Senate Foreign Relations Committee approves US-Chile tax treaty

A long-delayed tax treaty between the US and Chile took a significant step toward ratification this week as it cleared the Senate Foreign Relations Committee by voice vote on March 29.

The tax treaty with Chile is one of several that were negotiated and signed before the Tax Cuts and Jobs Act of 2017 (TCJA, P.L. 115-97) was enacted but have been held up since then because of concerns that their language could be interpreted as overriding the TCJA's base erosion and anti-abuse tax (BEAT). Similar tax treaties with Hungary and Poland have also been delayed over BEAT concerns and have not yet been scheduled for committee consideration. (For prior coverage, see *Tax News & Views*, Vol. 20, No. 24, July 19, 2019.)
URL: http://newsletters.usdbriefs.com/2019/Tax/TNV/190719_1.html

The agreement with Chile as approved by the Foreign Relations panel includes "BEAT reservation" language to make clear that the treaty does not override the BEAT rules. (Note: A Tax News & Views article published March 25 incorrectly stated that Treasury had renegotiated the treaty to remove the reservation language.)
URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/TNV/220325_2.html

Next steps

The US-Chile treaty will be taken up by the full Senate once there is an agreement to approve it under unanimous consent or when Democratic leadership schedules a floor vote. The Chilean government also will have to move the treaty through its own parliament.

In a tweet following the treaty's passage in the Foreign Relations Committee, Chairman Robert Menendez, D-N.J., called it "an important step in ensuring reliable tax treatment for US [and] Chilean investors" and added that "[s]wift approval [by the Senate] is essential to protecting all parties' financial interests."

— Storme Sixeas
Tax Policy Group
Deloitte Tax LLP