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REGULATION OF BUSINESS CONGLOMERATES IN CHILE: A NORMATIVE AND DOCTRINAL DESCRIPTION

REGULAMENTAÇÃO DE CONGLOMERADOS EMPRESARIAIS NO CHILE: UMA DESCRIÇÃO NORMATIVA E DOUTRINÁRIA

REGULACIÓN DE LOS CONGLOMERADOS EMPRESARIALES EN CHILE: UNA DESCRIPCIÓN NORMATIVA Y DOCTRINARIA

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ABSTRACT

The current economic situation in Chile shows that business conglomerates, also called holding companies, represent a strong basis in the country's economic development. These groups of companies imply links in ownership and management, although each associated company has its own legal personality. Thus, these different legally independent companies act administratively under the strategic direction of a central entity, called the parent company. The objectives of the research refer to: [1] conceptualize business conglomerates in Chile; [2] to identify and describe the different types of links that define the precept of business conglomerate in Chile; [3] Describe and analyze the economic, financial, labor and tax regulations applicable to business conglomerates in Chile. This study is defined as qualitative, descriptive, and situational research. The methodology applied is structured through a non-experimental design, from a qualitative perspective and the techniques of documentary and content analysis are applied. The results obtained show that the legal figure of corporations is the basis of the structuring and relationship of these groups of economic concentration, that Chilean legal norms strongly condition the actions of business conglomerates, but that they can act freely in their corporate aspects, to the extent that their acts are within the current legal framework. The main conclusions indicate that a business conglomerate exists when a group of companies have a corporate structure of parent company and subordinate companies, with common purposes and business management unity. In tax matters, the regulation recognizes Tax Planning as valid, but the auditing entity can qualify the actions of companies as abusive or simulation acts. In the financial sphere, the prohibited acts are operations between companies and related persons and what is required is transparency in the delivery of corporate information. In the economic sphere, FNA not only acts according to the unlawful acts explicit in the rules but also has the power to qualify as contrary to free competition, any strategy of a conglomerate that could potentially produce negative consequences in the markets.

Keywords: Business Conglomerate. Subsidiary Companies. Economic Crimes. Free Competition. Tax Planning.

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RESUMO
A situação econômica atual no Chile mostra que os conglomerados empresariais, também conhecidos como holdings, representam uma base sólida para o desenvolvimento econômico do país. Esses grupos de empresas envolvem laços de propriedade e gestão, embora cada empresa associada tenha seu próprio status legal. Assim, essas diferentes empresas juridicamente independentes operam administrativamente sob a direção estratégica de uma entidade central, chamada de empresa-mãe. Os objetivos desta pesquisa são: [1] conceituar os conglomerados empresariais no Chile; [2] identificar e descrever os diferentes tipos de laços que definem o conceito de um conglomerado empresarial no Chile; [3] descrever e analisar as regulamentações econômicas, financeiras, trabalhistas e tributárias aplicáveis aos conglomerados empresariais no Chile. Este estudo é definido como um estudo qualitativo, descritivo e situacional. A metodologia aplicada é estruturada por meio de um delineamento não experimental, de uma perspectiva qualitativa, e aplica técnicas de análise documental e de conteúdo. Os resultados mostram que a entidade jurídica das corporações é a base para a estruturação e o relacionamento desses grupos de concentração econômica. A regulamentação legal chilena influencia fortemente as ações dos conglomerados empresariais, mas estes podem atuar livremente em seus aspectos societários, desde que suas ações estejam dentro do arcabouço legal vigente. As principais conclusões indicam que um conglomerado empresarial existe quando um grupo de empresas possui uma estrutura societária de uma empresa-mãe e empresas subordinadas, com propósitos comuns e gestão empresarial unificada. Em matéria tributária, a regulamentação reconhece o Planejamento Tributário como válido, mas o órgão de auditoria pode classificar as ações das empresas como abusivas ou simuladas. Em matéria financeira, os atos proibidos são transações entre empresas e partes relacionadas, sendo necessária transparência na prestação de informações societárias. Economicamente, a ANF não apenas atua de acordo com as ilegalidades especificadas na regulamentação, mas também tem a autoridade para classificar qualquer estratégia do conglomerado que possa potencialmente produzir consequências negativas nos mercados como contrária à livre concorrência.

Palavras-chave: Conglomerado Empresarial. Empresas Subsidiárias. Crimes Econômicos. Livre Concorrência. Planejamento Tributário.

