the Central Bank, under exceptional circumstances and for reasons related to safeguarding the stability of the financial system, to buy and sell on the open market transferable securities and bills of exchange issued by banks, under legally established parameters. Additionally, the provisions on violations specified in Article 64 of the law are amended, incorporating as criminal offenses the acquisition, storage, entry to and/or removal from the country, and distribution of objects that resemble legal coins or banknotes in form or appearance. Likewise, the manufacture, acquisition, entry to and removal from the country, storage, sale and/or distribution of machines, seals or any instrument used to counterfeit money is also punishable.

Furthermore, Article 4 amends Law No. 20,345, on clearing and settlement systems for financial instruments. One of the main amendments to this law is the incorporation of a new section 5 into Article 1, with the former Section 5 now numbered Section 6, and so on. The new section introduced by this law defines the concept of "Recognized foreign central counterparty." Along the same lines, a new Chapter VIII on the "Recognition of foreign central counterparties" is introduced, regulating this matter by establishing, among other things, which agency is responsible for recognizing these central counterparties, the requirements and conditions for granting or refusing such recognition and the parameters under which recognition may be revoked.

Article 5 then introduces amendments to Law No. 18,876, which establishes the legal framework for the incorporation and operation of private entities for the deposit and custody of securities. It also establishes that the Securities Registry referred to in Article 1 shall be maintained by the Financial Market Commission and not by the Superintendency of Securities and Insurance. To this end, the term "Superintendency" is replaced by "Commission" throughout the text of Law No. 18,876. A new requirement is also added in Article 20 for depository institutions' activities, namely that these institutions must fulfill the corporate governance and risk management obligations determined by the Financial Market Commission.

Article 6 amends the General Law of Cooperatives in a similar way to the previous amendments made by this law, replacing the term "Superintendency of Banks and Financial Institutions" with "Financial Market Commission" wherever it appears in the aforementioned text. Amendments are also introduced to Article 19 bis, exempting savings and credit cooperatives supervised by the Financial Market Commission from the ban on returning shares established by this article, provided they meet the regulatory requirements. It is thus stipulated that the Commission shall permanently supervise cooperatives with a net worth equal to or greater than 400,000 UF. The amendments also stipulate that savings and credit cooperatives may not invest in shares of other cooperatives, except in legally established exceptions.

Article 7 amends the Tax Code, granting the Director of Chile's Internal Revenue Service the power to establish simplified procedures for registration with the Unique Tax ID Number (RUT) as required by law, provided it is done in qualified cases and by means of a grounded resolution. Notwithstanding the above, a new Article 66 bis is introduced, authorizing correspondent banks and financial institutions incorporated in Chile to request that the Internal Revenue Service register a Unique Tax Number for them, or an alternative tax identification or enrollment number. For this purpose, the law establishes the conditions that must be met by these entities, outlining which taxable entities can access the simplified or alternative system, which financial transactions will be covered by this procedure, what information they must provide, their obligation to report certain matters, and which taxpayers are excluded from this system.

Article 8 introduces amendments to Article 48 of the Securities Market Law, allowing the stock exchange to suspend trading of one or more securities for a maximum period of five trading days, provided this is done to safeguard the interests of the public and investors. Similarly, this amendment also authorizes the stock exchange to suspend transactions of all securities simultaneously for a maximum period of one trading day, or longer when authorized by the Financial Market Commission.

Article 9 amends Article 59 of Law No. 20,712, on the administration of third-party funds and individual portfolios. Specifically, it amends section a) of the aforementioned article, prohibiting mutual funds that are not intended for qualified investors from investing a higher percentage of the fund's resources than that determined or authorized by the Financial Market Commission, in assets that have certain liquidity or depth characteristics.

Lastly, the transitory provisions introduced by this law establish the following: foreign central counterparties that have been recognized by the Financial Market Commission to date shall maintain such status; within thirty-six months, the Financial Market Commission will issue the regulations governing the calculation of risk-weighted assets referred to in Article 87 of the General Cooperatives Law; and the higher fiscal expense arising from the application of this law during its first fiscal year in force will be financed using funds from the Financial Market Commission budget, with the Ministry of Finance authorized to make up any shortfalls with funds from the Public Treasury item.

