COMPARATIVE ANALYSIS OF VAT ON DIGITAL SERVICES BETWEEN TWO EMERGING LATIN AMERICAN COUNTRIES

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Abstract *– Purpose: the objective is to analyze the central aspects of Law 825 of 1974 of Chile, and Colombian Decree 624 of 1989, to identify the differences and similarities in VAT taxation on digital services of two emerging countries. Design/Methodology: the method used is documentary review, due to the use of laws, circulars, and resolutions, that seek to highlight the relevant aspects of the regulations. Results: The comparison between Chile and Colombia was made given that in both countries digital services are charged with VAT. In accordance with the analysis of the regulations in both countries, referring to the aspects that allow taxation of digital services, Chile addresses a more complete registration modality to the regime in terms of the data requested from the service provider. Implications: differences between tax regimes in developing countries can be considered to advance digital accounting. Originality: there are no studies that address this topic in Latin American countries.*
Keywords*: tax regime; VAT; digital services; emerging countries; Latin America.*

1. INTRODUCTION

Due to significant technological advances, the provision of cross-border digital services has become a reality, since distance is no longer an impediment to marketing, allowing digital services to be used, regardless of the location where the client is located as long as you have access to the internet (Hao et al., 2023). According to Katz (2015), the digital ecosystem is the result of significant advances in digital information and communication technologies thanks to the arrival of the Internet, since its implementation eliminates transactional distance, establishing a new industrial context where new organizations offer digital inputs.

According to the Organization for Economic Cooperation and Development (OECD, 2002), in 1997 the first conference was held in Turku, Finland, "Eliminating borders to global electronic commerce", where government representatives and participating companies raised the challenges that global digital marketing generates for the tax systems of each country. The following year a conference was held in Ottawa, in which the Fiscal Affairs Committee presented the so-called "Tax Framework" which has been described as a solid basis by a vast majority of countries and international organizations, where in turn established that the OECD would be responsible for leading this initiative (OECD, 2001). Thus, in 2013, a "Base Erosion and Profit Shifting", better known as BEPS, was established, which aims to harmonize the regulations of each country with international tax measures (OECD, 2013).

Geringer (2019) indicates that regulations on the digital economy have the purpose of ensuring equal conditions between traditional and digitalized companies, so that the latter do not use digitalization as a way to avoid paying taxes. This is how different countries generated their own resolutions. One of the first Latin American countries to implement this tax is Colombia, which, in 2018, through Resolution 51, established the way to present and collect this tax. Subsequently, Chile, in 2020, implemented Law 21,210 on tax modernization, affecting foreign companies that provide services in the country.

In the face of modernization, foreign companies had to analyze their incidences in the taxation of their services offered in Chile, since until 2020 the basic principle of the tax system was that of domicile or residence of the institutions, which indicates that "every person domiciled or resident in Chile will pay tax on their income from any source, whether the source of income is located within the country or outside it" (Decree Law 824, 1974, article 3, paragraph 1). This is how the entry into force of Law 21,210 changes this perspective, because now what dictates is the territoriality of where the service is provided, incorporating the collection of VAT, thus increasing collection in the country.

Likewise, in Colombia, because, in 2016, after the publication of Law 1,819, the concept of territoriality was incorporated for this country, in 2018, VAT began to be charged on digital services, thus increasing the total tax collection. That is why this research seeks to analyze the taxation of these countries and generate a comparison, in view of the fact that both Chile and Colombia decide to apply a value-added

tax (VAT) to digital services instead of a specific tax. or additional tax. Hence, it is worth asking if this is an indicator that the regimes of both countries have similar tax systems.

2. THEORETICAL AND CONCEPTUAL FRAMEWORK

2.1 Tax Obligation

The tax obligation is the link, established by law, between the creditor (fiscus) and the tax debtor (taxpayer), whose objective is the fulfillment of tax benefits that can be demanded by force (Chilean Tax Administration, SII). Furthermore, it is important to mention that the main obligation of taxpayers is the payment of taxes, and these arise when the taxpayer carries out the taxable event (Damajanti & Karim, 2017).