RESUMEN
La actual situación económica de Chile muestra que los conglomerados empresariales, también denominados holding, representan una fuerte base en el desarrollo económico del país. Estos grupos de empresas implican vínculos en la propiedad y gestión, aunque cada empresa coligada tiene su propia personería jurídica. Así, estas distintas sociedades independientes jurídicamente, actúan administrativamente bajo la dirección estratégica de una entidad central, llamada empresa matriz. Los objetivos de la investigación se refieren a: [1] conceptualizar a los conglomerados empresariales en Chile; [2] identificar y describir los distintos tipos de vínculos que definen el precepto de conglomerado empresarial en Chile; [3] describir y analizar las normas económicas, financieras, laborales y tributarias aplicables a los conglomerados empresariales en Chile. Este estudio se define como una investi¬gación cualitativa, descriptiva y situacional. La metodología aplicada se estructura a través de un diseño no experimental, desde una perspectiva cualitativa y se aplican las técnicas de análisis documental y de contenidos. Los resultados alcanzados muestran que la figura jurídica de sociedades anónimas es la base de la estructuración y relación de estos grupos de concentración económica, que las normas jurídicas chilenas condicionan fuertemente el

accionar de los conglomerados empresariales, pero puede actuar libremente en sus aspectos corporativos, en la medida que sus actos estén dentro del marco legal vigente. Las conclusiones principales señalan que existe un conglomerado empresarial cuando un grupo de empresas tienen una estructuración societaria de empresa matriz y empresas subordinadas, con propósitos comunes y unidad de gestión empresarial. En lo tributario la norma reconoce como válida la Planificación Fiscal, pero el ente fiscalizador puede calificar el actuar de las empresas como actos abusivos o de simulación. En lo financiero, los actos prohibidos son las operaciones entre empresas y personas relacionadas y lo exigible es la transparencia en la entrega de información corporativa. En lo económico, FNA no solo actúa según los ilícitos explicitados en las normas, sino que también tiene la facultad para calificar como contraria a la libre competencia, cualquier estrategia de un conglomerado que potencialmente pueda producir consecuencias negativas en los mercados.

Palabras clave: Conglomerado Empresarial. Empresas Subsidiarias. Delitos Económicos. Libre Competencia. Planificación Fiscal.

1 INTRODUCTION

1.1 STATEMENT OF THE PROBLEM

The current economic situation in Chile shows that business conglomerates, also called holding companies, represent a strong basis in the country's economic development. Holdings involve a multiple articulation, since they include economic, administrative, legal, labor and tax aspects. The traditional purpose of these groups is to make their assets profitable, articulating commercial and tax aspects, referring to price control, market share, economies of scale, optimization of the value chain and logistics efficiency, among others. These groups of companies imply links in ownership and management, although each associated company has its own legal personality. Thus, these different legally independent companies act administratively under the strategic direction of a central entity, called the parent company.

In Chile, there is no regulatory system that comprehensively regulates business conglomerates, labor, economic and tax regulations only regulate specific aspects of their commercial and economic functioning. The same situation occurs in the field of auditing, where the Internal Revenue Service (Service), the Financial Market Commission (CMF), the National Economic Prosecutor's Office (FNE), the Labor Directorate (DT), among other entities, regulate their own actions, which generates an acceptable but incomplete frame of reference. Therefore, a greater conjunction of the regulations is necessary to correctly understand the legal functioning of business conglomerates, trying to integrate corporate legislation with the economic praxis of these companies.

1.2 RATIONALE FOR THE TOPIC

The changes in tax, labor and economic regulations in recent years have been oriented, preferably, to increase and improve the supervision of the business sector, especially that made up of large companies. In tax aspects, the emphasis is placed on anti-avoidance rules, in labor matters the essential thing is the protection of the worker and in the economic aspects the important thing is antitrust rules and economic crimes. However, it should be noted that the legal system is not explicit enough, thus, regulatory gaps are always generated that allow companies and taxpayers to find alternatives that allow them to reduce the tax burden and oversight in general. The foregoing makes it clear that there is a lack of precision in these regulations; generating uncertainty and criticism, in the business environment, regarding the fact that the supervisory entities can define any action as illicit conduct.

1.3 OBJECTIVES

The objectives of this academic article are the following:

1) Conceptualize business conglomerates in Chile;
2) Identify and describe the different types of links that define the precept of business conglomerate in Chile
3) Describe and analyze the economic, financial, labor and tax regulations applicable to business conglomerates in Chile.

2 THEORETICAL AND CONCEPTUAL FRAMEWORK

2.1 ENTERPRISE

From the economic point of view, the term company is still a concept of analysis and discussion, different authors propose definitions, components, conditions, classification, among other variants; There is no consensus, but there are compatibilities that determine the basic elements of a company, that is, they are economic entities since they use resources, include people, produce and/or sell goods and services, based on a demand, involve socioeconomic and cultural processes, among others (Gutiérrez, 2016; Córdova & Miranda, 2015). In short, companies are economic organizations whose central objective is to obtain profits through the coordination of human, financial and technological resources and have the capacity to generate wealth and jobs in the economy (Tantalean, 2022)

2.2 COMMERCIAL COMPANIES

The business structure of the holdings is based on corporate entities, mainly through corporations, which is why it is subject to supervision by the CMF. The Service, through its Basic Accounting Tax Dictionary (2025), defines companies as legal entities, constituted by persons, whose main characteristic is to pursue profit-making purposes. Companies can be owned by individuals or capital