Area: Regulatory
Sub-area: Labor
Number: 21.643 - Amends the labor code and other legal texts on the prevention, investigation and punishment of workplace harassment, sexual harassment and violence in the workplace.
Date of Publication: January 15, 2024
Effective Date: August 01, 2024
This law introduces a series of amendments to various legal texts, including the Labor Code, in order to strengthen regulations on the prevention, investigation and punishment of workplace harassment, sexual harassment and violence in the workplace.

To this effect, Article 1 of the Code is amended to stipulate that labor relations must be based on treatment free of violence that is compatible with personal dignity and has a gender perspective. Conducts contrary to the above are defined as sexual harassment, workplace harassment and/or workplace violence by third parties outside the labor relationship. The amendment also broadens the definition of discriminatory acts to include those based on social origin and any other reason.

It also mandates that companies have a prevention protocol and procedures to address sexual and workplace harassment and violence in the workplace. In this regard, it stipulates that employers who are not obliged to draw up internal regulations must inform workers of the prevention protocol and procedure for investigating and sanctioning sexual harassment, workplace harassment and violence in the workplace at the time a work contract is signed. This must be affirmed in writing and incorporated into the Regulations, as per Law No. 16,744.

Additionally, the amendment replaces the heading of Chapter IV of Book II, "On the investigation and punishment of sexual harassment" with "On the prevention, investigation and punishment of sexual harassment, workplace harassment and violence in the workplace" and introduces two new paragraphs addressing aspects of prevention, investigation and punishment of such conduct. The change also emphasizes the need for employers to develop and implement prevention protocols, specifying essential elements such as risk identification, control measures, training and privacy protection.

Article 2 incorporates amendments to the Organic Constitutional Law on the General Framework of the State Administration (Law No. 18,575), which stipulate that public service must be provided in an environment free of violence and workplace and sexual harassment. In this context, it mandates that entities of the State Administration adopt the measures needed to prevent, investigate and sanction such conduct.

It further establishes that state entities must have a protocol with an inclusive approach and specific measures for the prevention of workplace violence and workplace and sexual harassment. Provisions are also included for reporting, training and safeguarding privacy in investigations of sexual or workplace harassment. Administrative proceedings must be processed with due regard for the principles of confidentiality, impartiality and promptness and must incorporate a gender perspective.

Lastly, the amendment identifies sexual and workplace harassment and violence in the workplace as conducts that especially violate the principle of probity.

The following Articles 3 and 4 make several changes to Law No. 18,834 on the Administrative Statute, and Law No. 18,883, the Administrative Statute for Municipal Officials; among others, they stipulate that in cases of threats to the life or physical integrity of any civil servant, the competent authority must decide whether it is necessary to initiate *ex officio* an investigation or administrative proceeding. In processing administrative proceedings, the principles of confidentiality, impartiality and promptness, as well as a gender perspective, are to be upheld. In addition, the articles stipulate that the authority may only dismiss a workplace or sexual harassment complaint by means of a justified ruling. In the articles, victims are granted rights in the investigative process and measures to safeguard them in cases of workplace and sexual harassment are outlined. The articles also establish the complainant's right to file a complaint with the Office of the Comptroller General of the Republic in the event their complaint is dismissed. Similarly, in the event that a complaint against a senior official of the institution or service is dismissed, the individual acquitted, or disciplinary action is taken against them for any of the conducts mentioned, the corresponding administrative act will be subject to a legality review process (*trámite de toma de razón*).

Following articles 3 and 4, Article 5 amends the Organic Constitutional Law of Municipalities to enable a council member to request the removal of the mayor when a complaint has been lodged against that official, and it has been verified in an administrative proceeding conducted by the Comptroller General of the Republic that this official has infringed upon any prohibition set forth in Article 82 clauses l) and m) of Law No. 18,883, which is deemed a serious violation of the administrative probity norms. Similarly, the amendment includes the contravention of the abovementioned prohibitions as cause for dismissal from the office of councilperson. It adds that the grounds for dismissal from the office of councilperson as established in causes a), c), d), e), f) and g) of Article 76 of the law shall be determined by the respective regional electoral tribunal.