Regarding what is indicated by Pinillos (2019), the elements of the tax obligation are five, which are: i) Active Subject: Whoever has tax power, this means, who has the power to create, or regulate, a specific tax; ii) Taxable Subject: Within these, there are 2 types: "de jure," who directly pays the tax, and "de facto," who ultimately must bear the economic consequences of the tax. The latter applies mainly to indirect taxes, where the payment obligation is transferred, and iii) Tax base: the monetary value of the measurement of the taxable event to which the rate is applied to later establish the value.

2.2. Tax System

According to Jensen (2022), every tax system is composed of a series of taxes related to each other, established by the state over a certain period. García (2002) maintains that it is composed, jointly, of taxes and principles that allow the correct taxation of all inhabitants (Mora & Bernal, 2016).

The purpose of the tax system is to increase the collection of countries; the above allows it to be measured through the Gross Domestic Product (GDP). Furthermore, it maintains that, to compare GDP between two countries, a conversion of the currency with which the calculation was made must be carried out (it is usually adjusted to the US dollar), thus allowing this indicator to be compared between countries with different currencies.

2.3. Chilean Tax System

Tax systems obtain the main sources of income through taxes, whose fundamental role is the financing of public spending, for the benefit of the population and, ultimately, the economic growth of the nation. Some authors defend that every tax system must operate under four fundamental principles, these are: i) Sufficiency: The tax system must be capable of financing State expenses; ii) Efficiency: Tend to reduce deviations caused by taxes on economic decisions; iii) Equity: The tax burden must be distributed, fair and equal, among taxpayers, and; iv) Simplicity: Taxes must be easy to understand and function for taxpayers and the tax administration.

According to the SII in its "Tax Education Program", it mentions that Chile is made up of three large groups of taxes, these are: i) Direct Taxes: These are those that, as their name indicates, are applied directly to the holder of the income, thus being able to recognize who pays and how much the amount was. These taxes are found in the Income Law (LIR), which include the first category income tax, second category single tax, complementary global tax and additional tax; ii) Indirect Taxes: These affect each of the citizens in the same way, regardless of the level of income they obtain, and are applied through the use of wealth indirectly on sales, alcohol, properties, gasoline, imports, among others. Among the taxes mentioned by the SII are: Taxes on sales and services (VAT), Tax on Luxury Products, Tax on Alcoholic Beverages, Non-Alcoholic Beverages and Similar Products, Tax on Tobacco, Tax on Fuels, Tax on Legal Acts (Stamps and Stamps), and Tax on Foreign Trade, among others (Para. 5), and; iii) Other Taxes: This classification addresses those taxes that are not intended to be attributed to consumption or income received by people. The taxes belonging to this classification are the Territorial Tax, the Taxes on Inheritance, Allocations and Donations, the Municipal Taxes, and the Taxes on Gaming Casinos. Of all taxes, one of the most representative of total tax revenue is VAT, being one of the main sources of income in Chile. According to the SII (2023), VAT represents 44.1% of the country's total revenue.

2.4. Colombian Tax System

According to Mora & Bernal (2016), the principles that regulate the Colombian tax system are contained in the National Constitution of said country, which in turn are complemented by other principles that arise from jurisprudence and constitutional doctrine. These are: i) Duty to Pay Taxes: Contributing to the common good is the duty of all the inhabitants of the nation; ii) Legality: All taxes are formally regulated by legal requirement; iii) Equity: Rational determination of the tax burden, thus avoiding disproportionate imputation; iv) Progressivity: The tax burden is higher for subjects with a higher income; v) Non-retroactivity of the Law: Tax regulations are applicable after the effective date of a

Law, not before, and; vi) Efficiency: Avoid loss of resources in those procedures to comply with tax obligations.

The United Nations Development Programme (UNDP, 2022) explains in more detail the classification of taxes in Colombia, which are: i) National Taxes: Created by law to be collected and administered by the nation and included in its budget as a counterpart for expenses office; ii) Municipal and District Taxes: Created by the municipalities, their collection and administration correspond to the same municipality which must take them to its budget directly and to meet local expenses, and; iii) Departmental Taxes: Created by the departmental assemblies, collected and administered by the department, who takes them to its budget directly and to meet its needs.