2.3 BUSINESS CONGLOMERATES IN CHILE

From its beginnings as an independent country, Chile's development was based on a mercantilist and free market economy, based mainly on agricultural and mining exports (saltpeter and copper), with industry being a very precarious sector in its development. This economic structure generated strong financial instabilities, due to the fluctuation of

international prices of exported products. According to a report by the League of Nations[4], Chile was one of the countries most affected by the depression of the 1930s. With the advent of the center and center-left governments (1938-1958), the development of national industry was promoted, with a protectionist policy and public investment, promoting the free market, but with strong state intervention. At that time, theProduction Development Corporation(CORFO) that began the process of industrialization of the country and import substitution. This model is applied through a market structure, with powerful barriers to entry for foreign products, which facilitates the development of local industry (Aguirre, 2020). In addition, it expands lThe doctrine disseminated by the British economist John Maynard Keynes[5], where the participation of the banking sector as a beacon of the national economy is highlighted.

These concepts are reflected in Ricardo Lagos Escobar's undergraduate thesis[6], where he refers to different authors who at that time studied the concentration of economic power in Chile, quotes Louis Baudin[7] and Raúl Luis Simon[8], who argued at that time that the capitalism of small competing units was transformed into a capitalism of large monopolistic units, which corresponded to a small number of entities. In this context of fiscal support, protectionism and banking development, local entrepreneurs are reorganized, strengthening the so-called large economic groups, which focus on taking control of demand, determining prices and expanding into the domestic market, with a solid foundation supported by group-controlled banking companies and a corporate system, with inter-company links where there is legal, economic and structural autonomy, where the relationship involves commercial, financial, functional and family components, which lead to intertwined boards of directors (Lehuedé, 2014).

2.4 MAIN LEGISLATIVE REGULATIONS ON COMPANIES IN CHILE

With regard to the topic of this academic article, the most relevant items on the regulatory norms that affect business conglomerates in Chile are highlighted:

[4] The League of Nations (1920 – 1946) was the first intergovernmental organization established to promote international cooperation and achieve international peace and security.
[5] John Maynard Keynes was a British economist , considered one of the most influential economists of the twentieth century (1883 - 1943)
[6] Ricardo Lagos Escobar, dissertation to apply for the Bachelor's Degree in Legal and Social Sciences from the University of Chile. 1962. Former President of Chile, period 2000-2006
[7] Louis Baudin. Traité d, économie politique. Ed. Dalloz. Paris, 1955. Volume I. p. 603.
[8] Raúl Luis Simón. Los Truts en el Hecho y el Derecho Ed. Nascimento. Santiago, 1947. p. 13.

2.4.1 Main regulatory standards in the labor field

a) Labor Code (updated on January 1, 2025 by Law 21690), is the legal body that defines the rules, rights, and obligations between companies and their workers.

b) Act 20123 (2007) regulating the relationship between contractors and principal undertakings

c) Law 20760 (2014), known as the MultiRut law, which defines the concept of a "single employer" for labor and social security purposes

d) Law 20940 (2016, updated by Law 21579 of 2023) that modernizes the labor relations system.

2.4.2 Main regulatory rules in the tax field

a) Tax Code (updated on July 11, 2025, by Law 21755), is the legal body that establishes the rules that govern the inspection and control of taxes and regulates relations with taxpayers.

b) Income Tax Law (updated on July 11, 2025, by Law 21755), is the legal body that establishes the different taxes on the profits of companies and individuals.

c) Law 20780 (2014) that seeks greater equity in the Chilean tax system, through the implementation of new provisions and control mechanisms.

d) Law 21210 (2020) Strengthening Measures to Combat Tax Avoidance

e) Law 21713 (2024, updated by Law 21724 of 2025) which dictates rules to ensure compliance with tax obligations.

2.4.3 Main regulatory standards in the economic-financial field

a) Decree-Law 211 (1973), which establishes the Rules for the Defense of Free Competition, the text of which is consolidated, coordinated and systematized in DFL No. 1 of 2005, of the Ministry of Economy.

b) Securities Market Law (Law 18045 of 1981), updated on March 26, 2025, by Law 21735)

c) Law on Public Limited Companies (Law 18046 of 1981), updated on August 17, 2023, by Law 21595

d) Law 18660 (1989), which updates the legislation on insurance and securities, highlighting the greater powers of the securities market supervisory entities.

e) General Banking Law (1997) updated on October 24, 2024, by Law 21713

f) Law 19911 (2003) that creates the Tribunal for the Defense of Free Competition, updating Decree Law 211 of 1973.
g) Law 20945 (2016) that perfects the system of free competition, strengthening the tools to investigate and sanction anticompetitive conduct, updating Decree Law 211 of 1973.
h) Law 21000 (2017), which modernizes the legislation on the financial market and creates the Financial Market Commission, which integrates the Superintendence of Securities and Insurance and the Superintendence of Banks and Financial Institutions
i) Law 21314 (2021, updated by Law 21521 of 2023) on **transparency and responsibility applicable to corporations.**
j) Law 21595 (2023, updated by Law 21694 of 2024) on economic crimes and attacks against the environment, defining new rules on economic crimes and substantially expanding "*the catalog of base crimes*" to which companies are exposed in compliance with their surveillance and supervision obligations.