Finally, this new law shall enter into force on the first day of the sixth month following its publication in the Official Gazette, and during that period the regulations referred to therein must be issued.

Area: Regulatory
Sub-area: Water
Number: Decree 51 - Regulation governing the annual public competition for initiatives financed by the Fund for Water Resource Research, Innovation and Education, from Article 293 ter of the Water Code. Public Works Ministry
Date of Publication: January 09, 2024
Effective Date: January 09, 2024

Article 293 ter of the Water Code creates the Fund for Water Resource Research, Innovation and Education, under the purview of the Public Works Ministry and operated by the General Water Directorate. This Fund will be used to finance research needed for the adoption of measures for

managing water resources and, in particular, for the preparation, implementation and monitoring of Strategic Water Resource Plans for Basins, as established in Article 293 bis.

Article 293 bis of the Water Code also mandates that each water basin in the country must have a Strategic Water Resource Plan, to ensure water security in the face of water restrictions associated with climate change. These plans must be made public and updated at least once every ten years. In this regard and in accordance with the aforementioned regulations, the Public Works Ministry will be responsible for enacting a regulation that sets out the procedure and specific requirements for preparing these Strategic Water Resource Plans for Basins.

Article 293 bis of the Water Code is supplemented by Article 13 of Law No. 21,455 of June 13, 2022, the Framework Law on Climate Change. This article defines the Strategic Water Resource Plans for Basins as one of the instruments for managing climate change at the local level, for the same purpose as that mentioned in Article 293 bis, but it incorporates additional considerations for preparation of the plans and the obligation to review them every 5 years, in order to safeguard water security. Similarly, Article 13 of the Framework Law on Climate Change affirms that the Public Works Ministry shall be responsible for preparing these Strategic Water Resource Plans for Basins jointly with the Environment and Agriculture ministries, the Science, Technology, Knowledge and Innovation Ministry, the Foreign Affairs Ministry when transboundary basins are involved, and the respective regional council(s) on climate change.

The Fund will be financed by contributions set out each year in the Public Sector Budget Law.

The MOP (Public Works Ministry) will enact a regulation establishing the composition of the jury, the terms and conditions, and the application procedure of the competition based on criteria for preferential regional distribution.

A public competition will be held annually to select research proposals and studies from those applying for financing from the fund. In any case, the applications must include, at minimum, objectives, components, actions, budget of expenses, progress reports and verification indicators.

In the selection process, the General Water Directorate will conduct a technical and economic evaluation of applicants' proposals. This evaluation will be conducted based on the eligibility criteria to be approved annually by the General Water Directorate and its results will be made public. These eligibility criteria must consider, at minimum, the effects of the research or study at the national, regional or municipal levels; the population that the project will benefit or impact; the social or economic reality in the respective territory; and the degree of accessibility to the community.

Area: Regulatory
Sub-area: Water
Number: Decree Nº58 - Approves the regulation establishing the procedure for the preparation, review, updating, monitoring and reporting on Strategic Water Resource Plans for Basins.
Date of Publication: January 04, 2024
Effective Date: January 04 , 2024

Law No. 21,435, which reforms the Water Code, incorporates Article 293 bis, stipulating that each water basin in the country must have a Strategic Water Resource Plan aimed at ensuring water security in the face of water restrictions associated with climate change. These plans must be updated every ten years or less and be available to the public. The law also expressly provides that the Public Works Ministry will issue a regulation setting out the procedure and specific requirements for drawing up these Strategic Water Resource Plans for Basins**.**

Furthermore, Article 13 of Law No. 21,455 of June 13, 2022, the Framework Law on Climate Change, establishes that the Public Works Ministry will be in charge of preparing the Strategic Water Resource Plans for Basins jointly with the Environment and Agriculture ministries, the Science, Technology, Knowledge and Innovation Ministry, the Ministry of Foreign Affairs when it includes transboundary basins, and the respective Corecc (regional climate change committee).