In turn, PricewaterhouseCoopers International Limited (PwC, 2024) mention all those national taxes, which are: Income and complementary tax, Tax on occasional profits, Value Added Tax (VAT), National consumption tax, National tax on the consumption of plastic bags, National tax on cannabis consumption, National stamp tax, National tax on gasoline and motor fuel oil, National carbon tax, Wealth tax, and Tax on financial movements. Therefore, Colombia, like Chile, has a tax system made up of taxes that directly and indirectly tax people. Colombia's national taxes are divided into: i) Direct Taxes: These are taxes that affect any natural or legal person, as in the case of the Income Tax and the Wealth Tax, those that are caused by people's patrimonial income, and; ii) Indirect Taxes: These are taxes that do not directly affect people, but rather tax the goods or services that citizens acquire, as in the case of VAT and Consumption Tax (The World Bank, 2023; García et al., 2021; Biehl et al., 2019).

2.5. Beginnings of the regulatory regulations for Digital Services

Given the reality of the digital economy and the growing increase in new digital services offered, Chile, in response to the recommendation provided by the OECD, the President of the Republic begins the tax modernization project, which was processed in the Chamber of Deputies of Chile (2018), on August 23, 2018, in the message in session 63, the imputation to digital services provided by foreign companies is included, through a specific tax, of an indirect nature, with a rate of 10%. The Chamber of Deputies of Chile (2019), in the Report of the Finance Commission in Session 65, modifies the original bill, considering the recommendations of the OECD, reformulating the tax on digital services, to an event taxed with VAT, increasing Collections projected at US$2.9 million considering the 19% rate. This modification brings with it the creation of a simplified registry so that foreign platforms can comply with their tax obligations. The project becomes in the Law 21,210, published in the Official Gazette on February 24, 2020, which seeks to regulate digital services provided by foreign companies, addressing digitalization and technological strengthening of the SII.

On the other hand, Colombia, in its attempt to make digital services chargeable, on December 29, 2016, established Law 1,819, which applies a tax reform, strengthening legal mechanisms against evasion and avoidance. In the fifth part of the Law, Decree Law 624 (1989), entitled “Tax Statute” (TS), is largely modified, specifically to the fact on which the VAT falls and the territoriality of the tax, leaving the service providers without domicile or residence in the country. Law 1,819, in its article 178, modifies paragraph 2 of article 437 of the TS, where the Directorate of National Taxes and Customs (DIAN) will be the one who will establish the necessary resolutions to comply with the tax obligations of digital service providers from abroad.

3. METHODOLOGY

The methodological approach of this research is qualitative, since it collects non-numerical data, in addition to the fact that its importance does not lie in measuring the variables of the study phenomenon, but rather seeks to understand it (Fernández et al., 2003). This is why the particularities of the current regulations regarding VAT that apply to digital services were studied in two Latin American countries, Chile and Colombia. The type of study used is descriptive since those fundamental qualities of the research object were specified. According to Salkind (1998), the purpose of this type of study is to describe a highly relevant situation. The technique used is documentary analysis, since according to the literature, the researcher delves into the documentation related to his research subject, through a series of intellectual procedures, reflecting in a synthesized and distinct way what is extracted from the document in question (Courrier, 1976).

The data used in this research was obtained from secondary sources, since it investigated regulations, investigations, Laws, Official Letters, Resolutions, among others, for each of the countries that are the subject of study. According to the searches carried out, it is possible to account for the use of documents issued by the OECD and regulations of Chile and Colombia, the most important being those detailed in Table 1.

Entity or country	Source	Content
OECD	Fiscal taxation and electronic commerce: Implementation of the tax framework of the Ottawa Conference (2001)	First international meetings and conferences, in which the first steps were established to solve the problems associated with electronic commerce.
	BEPS (2013)	Background, problems, and suggested action measures, regarding the taxation of companies that provide cross-border services.
Chile	VAT on Digital Services (SII)	The taxpayer makes the declaration and payment of the tax, registration, and registration. In addition to finding useful information for this, regarding deadlines, documents, etc.
	Law No. 21,210 of 2020	Provides information regarding the taxable event of digital services.
	Circular No. 42 of June 11, 2020	It contains information on the special taxable event, territoriality, accrual and subject responsible for payment, all of this from service providers from abroad, not domiciled or resident in the country.
Colombia	Law 1,819 of 2016	It modifies the VAT generating event, thus taxing services provided from abroad.
	Resolution 51 of 2018	Provides the bases for the registration, presentation, and collection of VAT from service providers from abroad.
	Resolution 17 of 2020	Details the VAT withholding agents of those electronic service providers that voluntarily adopt the alternative tax payment system.