3 METHODOLOGY, MATERIAL AND METHODS

3.1 TYPE OF STUDY

This study is defined as qualitative, descriptive, and situational research (Hernández-Sampieri & Mendoza, 2019), where the methodology applied to achieve the objectives is structured through a non-experimental design (Ñaupas et al., 2018), the elements are they are identified and described as they occur in their real regulatory context, and then analyzed from a qualitative perspective.

3.2 ANALYSIS METHODS

In this study, the following methodology is used: dogmatic-legal (Celis, 2024), characterized by the interpretative analysis of the legal norm and the sources of the law based on theoretical constructs, analyzing the information according to documentary analysis models (Maldonado et al. 2021; Sánchez et al., 2018) and content analysis (Bonilla & López, 2016).

3.3 SELECTION OF INFORMATION AND CONTENT SOURCES

The data is obtained from sources secondary such as legal texts, official circulars and opinions of supervisory entities, articles in specialized journals, websites, among others. The

sources were selected according to their relationship with the topics of study of this work, that is, business conglomerates (Guamán et al., 2021).

4 RESULTS

The review of the different legal and regulatory bodies that regulate business conglomerates made it possible to categorize the legal contents using axial coding (Palacios, 2016)Thus, the legal precepts that the different regulations specifically regulate business conglomerates in Chile were identified. The results achieved are ordered according to the proposed objectives, highlighting that the legal figure of corporations is the basis of the structuring and relationship of these groups of economic concentration, also called holdings, economic groups, associated companies and other equivalent terms to identify economic concentration in Chile

4.1 CONCEPTUALIZATION OF A BUSINESS CONGLOMERATE IN CHILE.

This section sets out definitions and concepts contained or deduced from legal regulations. It is worth mentioning that the Income Tax Law and the Corporations Law do not expressly define business conglomerates.

4.1.1 Securities Market Law

The regulations on the Securities Market state that a business conglomerate is a group of entities that have links of such a nature in their ownership, management or credit responsibility, that they lead to the presumption that the economic and financial performance of their members is guided by the common interests of the economic group or subordinated to them, or that there are common financial risks in the credits granted to them or in the acquisition of the securities that they issue.

4.1.2 Tax Code

The Tax Code, in its article 8°, N° 14°, accepts and assumes the definition contained in the Securities Market Law. What the Tax Code does define, according to Article 8, No. 17, are the most relevant terms and relationships of business conglomerates, such as: controller, controlled, related, ownership participation, profit sharing, related entities, parent companies, subsidiaries, among others.

4.1.3 Internal Revenue Service

The Service, in its virtual portals, in tax reports and circulars, refers to business economic groups as a A group of entities that have links of such a nature in their ownership, administration or credit responsibility, giving rise to the presumption that the economic and financial performance of their members is guided by the common interests of the group or subordinated to them, or that there are common financial risks in the credits granted to them or in the acquisition of securities they issue.(Circular No. 62/2020; 2021 Tax Compliance Management Plan).

4.1.4 Labor Code

The Labor Code defines the concept of business conglomerate from another perspective, when Article 3 establishes that "*Two or more companies shall be considered as a single employer for labor and social security purposes, when they have a common labor management, and conditions such as the similarity or necessary complementarity of the products or services they produce or provide, or the existence between them of a common controller, are present."*

4.2 TYPES OF LINKS IN BUSINESS CONGLOMERATES

The relationships that are defined as determining factors in the configuration of a business conglomerate are set out as indicated in the regulatory standards:

4.2.1 Basic links and transparency

Article 96 of the Securities Market Law specifies that the relationship is given by directors, managers, administrators, principal executives or liquidators of the company, and their spouses or relatives up to the second degree of consanguinity, as well as any entity controlled, directly or through other persons, by any of them. To ensure transparency in the formation and operation of business groups, it is mandatory to disclose their existence and provide the market with a permanent flow of relevant information on the group's entities, their securities and their related operations.

4.2.2 Setting Up a Business Conglomerate

Financial rules define what is configured business conglomerate when two basic elements are combined, the dominant influence exercised by the controller and the unitary

management oriented towards the achievement of common objectives, also called common interests of the group. This term does not have major conceptual or content orientations, which makes it necessary to make an approach to it, from the contractualist perspective of Chilean law in general[9]. In summary, the following entities are part of the same business group:

(a) A company and its controller;

b) All companies that have a common controller, and the latter, and

c) Any entity determined by the CMF considering the concurrence of one or more of the following circumstances:

- That a significant percentage of the company's assets are committed to the business group, whether in the form of investment in securities, rights in companies, debts or guarantees;
- That the company has a significant level of indebtedness and that the business group has a significant participation as a creditor or guarantor of said debt;
- That the company is a member of a controller of any of the entities mentioned in letters a) or b), when this controller corresponds to a group of persons and there are well-founded reasons in the provisions of the first paragraph to include it in the business group, and
- That the company is controlled by one or more members of the controller of any of the entities of the business group, if said controller is composed of more than one person, and there are reasons based on the provisions of the first paragraph to include it in the business group.