The aforementioned provision defines Strategic Water Resource Plans for Basins as instruments whose purpose is to contribute to water management, identify water shortages in surface and groundwater, establish the water balance and its projections, analyze the state of information on water quantity, quality, infrastructure and institutions involved in water resource decision-making, and propose a series of actions to address the adverse effects of climate change on water resources, in order to safeguard water security.

Area: Regulatory
Sub-area: Animal testing procedures
Number: 21,646 - Amends the legal texts indicated to prohibit animal testing in the manufacture of cosmetic products as well as the sale, marketing, importation and market introduction of cosmetic products when they have been tested on animals.
Date of Publication: January 26, 2024
Effective Date: January 25, 2025

This law amends several legal texts, to prohibit and punish the use of animals for testing cosmetic and other products mentioned, as well as the sale and importation of such products when they have been tested on animals.

To this effect, Article 108 of the Chilean Health Code is amended to expressly regulate the ban on using animals for safety and efficacy testing of cosmetic, personal hygiene and deodorant products and

their ingredients, as well as the sale, marketing, importation and introduction to the market of such products when they have been tested on animals, after the law enters into force.

In addition, the law mandates that manufacturers use alternative methods recognized by the entities indicated to demonstrate the safety and efficacy of the products mentioned, with certain exceptions granted, provided that the specific conditions set forth in the law are met—namely the absence of recognized alternative methods, restrictions on the concentration of ingredients and widespread use of a cosmetic ingredient with no possible replacement.

Products may use the "cruelty-free" or "not tested on animals" label if the product has not been tested on animals; however, they may not use these labels if the product was tested on animals after the law came into force or if the product was based on data from such tests. Violations of these provisions shall be sanctioned in accordance with Law No. 19,496.

Article 2 introduces amendments to Articles 7 and 13 of Law No. 20,380, on the protection of animals, prohibiting experiments on live animals for the purpose of research, manufacturing or marketing of cosmetic, personal hygiene or deodorant products, and to punish violations of the above provisions in accordance with Article 291 bis of the Criminal Code.

Next, Article 3 incorporates a new final clause to Article 291 bis of the Criminal Code, applying the penalties indicated in that article to those who perform acts involving the mistreatment of, cruelty to, experimentation on or unnecessary suffering of live animals for the purposes of research, manufacturing or marketing of cosmetic, personal hygiene or deodorant products.

Lastly, this law will enter into force twelve months after its publication in the Official Gazette.

Area: Taxation
Sub-area: Chile-USA Agreement to prevent double taxation
Number: 200 - Supreme Decree of the Chilean Foreign Affairs Ministry.
Date of Publication: January 27, 2024
Effective Date: December 19, 2023.

- **<u>In general terms, the topics covered by the agreement include the following:d</u>**
  - This Agreement applies solely to persons resident in one or both signatory states, except as otherwise provided for in the Agreement.
- **<u>Taxes included:</u>**

1. This Agreement applies to income and wealth taxes levied by each of the signatory states, regardless of the levy system.

2. Taxes on income and wealth are understood as taxes on all or any part of income or wealth, including taxes on profits from the disposal of assets and taxes on capital gains.

3. The current taxes to which this Agreement applies are:

a) in the United States: federal income taxes imposed by the Internal Revenue Code (but excluding social security taxes), and indirect federal taxes levied on insurance premiums paid to foreign insurers and private foundations.

b) In Chile: the taxes established in the "Income Tax Law".

4. The Agreement shall also apply to taxes of the same or a substantially similar nature, and to wealth taxes that are imposed by a signatory state after the date on which the Agreement was signed, and which are in addition to or intended to replace existing taxes. The competent authorities of the signatory states shall communicate to each other any changes that may have been made to their respective tax laws.