Table 1. Sources of information for the study

4. RESULTS AND DISCUSSION

4.1. VAT on Digital Services in Chile

According to the SII "the Sales and Services Tax that taxes the sales of movable and immovable tangible assets, excluding land and also the provision of services that are carried out or used in the country" (Para. 3). This tax affects the final consumer and taxes the operations of commercial, mining, industrial and service companies, with a rate corresponding to nineteen percent (19%) of the tax base, this since 2003, since previously this rate corresponded to 18%.

Decree Law 825 (1974) "Law on Taxes on Sales and Services" (LIVS) is the one that contemplates and regulates VAT, as well as other specific taxes, such as the Additional Tax on Alcoholic Beverages, non-alcoholic beverages and products Similar (BCN, 1974). According to Engel et al. (2003) the VAT is considered a regressive tax because it is paid only when it is consumed, affecting to a greater extent the people who belong to the lower class of the country, because they are the ones who consume almost all of their income, since the People belonging to the upper class have the capacity to save, because of their income level.

BCN (2014) states that VAT is the country's main consumption tax, its purpose being to tax the value added to the sale price of goods and services at each stage of commercialization. The amount is determined by the difference between the VAT tax credit and the VAT tax debit, that is. The form that must be filled out to declare this tax is the F-29, which is monthly and can be done via the Internet with the "Secret Code", with a maximum deadline of the 20th of the month following the period being declared (SII).

Furthermore, article 9 of the LIVS, exactly in letter a), details the general accrual rule, mentioning that both sales of movable tangible assets and the provision of services will accrue on the date on which they are issued. the invoice or receipt. However, if in the sale, the species are delivered before the aforementioned date, "the tax will accrue on the date of the actual or symbolic delivery of the species". For its part, if the service provider does not issue the legal document, "the tax will accrue on the date on which the remuneration is received or made available, in any form, to the service provider" (BCN, 1974).

Article 2 of the LIVS defines Sales and Services, this being the general taxable event that exists, which indicates that it is understood: i) By "sale", any convention independent of the designation given by the parties, that serves to transfer for consideration the ownership of movable tangible assets, built immovable tangible assets, a share of ownership over said assets or real rights constituted over them, as well as any act or contract that leads to the same purpose or that presents law equates to sale. The land will not be subject to the tax established in this law, and; ii) By "service", the action or benefit that one person performs for another and for which he or she receives an interest, premium, commission or any other form of remuneration (Article 2). This indicates the taxpayers of the tax, including the seller and the service provider. The first can be a person, whether natural or legal, who habitually dedicates themselves to the sale of goods, regardless of whether they are produced by themselves or acquired from third parties. For its part, the service provider is the natural or legal person that provides services habitually or sporadically, where habituality is defined by the SII.

In the country there are various special taxable events, which are explained in article 8 of the LIVS, which are detailed from letter a) to letter n), the latter being the one that is of interest for this investigation, as it mentions four taxable events of services where the providers are domiciled or resident abroad. The SII in its platform called “VAT on Digital Services”, indicates that those foreign taxpayers, of natural or legal personality, who do not have domicile or residence in the country, and who provide digital services, and that these are provided or used in national territory, will be required to declare, and pay VAT on digital services.

Given all of the above, it is relevant to understand the concept of territoriality, since the National Productivity Commission (2018) maintains that companies with digital platforms, since they are not incorporated in the country, they are not required to pay VAT, First Category Tax or the Additional Tax (BCN, 2019). Article 5 of the LIVS, version corresponding to January 17, 2020, indicates the following:

“The tax established in this law will be levied on the services provided or used in the national territory, whether the corresponding remuneration is paid or received in Chile or abroad” (Section 1). Given the nature of digital services, it is complex to identify whether these services are used in the country, reflecting the lack of indicators that help specify and identify the place of provision of the services.

“It will be understood that the service is provided in the national territory when the activity that generates the service is carried out in Chile, regardless of the place where it is used” (Section 2). Any company that carries out its activities in another country would not be carried out in Chile, and, consequently, would not be taxed with VAT. For his part, Altamirano (2021) defends that the Chilean Tax Law has made it clear that the event that supports the determination of the domicile of a company is that place in which it is properly constituted.