4.2.3 Controller

From the content of the Tax Code, it can be deduced that the status of controller is assumed when a person or entity or group of them, who by explicit agreement of joint action and who, directly or not, is the owner or usufructuary of more than 50% of the shares or rights, either with respect to ownership, profits, vote at the shareholders' meeting, etc., of the other entities or companies, which are considered to be controlled; thus, they are related companies all entities that are under a common controller, as well as entities and persons

[9] Article 2112 of the Civil Code mentions the existence of "*corporate interests*" which, in certain circumstances, may coexist with the individual interest of the partners, which must be interpreted accordingly in the light of the contractual conception, and that this conclusion is reinforced even by the provisions of Article 2091 of the Commercial Code. which precisely assimilates the corporate interest with the common interest of the partners.

that own, as owners, usufructuaries or under any other title, more than 10% of the shares, rights, quotas, rights to profits or income, or of the voting rights of the meetings of shareholders or holders of quotas.

In the specific case of partnership or joint venture contracts, these do not generate ties of ownership or dependence (Dumay, 2017), therefore, they do not qualify as a business group, but in accordance with the provisions of the Tax Code, art. 8, No. 17, letter d), the managers and participants of a partnership contract or other fiduciary business are considered "related" if they are entitled to more than 10% of the profits of said contract.

4.2.4 Classifications

Business groups are organized around a main company on which the first line of associated companies of the group depends and then the other business links:

a) Controlling company or parent company: corresponds to the company that heads the business conglomerate, has power over the affiliates and is legally empowered to make the main decisions of the conglomerate. s Any person or group of persons who, acting jointly, participate in the ownership of a company, directly or indirectly. The Securities Market Law defines the controller as any person or group of persons who, acting jointly, participate in the ownership of a company, directly or indirectly. In addition, this law defines a couple of elements that are significant:

- The controller must participate in the ownership of the controlled (art. 97 paragraph 1), leaving aside the other forms of non-participatory subordination
- The controller must necessarily act as an entrepreneur, that is, carrying out conduct that goes beyond the mere ordinary administration of a package of shares.

b) Subsidiary Company: are those companies controlled by a parent company, which owns more than 50% of its capital, more than 50% with decision-making powers (voting rights), with the power to appoint or have elected the majority of its directors or administrators. The limited partnership will also be a subsidiary of a corporation, when the latter has the power to direct or guide the management of the manager (Article 86, Law 18,046)

c) Subsidiary Company. These are those companies in which control is exercised indirectly, through a subsidiary of the controlling company.

d) Linked Company: They correspond to those that have a certain level of ownership relationship, but are not considered in what is known as corporate control. According

to the law, they are defined as follows: *A company associated with a public limited company is one in which the latter, which is called a partner, without controlling it, owns directly or through another natural or legal person 10% or more of its capital with voting rights or of the capital, if it is not a corporation or can elect or designate or cause to be elected or appointed, at least one member of the board of directors or of the management of the board.*

4.3 LABOR STANDARDS APPLICABLE TO CONGLOMERATES

Labor regulations tend to be of a generic nature, without considering the size of the companies or their interdependencies, in any case, it is possible to identify the following regulations that are related to economic conglomerates:

4.3.1 Relationship between companies

a) Law 20123 (2007) that regulates the relationship between contractors and main companies, for the main company establishes the following:

- It has the obligation to guarantee compliance with labor and social security rights by contractors and bonuses, among other aspects related to the protection of workers
- Regulate the outsourcing of functions within the labor framework.
- Regulate work under subcontracting, the operation of temporary service companies and contracts for these services.

b) The Labor Code defines the relationship between companies as occurring when two or more companies have a common labor management, and conditions such as the similarity or necessary complementarity of the products or services they produce or provide, or the existence between them of a common controller, are present.

4.3.2 Shared responsibilities

a) According to the Labor Code, companies defined as controllers of other entities will be jointly and severally liable for compliance with labor and social security obligations arising from the law, individual contracts or collective instruments.

b) Law 20940 determines the existence of inter-company unions, therefore, the legal separation of the associated companies does not generate benefits in labor relations.

c) Large companies must provide unions with all information related to financial issues, which minimizes the advantages for collective bargaining processes and the calculation of bonuses.
d) Law 20760 applies the assumption of "multiplicity of corporate names" to consider a single employer for labor and social security purposes. Thus, it seeks to sanction labor fraud through the creation or division of companies that seek to diminish workers' rights, such as the loss of bonuses, compensation, or the affectation of union and collective bargaining rights.

4.4 TAX RULES APPLICABLE TO CONGLOMERATES

The tax reforms of recent years have aimed to reduce tax evasion and avoidance through new control mechanisms and greater powers of the Service. In this context, business conglomerates are a basic target for auditing since related companies are a possible source of illicit acts, such as transfer pricing, abuse of legal form and simulation of legal acts.