- **This agreement includes provisions for regulating the following specific matters:**

- Resident of a signatory state.
- Permanent establishment.
- Real estate rentals
- Business profits
- International transportation
- Associated companies
- Dividends
- Interest
- Royalties
- Capital gains
- Independent personal services
- In-house personal services
- Directors' shareholdings
- Artists and Athletes
- Pensions, social security, alimony and child support
- Public services
- Students and apprentices
- Other income
- Wealth tax

- **Other general issues addressed in the Agreement:**

- Regulates the methods for eliminating double taxation, in Article 23
- Contains clauses on the limitation of benefits, in Article 24.
- Non-discrimination principle, in Article 25.
- Mutual agreement procedure, in Article 26.
- Exchange of information, in Article 27.

- Final provisions for termination of the Agreement.

The official version, with all details, may be found in the Official Gazette of the date of publication, i.e. 27.01.2024.-

NOTEWORTHY LEGISLATIVE BILLS:

Bulletin N° 8.467-12, on the Administration of the coastline and maritime concessions.	
Area	Regulatory
Sub-area	Environment
Bulletin No.	8467-12
Bill transferring DIRECTEMAR's authority over maritime concessions to the National Property Ministry and creating a new structure for resolutions and a user management platform. Second reading in the Senate. This bill creates a new institutional framework authorizing the National Property Ministry to administer maritime concessions.	

Bulletin No. 15,534-14 amends the General Law of Urbanism and Construction in regard to deadlines and non-fulfillment penalties, and standardizes the responses of the Municipal Works Directorate (DOM). Second reading in the Senate.	
Area	Regulatory
Sub-area	Environment
Bulletin No.	15534-14
This bill incorporates a general procedure for processing complaints against resolutions made in observation reports (*actas de observaciones*) issued by the Municipal Works Directorates (DOM) and mandates that the rulings arising from such complaints be published on the web page of the Housing and Urban Development Ministry (MINVU).	

Bulletin No. 15.566-03, On sectoral permits	
Area	Regulatory

Sub-area	Environment
Bulletin No.	15566-03

This bill can be understood on the basis of seven pillars, as follows:

1st Pillar. The Law of Sectoral Permits is a framework law.

The bill is a framework law intended to establish the general guidelines and principles of its subject matter, leaving the development of detailed regulations to other specialized or hierarchically lower provisions, thereby enabling its continuous adaptation to needs arising in a given area. These principles are: standardization, predictability, proportionality, administrative simplification and facilitation. These guiding principles must be observed by the State's administrative entities in their actions and in the policies, plans, programs, standards, procedures and administrative acts they issue or implement under the framework of this law.

2nd Pillar. Sectoral Regulation and Assessment System.

To administer this regulation, a public agency called the "System for Sectoral Regulation and Evaluation" was created. This system is composed of a set of policies, institutions and rules designed to ensure the processing of sectoral authorizations and technical alternatives to authorizations.

The system includes the creation of the "Committee of Undersecretaries" to coordinate the different state administrative entities involved in the granting of sectoral authorizations.

3rd Pillar. Sectoral Regulation and Evaluation Service.

This Service will be responsible for ensuring the progressive improvement of sectoral regulations and the proper functioning of the System for Sectoral Regulation and Evaluation, and will carry out this mandate with a broad, systemic vision.

- It is a technical, functionally decentralized public agency constituted as a separate legal entity with its own assets and will be overseen by the President of the Republic through the Economy, Development and Tourism Ministry.
- The Committee of Undersecretaries for Sectoral Regulation and Evaluation will serve as an instance of coordination and collaboration among state bodies involved in granting sectoral authorizations applicable to projects and activities. In particular, this Committee shall take into account the recommendations of the Sectoral Regulation and Evaluation Service and define a regulatory improvement agenda for the Executive, in accordance with Chapter VII of this law.

4th Pillar. Creation of instruments for standardized regulation.

Authorization regulatory framework for a series of instruments and mechanisms to standardize, simplify and increase efficiency in the area of sectoral authorizations. To this end, the bill:

A.- Establishes minimum procedural rules for processing sectoral authorizations, applied in a supplementary manner, including, among others, limiting deadlines for other sectoral bodies to issue reports and to resolve requests for authorizations, and the applicability of positive administrative silence.