4.2. VAT on Digital Services in Colombia

In the TS (1989), there is a set of rules that regulate formal and substantial aspects of taxes administered by the General Directorate of National Taxes (DIAN) of Colombia. This also specifies rules on value added tax, establishing certain concepts of interest. This Law has undergone many modifications. This same decree establishes that taxpayers are “subjects with respect to whom the event generating the substantial obligation is carried out” (Article 2).

The DIAN indicates that the Sales Tax, commonly called Value Added Tax (VAT), is a tax that falls on the consumption of goods, services, and the exploitation of games of luck and chance. It is a tax of the national order, indirect, of a real nature, of instant accrual and of a general regime (Para. 8). The Office of Economic Studies mentions that VAT is national, since it is applied throughout the country, and indirect since, between the taxpayer and the active subject, there is an intermediary called the responsible party. It is also considered regressive, since it taxes consumption, regardless of the buyer's ability to pay (DIAN, 2006).

In article 421, letter a) (TS, 1989), the concept of sale is defined as everything that consists of the transfer by title, whether free of charge or through payment, regardless of the agreements or negotiations that have been established in in relation to the transfer and the conditions agreed upon by the parties, whether these are carried out on their own behalf, on behalf of third parties in their own name, or on behalf of and in the name of third parties. Furthermore, in the following letters, it continues to indicate that it will be considered a sale: b) Withdrawals of movable and immovable tangible assets made by the person responsible for their use or to form part of the company's fixed assets, and; c) The incorporation of movable tangible assets into real estate, or into non-encumbered services, as well as the transformation of encumbered assets into non-encumbered assets, when such assets have been created, constructed, manufactured, prepared, processed, by the person carrying out the incorporation or transformation (TS, 1989, Article 421).

In relation to the aforementioned, it is also important to understand what is meant by "Service", addressed in article 1 of Decree 1372 (1992) where it is indicated that this concept is understood from the point of view of VAT, defining it as: Any activity, labor or work provided by a natural or legal person, or by a de facto company, without an employment relationship with the person contracting the execution, which takes the form of an obligation to do, regardless of whether the material or factor predominates. intellectual, and that generates a consideration in money or in kind, regardless of its name or form of remuneration (Article 1).

From the above, those events generating VAT emerge, therefore, as expressed in the TS (1989), the tax affects: a) The sale of movable and immovable tangible assets, with the exception of those expressly excluded; b) The sale or transfer of rights over intangible assets, only associated with industrial property; c) The provision of services in the national territory, or from abroad, with the exception of those expressly excluded; d) The importation of tangible assets that have not been expressly excluded, and; e) The circulation, sale or operation of games of luck and chance, with the exception of lotteries and games of luck and chance operated exclusively over the Internet (Article 420).

In article 447 of the statute addressed above, it is stated that the general taxable base of VAT, in the sale or provision of services, will be the total value of the operation, regardless of whether it is cash or credit, and may include (when applicable) any complementary expense that forms a joint part of the base is subject to tax, even if it is invoiced separately and may or may not be tax-free when considered independently. The article of Law 1,819 (2016) modifies article 468 of the TS (1989), points out that the general tax rate corresponds to nineteen percent, this modification is due, since previously the rate was sixteen percent. Furthermore, this same article establishes the way to allocate the tax collection and details those products that exceptionally tax goods with a different rate, 5% for goods such as coffee, oatmeal, table chocolate, etc.; 2% for live fish; again the 5% for services, among which are agricultural insurance; and finally, 35%, including grape wines, safe deposit boxes, silk fabric, among others.

In accordance with what is stated in letter a of article 483 of the previous statute, the determination of VAT, in the sale or provision of services, is given by the difference between the tax determined from operations affected by this tax and those legally deductible taxes. In article 484 of the same decree, it indicates those legally deductible taxes, such as those originated by the return of sold goods or by the cancellation of a sale (or benefit), in whole or in part. According to article 429 of the preceding decree, VAT is generated in the following situations: In the case of sales, on the date of issuance of the corresponding invoice (or equivalent document), and if the document is not available, it proceeds at the time of delivery, despite not having the domain of the corresponding good or service. On the date of withdrawal of tangible assets (movable or immovable), carried out by the person responsible to carry out the use or incorporation into the fixed assets of the company.