4.4.1 Anti-circumvention rules: abuse and simulation

Law 20780 introduced various adjustments in the Chilean tax system, one of them being the implementation of rules and mechanisms that seek to reduce evasion and avoidance, highlighting the concepts of avoidance and its variants of abuse and simulation, as well as anti-avoidance rules and operating procedures. Legally, it will be understood that there is avoidance of taxable events in the cases of abuse or simulation established in articles 4 ter and 4 quarter, respectively; however, this tax reform establishes that in order to differentiate avoidance from correct tax planning, the Service must resort to a legal qualification procedure before the Tax and Customs Courts (Matus, 2017)

The taxable events contained in the tax laws may not be avoided through the abuse of legal forms. It will be understood that there is abuse in tax matters when the realization of the taxable event is totally or partially avoided, or the taxable base or the tax obligation is reduced, or the birth of said obligation is postponed or deferred, through legal acts or transactions that, individually or as a whole, do not produce relevant legal or economic results or effects for the taxpayer or a third party. that are different from the merely tax ones referred to in this subsection. There will also be avoidance in acts or businesses in which there is simulation, in these cases the taxes will be applied to the acts effectively carried out by the parties, regardless of the simulated acts or businesses. It will be understood that there

is simulation, for tax purposes, when the legal acts and transactions in question disguise the configuration of the taxable event of the tax or the nature of the constituent elements of the tax obligation, or its true amount or date of birth.

4.4.2 Legitimate business reasons and principle of good faith

The Tax Code establishes that the Service must recognize the good faith of taxpayers, which involves recognizing the effects that arise from legal acts or transactions or from a set or series of them, depending on the way in which they have been entered into by taxpayers; there is no good faith if by means of such acts or legal transactions or set or series of them, the taxable events established in the corresponding tax legal provisions are avoided; cases of abuse or simulation must be accredited by the Internal Revenue Service and sanctioned by the Tax and Customs Court. Also, the rule validates as legitimate the reasonable choice of behaviors and alternatives contemplated in the tax legislation (Walker, 2018) and, consequently, the mere circumstance that the same economic or legal result can be obtained with another or other legal acts that would result in a higher tax burden will not constitute abuse; or that the legal act chosen, or set of them, does not generate any tax effect, or generates them in a reduced or deferred manner in time or in a lesser amount, provided that these effects are a consequence of the tax law.

4.4.3 Tax Planning

Tax regulations allow us to infer that tax planning is a set of lawful legal acts aligned around the raison d'être of a company, where the entity chooses the tax scheme that allows it to obtain the greatest tax savings or the lowest tax burden admitted, thus using the options contemplated by the same legal system.

4.4.4 Transfer Pricing

The rule contained in Article 41, letter E of the Income Tax Law regulates the prices, values and returns set, in cross-border transactions and those that account for the reorganizations or restructuring of companies or businesses that taxpayers domiciled, or resident or established in Chile, are carried out with related parties abroad and have not been carried out at prices, normal market values or returns. Considering as related parties the participants in the operations described above, either as participates directly or indirectly in the management, control, capital, profits or income of the other, or as the same person or

persons participate directly or indirectly in the management, control, capital, profits or income of both parties, all being understood to be related to each other. Understanding in the same way as related an agency, branch or any other form of permanent establishment with its parent company; with other permanent establishments of the same parent company; with related parties of the latter and permanent establishments of the former. The Circular No. 29 of the Service (2022), establishes specific rules on transfer pricing, since the Service has the power to challenge the values declared by taxpayers and set normal market values, and must concur "...*that cross-border operations or transactions are carried out between related parties..."*, which expressly refers to related companies.

4.4.5 Appraisal and market values

The new rules give the Service the power to carry out the appraisals of legal acts according to the economic principle of *"*market value" (Circular No. 10/2025 of the Service). The power to assess allows challenging what is presented as the value agreed upon by the parties, where this is notoriously lower than the current market value, and which has a direct and visible effect on the taxable base of some tax. This power to assess is expressly found in Article 64 of the Tax Code, which corresponds to a general valuation rule, that is, it will be applied when there is no other more precise provision on that matter, as is the case of more specific cases present of transfer pricing regulated by the Income Tax Law. This power directly incorporates discretion in the actions of the Service, since it uses the expression *"may",* Thus, in the event of an alleged event provided for by the regulation, the Administration may assess or refrain from carrying it out.

4.5 FINANCIAL RULES APPLICABLE TO CONGLOMERATES

Since the crisis of the financial system in 1982, Chilean legislation has been incorporating a series of requirements in terms of investment, control, business conglomerates and related persons, all aimed at regulating the effects of the economic and credit concentration that caused the banking crisis at that time.