B.- Six types of sectoral authorizations are created for the specific application of the different minimum procedural rules envisioned in the law. These include:

B.1. Authorization to manage or dispose of: Administrative act that authorizes the implementation or development of services of public interest, or to use, enjoy or dispose of government property or national property for public use.

B.2. Siting authorization: administrative act that approves the location of a project or activity and is required to comply with land use and planning regulations, or an administrative act that approves interventions to or execution of actions upon cultural heritage, natural resources or species under special protection that are located in the area where a project or activity is to be sited.

B.3. Project authorization: administrative act that approves the design or schedule of a defined project or activity, prior to its construction, installation, development or implementation.

B.4. Operating authorization: administrative act that approves the operation of a project or activity, once it is already built, installed or ready to be developed or implemented.

B.5. Professional or service authorization: administrative act that authorizes individuals, companies or teams to carry out an activity or provide a service and confirms that it complies with all permissions required to conduct said activity.

B.6. Other authorizations: administrative acts that enable the development or execution of a project or activity not included among the previous types.

C.- Technical enabling alternatives to certain sectoral authorizations, based on the criteria of non-discrimination, necessity and proportionality. These technical alternatives will allow, in low-risk cases, a project or activity to be authorized upon presentation of a notification or sworn statement by its principal, without requiring the prior issuance of an administrative act.

D.- Projects or activities may be prioritized through the determination and weighting of economically, socially and environmentally important parameters.

These minimum standards are: Initiation of the procedure; examination of admissibility; limiting cases that may require more information, and restricting it only to what is necessary to make a merit-based decision, without adding requirements not stipulated in the applicable regulations for granting the authorization; time limits for issuing reports and for administrative silence; maximum time limit for resolving and determining deadlines and suspension of time limits, combined with a regulation on positive silence as a guarantee for stakeholders and for the speedy processing of investment projects and priority activities.

This prioritization can halve maximum processing times for authorization.

E.- Implementation of mechanisms for sectoral collaboration between professionals and technical entities in the processing of sectoral authorizations. To this end, the bill expands the application of Law No. 18,803, which exclusively grants public services the authority to obtain support for their duties when it does not fall within their powers.

5th Pillar. Unified information system for sectoral permits.

The aim is to have an approved electronic platform that combines all channels for submitting sectoral authorization applications and brings together all relevant information required to manage authorizations. This

platform will be managed and operated by the Sectoral Regulation and Evaluation Service and will increase transparency and consistency in processing sectoral authorizations.

6th Pillar. Regulatory improvement mechanism.

This pillar is managed primarily by the Sectoral Regulation and Evaluation Service and includes the regular review and ongoing improvement of sectoral regulations, enabling the identification of opportunities to adjust authorization regimes to better align with the criteria of necessity, proportionality and non-discrimination; it also includes implementing technical alternatives to enable authorization, allowing the authorization regime to adapt to the changing needs of the country and the development of new technologies.

7th Pillar. Modification of regulatory provisions in different laws.

Modification of 37 laws. These amendments represent a major advance in regulatory enhancement.

They are effective for one year for adaptive and organic provisions of the Sectoral Regulation and Evaluation Service. This will give sectoral bodies time to decide on the Economy Ministry's proposal.

They include the creation of an electronic information and management system for sectoral authorizations, the subscription and filing of affidavits and the filing of notices. This platform will be public and free of charge, and therefore any individual can visit the platform, register and use the services it provides. As a result, requests from parties managed in the system will be housed in digital files and the information therein will be permanently available, serving as a mechanism for enforcing administrative silence in the event of the Administration's inactivity, with an electronic certificate issued to verify it.

The Law orders state agencies to regularly review regulations applicable to projects or activities under their purview, thus ensuring the consistency, efficiency, effectiveness and improvement of the administration's performance. These reports will be converted into reports prepared by the sectoral bodies themselves and sent to the Sectoral Regulation and Evaluation Service. Additionally, the Service will prepare a recommendation for technical alternatives to authorization, and may suggest replacing or eliminating a sectoral authorization.