For the provision of services, on the date of issuance of the corresponding invoice (or equivalent document), on the date on which the services stop being provided or on the payment of the services provided, whichever comes first. For imports, it will be on the date the good is nationalized. In article 437 of the TS, it indicates those responsible for VAT, considering as such those merchants (or similar) who make a sale at any phase of production and distribution, and those people who provide any service. Regarding the VAT declaration, there are two periods, according to article 600 of the same statute in the previous paragraph, which can be bimonthly or four-monthly:

Bimonthly: For large taxpayers and legal or natural persons who, as of December 31 of the previous year, have gross annual income equal to or greater than 92,000 tax value units (UVT). They must declare VAT every two months, on the dates set by the government, for the month following the two-month period to be declared.

Quarterly: Natural or legal persons who, as of December 31 of the previous year, have income less than 92,000 UVT. The VAT is declared every four months, and the presentation of the declaration is made in the month following the quarter. Article 601 of the aforementioned statute contemplates that those responsible for the tax (mentioned in article 437 of the same decree) are those who must declare and pay the VAT, in the corresponding period (bimonthly or quarterly). The sales tax declaration, as addressed in article 3 of Resolution 19 (2020), must be made through the DIAN computer services, using form number 300.

Law 1,819 allows taxing the provision of digital services, given the modification to the taxable event of article 420, letter c), because it mentions that the services provided in national territory or from abroad, they actually generate VAT; which means that all services used in the country are taxed.

On the other hand, the same law modified the TS, in its article 420, paragraph 3, which states that all intangible services, provided or acquired from abroad, generate the applicability of the Sales Tax (VAT),

always and whether or not the end users have domicile, residence or permanent establishment in the national territory.

It is important to consider that digital services could be attributed to the issuance of Resolution 51 (2018), since Law 1,819, despite being addressed two years before, only mentioned the taxable event and the territoriality of the tax, but it did not address the necessary procedures to comply with the tax obligation of service providers from abroad.

4.3. VAT collection on Digital Services

Regarding the collection of DS VAT, Chile, through the SII, details the amounts collected, unlike Colombia, where the DIAN does not specify the amounts that correspond to this tax, it only indicates the amount collected by VAT, without providing its composition. Table 2 details the VAT collection obtained from digital services, indicating it as "Not applicable" when this tax was not yet taxed in the countries in question, and as "Not broken down" when no reliable information was found. As can be seen, in Colombia there is no DS VAT collection data for any of the years since its application, while, in Chile, the SII presents the details of what was collected from this tax. Furthermore, for this last country it can be seen that the representativeness of the DS VAT with respect to VAT has been increasing as the years go by, it is important to remember that during 2020 only what corresponds to the second semester was collected, so it is Starting in 2021, the full year will begin to be collected, which is why there is a large increase in representativeness between the aforementioned periods. By 2022, it can be seen that it continues to increase, reaching 1% representation.

Year	Chile			Colombia		
	VAT (mmUSD)	DS VAT (mmUSD)	Representativeness of DS VAT on VAT	VAT (mmUSD)	DS VAT (mmUSD)	Representativeness of DS VAT on VAT
2017	23,212	Does not apply	Does not apply	18,529	Does not apply	Does not apply
2018	25,283	Does not apply	Does not apply	20,303	Does not break down	Does not break down
2019	23,260	Does not apply	Does not apply	20,205	Does not break down	Does not break down
2020	20,475	64	0.31%	16,211	Does not break down	Does not break down
2021	29,650	274	0.92%	20,220	Does not break down	Does not break down
2022	27,993	308	1.10%	23,109	Does not break down	Does not break down

Table 2. DS VAT collection

4.4. Comparison of the elements of the tax obligation

4.4.1. Tax Subjects: active and passive subject

It is important to highlight that, for both cases, the State is the active subject, however, it designates organizations that represent it. On the one hand, Chile, in Decree with Force of Law No. 7 of 1980, indicates that the SII is in charge of supervising all internal taxes, fiscal or of another nature in which the Treasury has an interest. While in Colombia, Decree 1742 of 2020 determines that it is the DIAN that is in charge of collecting and administering taxes in the country. Regarding these subjects, a similarity can be observed between both countries, since, although they are not the same entity, they fulfill similar functions in their respective countries, in addition, both the DIAN and the SII are representing the State of their respective country.