4.5.1 Supervision model

Law 18660 updated the Securities Market Law, giving greater powers of supervision to the administrative body, enhancing the role of the CMF. However, the law, far from prohibiting or limiting the formation of such business groups, recognizes their existence as a

pre-existing and entrenched reality, legitimate and even necessary, in pursuit of the legal organization of modern medium and large companies. The CMF intervenes only to prevent the abuse of the position of power; control, in this aspect, is based on the organic model, where the law establishes the characteristics that this conjunction of companies must meet in order to be considered as such, the determining factor being the unitary management, which is not expressly indicated in the regulation, but from the dependence that exists of the companies with respect to their parent company can be deduced (Securities Market Law, Article 97).

4.5.2 Obligation to inform

The Securities Market Law, considering the need to ensure the transparency of the securities market, obliges directors, managers, administrators and principal executives, as well as the entities they control, directly or indirectly, to inform the market about the ownership of financial instruments issued by the corporation and by other entities of the same business conglomerate. that is, it must be reported the acquisitions and disposals of their shares carried out by their related persons, in the manner and with the periodicity determined by the CMF through general rule No. 505 (2024).

4.5.3 Influence on the management of public limited companies

Article 99 of Law 18045 establishes who are those who have a decisive influence on the management of a company and are obliged to provide confidential information, indicating that it corresponds to any person or group of persons who, directly or indirectly through other entities, control at least 25% of the capital stock with voting rights.

4.5.4 Related people

The norm defines the criteria to determine who is a related person (natural or legal) with respect to a company. In summary, the criteria are as follows:

a) **Voting power:** The person, individually or in a group with other partners, has sufficient voting power to influence the election of the board of directors and the management of the company.
b) **Conflicts of Interest:** a partner's business with the company generates conflicts of interest, both economically and administratively

c) Influence of the company: the management of the company is subordinated to or influenced by another company.
d) Access to privileged information: A person, due to his position or position, has access to confidential information of the company and that could influence the stock market value of the shares of the corporation

However, the law establishes some exceptions, such as a limited ownership interest (maximum 5%) and that of the company's non-managerial employees.

4.5.5 Independent directors with historical ties

Article 50 bis of the Law on Public Limited Companies empowers the CMF to veto the appointment of those persons who in the last eighteen months have maintained links with the company, such as economic, professional, credit or commercial dependency, of a relevant nature and volume, either with the company or with the other companies of the group of which it is a part. your controller or with the top executives of any of them, including at non-profit events.

4.5.6 Prohibition of participation in the patrimony

Article 88 of the Corporations Law states that the subsidiaries and affiliates of a corporation may not have reciprocal participation in their respective capitals, either in the capital of the parent company or the affiliate, or even indirectly through other natural or legal persons.

4.5.7 Financial Market Commission (CMF)

The CMF has among its faculties that of "*To examine, without restriction and by the means it deems appropriate, all the transactions, assets, books, accounts, files and documents of the persons, entities or activities audited or of their parents, subsidiaries or affiliates. In turn, in order to assess the risks to the financial situation of the entities subject to its supervision, the Commission may request from them information on the financial situation of all persons or entities belonging to its own business group that could significantly compromise the financial situation of the audited entity*" (art. 3 of the Capital Market Law). In cases where the subsidiary companies demonstrate an active life in the financial and stock market areas, the CMF acts in a clear and direct manner, sharing its powers of inspection

with the Service, but also unilaterally in order to minimize financial risks in possible cases of illicit transfer of tangible and intangible assets.

4.6 ECONOMIC RULES APPLICABLE TO CONGLOMERATES

The economic rules that regulate large companies are based on the Securities Market Law and the Economic Crimes Law, which incorporate these crimes into the Penal Code. In relation to conglomerates, topics such as incompatible negotiation, self-contracting, operation between related parties, operations with conflicts of interest with directors of dependent corporations can be cited.

4.6.1 Economic crimes

The rules on economic crimes and attacks against the environment (Law 21595), it places greater demands on legal entities and their internal compliance systems, as well as on company directors and managers. In relation to conglomerates of companies, the attributable crimes are related to:

a) Price manipulation and insider trading.
b) Obtaining capital illegally
c) Abuse of power and conflict of interest.

4.6.2 Transparency and accountability of corporations

Law 21,314 sets greater requirements on issues of transparency and responsibility of agents participating in the financial market, including corporations and business conglomerates. An important modification is the liability attributable to Directors who approve transactions that violate the rules of the Corporations Act, specifically due to conflict of interest or because the transactions are carried out between related parties. Another relevant issue is the power granted to the CMF to request information from the affiliates of a parent company, which is in the process of Thus, the board of directors of the parent company is obliged to develop and disseminate a general policy for the election of the directors of its subsidiaries.