Bulletin Nº16.552-12, Reform of the SEIA environmental system and service	
Area	Regulatory
Sub-area	Environment
Bulletin No.	16552-12

The pillars of this legislative bill are:

- **Modernization and Strengthening of the Environmental Impact Assessment System (SEIA)**
- A lack of precision in the contents of Environmental Impact Statements (EIS) and Environmental Impact Assessments (EIA) was identified, along with a greater number of requests for clarification, rectification and/or amendment that together generated uncertainty and prolonged the procedures involved.
- The bill considers alternatives for projects at an early stage of citizen participation and strengthens the technical role of the Environmental Assessment System (SEA), reducing the political component of environmental assessment by eliminating Environmental Assessment Commissions (COEVA) and the Committee of Ministers.

- It strengthens the system of liability for environmental harm contained in Law No. 19,300, in order to achieve reparation.

Bulletin No. 16.621-05, on tax compliance obligations.	
Area	Regulatory
Sub-area	**Taxes**
Bulletin No.	16.621-05

This bill has seven guiding principles:

1.- Modernization of the Tax Administration (SII; Customs and General Treasury-TGR): This pillar will provide general oversight of email notifications between the Tax Administration and taxpayers and tax and customs courts. It involves obligations for the platform housing email inboxes to ensure their integrity and updating.

It includes a new procedure to lift banking secrecy, a procedure always allowed at SII's request, and which can also be sought from the applicable court where the taxpayer opposes it.

It also foresees the creation of an electronic file to substantiate and allow Tax and Customs judges to offer settlement terms.

2.- Tax planning audits.

The NGA (general anti-evasion standard) is improved, allowing tax auditors to investigate taxpayers for tax evasion, and including but not limited to conducts cataloged as potentially evasive on the SII website. Administrative appeals and judicial instances are created for certain cases.

Penalties are incorporated for tax advisors working together with taxpayers to create tax plans that generate the tax evasion described.

The bill also limits the use of gifts or annuities between related parties for the purpose of evading taxes or reducing taxable income.

3.- Improvements in the area of tax crimes.

The anonymous whistleblower is incorporated as a mechanism for diffuse control of aggressive planning or evasive conduct. Counterbalancing controls and incentives are established.

Penalties are increased for the use of invoices that are materially false or contain false statements.

Effective collaboration is incorporated by allowing any person involved in the conduct to provide relevant information to enable enforcement against highly sophisticated crimes, and where the proof provided is decisive for obtaining the conviction of those involved.

4.- Expanding the powers of the Taxpayer Defense Service (DEDECON)

This service may interface with the Treasury Service (TGR) to advise taxpayers how to clear delinquent tax obligations.

Its powers to interact with SII and Customs is expanded, beyond the ability to file appeals. Access to tax information is allowed in order to provide taxpayers with adequate counsel, which is the aim of its work. It may also offer education and outreach on compliance with tax obligations.

5.- Regulation of tax obligations.

This will permanently allow taxpayers to sign payment agreements with the Treasury without the compound interest mentioned in Article 53 of the Tax Code, with respect to SMEs. This will encourage prompt regularization of outstanding debts.

The bad debt regulations of the Treasury (TGR) are improved with respect to tax debts that cannot be collected. The associated statutes of limitations are refined, allowing taxpayers to be reinstated as productive, tax compliant persons.

The bill allows, exceptionally and temporarily, the repatriation of capital and the early termination of

tax lawsuits, once the debt has been paid, as well as the option of payment agreements with interest and fines waived.

6.- Control of Informality

POS providers, platforms that allow the sale of goods or services from third parties, and public agencies, must request a business license from SII. -

Financial institutions must report when a taxpayer receives more than 50 transfers from different taxpayers within a single month.

The bill also amends the regulation on illegal commerce, allowing for more expedient control and sanctioning.

7.- Institutional strengthening and probity

This aspect aims to technologically strengthen the tax administration services (SII, Customs and TGR). Probity standards and oversight are reinforced for tax administration officials and tax and customs courts, particularly with respect to the use of tax information obtained by means of their position.