The responsible general, both in Chile and Colombia, will be the person who provides all types of services, showing similarity between both countries. Regarding the beneficiary or responsible user, both countries define it as that person who pays VAT, who receives services from a foreign provider. The beneficiary becomes responsible in Chile, in accordance with article 35 A of the LIVS (1974), for being considered subject to VAT, it is also mentioned that the simplified regime will apply to the general

person responsible for the aforementioned tax, for the provision. to a natural or legal person who is not a taxpayer, hence the responsibility is transferred to this beneficiary. Something similar happens in Colombia according to article 2 of Resolution 51 (2018), since the foreign provider operates under the simplified VAT procedure, as long as the services are granted to users who do not belong to the tax regime in question, transferring, like Chile, the responsibility to the user of the services, for being a VAT taxpayer.

The third subject is withholding agents, which, for Chile and Colombia, in accordance with what is indicated in the previous table, will be entities issuing credit and debit cards, but in the case of Chile, it is limited to means of payment through the payment system. cards and similar, but not Colombia, which addresses a cash payment method, also establishing the possibility of considering a withholding agent through any other means of payment, in accordance with article 3 of Resolution 17 (2020).

4.4.2. Taxable base

In Chile, according to article 35 D of the LIVS, the tax is determined by applying the rate belonging to article 14 to the compensation for the provision of services indicated in the previous table. In article 35° C of the same law, it states that taxpayers of the "Simplified Taxation Regime" will not have the right to VAT credit, however, they will be able to deduct the amount of tax payable, in accordance with what is stated in the article 35 G of the LIVS, regarding tax discounts for declaring and paying. Circular 42 (2020) indicates that the adjustment for the discounts indicated in the previous paragraph must be made directly in the electronic form as a discount from the total amount to be paid, since taxpayers of the simplified tax regime, being free of issuing some tax documentation, makes it impossible for them to make credit notes.

In the case of Colombia, in accordance with article 447° of the Tax Statute, it mentions that the taxable base will be the total value of the operation, for the realization of a sale or provision of services that, in accordance with article 484° The tax is determined by applying the VAT rate to the taxable base (article 468, TS, 1989). In accordance with article 483 of the statute, the determined tax can reduce its amount by those legally deductible, among which is the VAT towards the person responsible, and that tax paid on imports, in accordance with article 485 ° of the TS. In accordance with the provisions of article 17 of Resolution 51 of 2018, there are discounts that can be reduced to the total tax payable. Likewise, if the discount is partial, the amount of tax to be deducted will be proportional to that part returned to the service user. Likewise, paragraph 2 of article 437 of the Tax Statute refers to the fact that external providers are not required to issue tax documentation for the provision of digital services.

In Chile and Colombia, there are not many differences regarding the determination of the tax (Table 12), since both countries consider the amount for the provision of a service as the tax base, where a rate or tariff will be applied to said value, resulting in thus the tax to be declared and paid. The difference lies in the reductions in the determined tax, in accordance with what is indicated in the previous table, since Chile leaves providers without domicile or residence in the country without the right to tax credit and they can reduce the VAT tax debit. This is not the case for Colombia, which does give foreign providers the right to reduce those legally deductible taxes generated by VAT-affected purchases made by the same providers.

Regarding tax reductions due to discounts, cancellations, terminations, or resolution of the services provided, Chile and Colombia may reduce the tax, delivered in advance to the user of the services, from the amount to be declared and paid in the corresponding period. In Chile, it is allowed to accumulate and use the discount in periods subsequent to the one in which the discount occurred; however, Colombia does not allow it to be accumulated and used for more than 3 periods compared to the one in which it was generated.

In relation to the obligations indicated in the table "Tax determination", regarding tax documentation, both countries are similar in freeing foreign providers from the obligation to issue a tax document for the provision of services.

For Colombia, according to Table 9, the tax base is the same as that applied for VAT, since it is not indicated in any section that it will have a different base. On the other hand, for Chile, Paragraph 7 bis of the LIVS indicates a tax base for the simplified regime. In relation to this, a similarity can be seen between the countries, since they consider the total service delivered as the tax base. However, it can also be observed that Colombia specifies what things are included in the value of the operation, while Chile does not detail them in circular 42 (2020), but they are addressed in article 15 of the LIVS (1974), in where the general VAT tax base is presented, and must consider readjustments, interests and expenses related to the operation.