4.6.3 Free competition and antitrust rules

In the case of business conglomerates, from the content of Law 20945, it is possible to point out the following prohibitions, with respect to acts that may impair or obstruct free competition:

a) Concerted actions between companies: The law prohibits and punishes collusion to control prices, condition production levels, set market shares, among other anticompetitive acts.
b) Abuse of power: It is also prohibited to abuse a dominant position in the market, even if it is not considered a monopoly
c) Control over concentration of companies: the FNE is responsible for ensuring that the union of companies, transitory or definitive, does not generate monopolies or situations of power over markets and consumers
d) Prohibition of Interlocking[10]: considering that these acts may affect the autonomy of companies, the rule prevents the simultaneous exercise as a manager in two or more competing companies, in the event that sales *exceed one hundred thousand development units in the last calendar year.* This unlawful act is punishable in the case of being executed directly by natural persons (direct interlocking), as well as if it is carried out through parent companies or subsidiary companies **(indirect interlocking).**

4.6.4 National Economic Prosecutor's Office (FNE)

The National Economic Prosecutor's Office is an independent entity whose purpose is the defense and promotion of free competition, supervising business acts that threaten it, especially cases of abuse of dominant position and economic concentrations. To this end, the FNE conducts market studies and investigates anti-competitive conduct. Among its attributions is that of approving (or rejecting) the mergers, acquisitions and other forms of concentration of companies. Law 20,946 of 2016 defines the supervisory powers that the FNE has in companies and business groups in its article 4 bis. This law makes public that it empowers the FNE on the one hand, and simultaneously obliges the related company that has direct or indirect participation to inform the Prosecutor's Office of its intention to act.

5 CONCLUSION

As a first comment, it can be conceptualized that a business conglomerate exists when a group of companies or companies dependent on each other, seek to achieve economic,

[10] Interlocking refers to the link between competing companies that share one or more people on their boards or in relevant executive positions. This practice can facilitate anti-competitive coordination, as it exposes sensitive information between rivals.

financial and tax advantages, which leads to a corporate structuring of parent company and subordinate companies, where the fundamental thing is the relationship of subordination, common purposes and business management unity.

A second comment refers to the fact that the links that define a business conglomerate are, basically: the dominant influence exercised by the controller, unitary management, subjective plurality and the search for a common objective.

The third comment corresponds to tax regulation, where the Internal Revenue Service, guided by both its jurisprudence and doctrine, it has established "Tax Social Responsibility", directed through work in harmony between this entity and economic conglomerates, in order to improve and ensure compliance with tax obligations, where it assumes a relevant role it is the so-called Catalogue of Tax Schemes, **A reference guide that allows preventing and controlling the obtaining of undue tax advantages. The tax rules do not impose a single tax configuration, thus recognizing the concept of economy of option and conglomerates** they may be freely organized, but are subject to supervision, especially in cases of abuse of legal form and acts of simulation. With regard to auditing, it should be noted that accusations and penalties can be reviewed by the Tax and Customs Court. Regarding taxes, It is pertinent to state that each of the companies belonging to a conglomerate is taxed individually and completely independently of the its parent company or conglomerate.

The fourth comment refers to financial regulation, where the substance is that companies formed as corporations are obliged to report to the Financial Market Commission about their business groups, in turn, these groups must keep their information updated, which is public through the CMF website.The CMF's Updated Compilation of Standards for Banks and Corporations catalog sets the standards for banks and their associated conglomerates, requiring the delivery of related financial information, which must detail the identification and disassociation of entities from a business group. These executive rules define how banking conglomerates are structured, and they are also set the limits for credit operations with the companies of the respective economic group. In the case of the sanctions of the CMF, due to the lack of a Court of exclusive jurisdiction, companies can appeal to the Court of Appeal of their place.

A fifth comment involves economic regulation, where economic concentration and the defense of free competition are the significant issues. The rules in general do not consider that the formation of a business conglomerate is in itself an unlawful act that violates free competition, because what is punishable is that such concentration limits or

inhibits it in the corresponding market. The FNE has the power to classify the following actions as anti-competitive practices: horizontal and vertical unions between dependent companies, abuse of dominant position; mergers and unfair competition. This supervisory entity not only acts according to the unlawful acts explicit in the rules, but also has the power to qualify as contrary to free competition, any strategy of a conglomerate that could potentially produce negative consequences in the markets. From the procedural point of view, accusations of the National Economic Prosecutor's Office can be reviewed by the Court for the Defense of Free Competition.

A sixth commentary reviews, as It has already been stated in the results that labor standards do not have direct reference to business conglomerates, but certain basic definitions can be highlighted, such as the concepts of "single employer" for labor and social security purposes, being the Labor Courts who determine this characteristic, If all related companies maintain similar and complementary lines, they operate in the same place and under the same administration. Like this Companies defined as controlling other entities will be jointly and severally liable for compliance with workers' labor and social security obligations and individual contracts or collective agreements.

A final comment involves incorporating an external approach to this study, but one that is superlative with respect to antitrust rules, the The National Corporation of Consumers and Users of Chile (Conadecus) requested, in 2023, the Court for the Defense of Free Competition that the State intervene to limit aggregate economic concentration in the country, requesting that **the same economic conglomerate does not control dominant positions in multiple key markets**. This request was accepted by that court, on the assumption that certain conglomerates, by their nature, are contrary to free competition. This request has not had legal results to date, but the CMF, in September 2024, issued a report called "Guidelines for a Financial Conglomerate Law in Chile", based on international standards and IMF recommendations for deeper supervision of these conglomerates.

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