4.4.3. Taxable event

There are various special taxable events, however, those presented in Table 4 are those of interest for this investigation. Chile, addresses four services belonging to the taxable event, finding the intermediation of services, delivery of digital entertainment content, software licenses and advertising, all provided by residents or domiciled abroad, specifying in greater detail the operations that will be affected by this VAT, however, there will be situations in which they will not be taxed, where the Additional Tax will apply.

As for Colombia, the taxable event is general and not very specific, since it only indicates that they are services from abroad or in national territory. In paragraph 3 of article 420 (TS, 1989), it indicates that it will be provided or acquired in national territory when the direct user or recipient has tax residence, domicile or permanent establishment in Colombian territory, providing information for greater understanding.

Item	Chile	Colombia
Law	Article 8 letter n) of LIVS	Article 420 Letter c) of the TS
Taxable event	Paid services performed by providers domiciled or resident abroad: 1. The intermediation of services provided in Chile, whatever their nature, or of sales made in Chile or abroad whenever the latter give rise to an import. 2. The provision or delivery of digital entertainment content, through downloading, streaming or other technology, including texts, magazines, newspapers and books; 3. The making available of software, storage, platforms or computing infrastructure; 4. Advertising, regardless of the support or medium through which it is delivered, materialized, or executed.	The provision of services in the national territory, or from abroad, with the exception of those expressly excluded.

Table 3. Comparative of Taxable event

4.4.4. Rate/ Tariff

For Chile, the rate that applies to compensation for digital services is established in article 35 D of Paragraph 7 bis of the LIVS, which indicates that it is the percentage mentioned in article 14 of the same regulatory framework, being the same as VAT. In Colombia, the rate applicable to the provision of services is contained in article 468 of the Colombian Tax Statute, corresponding to the same rate applicable to the Sales Tax. In this section there is a similarity between the countries, since both apply the same percentage for this tax, 19%, which also corresponds to the VAT rate of each country.

4. CONCLUSIONS

Chile stands out mainly for presenting the amounts collected for digital services for the years 2020, 2021 and 2022, however, Colombia does not present information regarding this collection, this being the main limitation of the research. Regarding the comparison between elements of the tax obligation of each country, Chile and Colombia have similarities, except for the special taxable event, since Chile addresses in detail those services with VAT, however, Colombia proposes that those services that are subject to tax will be subject to tax. granted from abroad, referring to all those services that come from foreign countries.

In accordance with the characterization of the regulations in both countries, referring to all those aspects that allow taxation of digital services, Chile addresses a more complete registration modality to the regime in terms of the data requested from the service provider. Colombia, for its part, stands out in its regulations for exempting educational services for the development of multiple digital contents from taxes.

In accordance with those that determine the change of subject or VAT withholding agent, Chile applies the change in tax liability when that provider without domicile or residence in the country does not belong to the simplified tax regime, therefore the way in which they will be taxed It will be under a third party, like Colombia, with the exception that this country offers the change of withholding agent voluntarily, as long as the foreign provider offers certain digital services, which were not addressed in the taxation under the simplified procedure.

It can be concluded that Chile and Colombia have a slightly similar way of taxing, since the compared aspects are not very different from each other, except for some exceptions that distinguish one regulation from another, such as the presumption of the territoriality of the tax, since Chile establishes four criteria, where with at least two of these, the territoriality of the VAT in the national territory is presumed, one of them being the domicile declared by the same user in the preparation of the proof of payment for the services, however Colombia does not consider this way of presuming territoriality, limiting itself to the location requirements by IP and SIM card that must comply with the presumption modalities of the tax.

The comparison between Chile and Colombia was made given that in both countries digital services are charged with VAT, which is why we sought to find out if this similarity implied that the regulations and taxation mechanisms were similar. Likewise, Colombia was considered in the comparison because it was one of the first countries to develop a system that taxes the provision of services from abroad, approximately 2 years before Chile, in addition to being countries with similar social contexts and both being of Latin America, despite having an unequal GDP per capita.

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