

## IFRS APPLICATION AROUND THE WORLD

### JURISDICTIONAL PROFILE: **Chile**



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This Profile provides information about the application of IFRS Standards in Chile. IFRS Standards are developed and issued in the public interest by the International Accounting Standards Board (the Board). The Board is the standard-setting body of the IFRS® Foundation, an independent, private sector, not-for-profit organisation.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to a survey that the Foundation conducted on the application of IFRS Standards around the world between August and December 2012. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

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#### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	The Colegio de Contadores de Chile (CCCH) [Institute of Accountants of Chile]
Role of the organisation	By law, the CCCH is the sole standards-setter for generally accepted accounting principles and auditing standards in Chile.
Website	<a href="http://www.chilecont.cl">http://www.chilecont.cl</a>
Email contact	<a href="mailto:consejo.nacional@contach.cl">consejo.nacional@contach.cl</a>

#### COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
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Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?

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Yes.

What is the jurisdiction's status of adoption?

Chile has already adopted IFRS Standards.

The CCCH is the accounting standard setter in Chile. The CCCH has adopted IFRS Standards as the national accounting standards of Chile. Further information may be found [below](#).

Additional comments provided on the adoption status?

#### **Companies registered with the SVS**

Under Chilean Company Law, public corporations (500 or more shareholders or 10% of the equity shares are held by 100 or more shareholders) and debt securities issuers are regulated by the Superintendencia de Seguros y Valores (Superintendencia de Valores y Seguros or SVS) and are registered in the Securities Registry. On the other hand, reporting entities, which refer to companies that do not issue securities, and which by legal disposition are overseen by the SVS, are registered in the Registry of Informants.

For companies registered with the SVS, IFRS Standards were phased in as follows:

- **31 December 2009:** IFRS Standards were required for major public companies. They presented 2009 financial statements including 2008 comparative information using IFRS Standards. A few major public companies that felt they were not ready to switch to IFRS Standards in 2009 were given a deferral until 2010, with some note disclosures required.
- **31 December 2010:** Smaller public companies, mutual funds, pension funds, stock brokers and dealers, and companies that issue publicly traded debt securities but not equity securities, plus any of the large public companies that were unable to switch to IFRS Standards in 2009 (see above).
- **31 December 2011:** Reporting entities on the 'Registry of Informants' other than insurance companies.
- **31 December 2012:** Insurance companies.

Corporations registered with SVS send their audited financial statements to SVS, which posts them on the SVS website.

#### **Banks and other financial institutions**

Banks and other financial institutions are regulated by the Superintendent of Banks and Financial Institutions (SBIF) rather than the SVS. They must follow the accounting rules issued by the SBIF.

The SBIF adopted IFRS starting 31 December 2009. In adopting IFRS Standards, the SBIF made two significant modifications as follows (plus several minor ones):

- Banks must measure loan loss provisions using an expected loss approach (with note disclosure of the IAS 39 amount).
- Banks are prohibited from using the 'fair value option' in IAS 39.

These modifications are highlighted in the financial statements. The financial statements of banks and other financial institutions are described as complying with the standards issued by SBIF, not IFRS Standards.

#### **Private companies not registered with the SVS**

This includes most SMEs. Chile has adopted the *IFRS for SMEs* Standard effective in 2013.

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If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.	Not applicable.
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## EXTENT OF IFRS APPLICATION

### ***For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:***

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Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?	Yes.
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If YES, are IFRS Standards REQUIRED or PERMITTED?	Required.
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Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
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Are IFRS Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
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For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Required.
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For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	Either full IFRS Standards or the <i>IFRS for SMEs</i> Standard is required starting 1 January 2013 (was optional prior to that date).
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If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?	Not applicable.
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### ***For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:***

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Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?	Yes.
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If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?	Permitted.
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Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
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## IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies?	IFRS Standards as issued by the Board, ie standards and amendments are adopted/endorsed as and when issued by the Board. As noted earlier, the regulator of banks and financial institutions has made several <a href="#">modifications</a> to IFRS, which are disclosed in the financial statements, and those financial statements are not described as conforming to IFRS Standards.
The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	IFRS Standards.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?	No.
Are IFRS Standards incorporated into law or regulations?	Yes, indirectly.
If yes, how does that process work?	The CCCH is the recognised accounting standard setter under the law. Because CCCH has adopted IFRS Standards, IFRS Standards become authoritative under the law. CCCH has adopted IFRS Standards as generally accepted accounting principles in Chile.
If no, how do IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place	Yes.
If yes, what is the process?	After Chile initially adopted IFRS Standards effective in 2009, it endorsed new and amended IFRS Standards by issuance of a series of <a href="#">Technical Bulletins</a> (numbers 79 to 84) by the CCCH. On 19 December 2013, the CCCH issued <a href="#">Technical Bulletin No. 85</a> <i>Adoption of International Financial Reporting Standards issued by the IAS'</i> . Technical Bulletin No. 85 simply adopted IFRS Standards as the national accounting standards of Chile, eliminating the need for further Technical Bulletins. Therefore, Technical Bulletin No. 85 repealed Technical Bulletins numbers 79 to 84, which had adopted individual groups of IFRS Standards. Also, Technical Bulletin No. 85 repealed Technical Bulletins numbers 1 to 78B, which had established the former accounting principles generally accepted in Chile (prior to IFRS Standards).
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?	<p>None with respect to reporting entities that are not banks or financial institutions. The SBIF, which regulates banks and financial institutions, has made two significant modifications that affect banks and financial institutions as follows (plus several minor ones):</p> <ul style="list-style-type: none"> <li>banks must measure loan loss provisions using an expected loss approach (with note disclosure of the IAS 39 amount); and</li> <li>banks are prohibited from using the 'fair value option' in IAS 39.</li> </ul> <p>Those modifications are disclosed in the financial statements, and those financial statements are not described as conforming to IFRS Standards.</p>
If yes, what are the changes?	See above.
Other comments regarding the use of IFRS Standards in the jurisdiction?	None.

## TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?	The IFRS Foundation develops and publishes a Spanish translation of IFRS Standards.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?	The translation follows the official IFRS Foundation translation process.

## APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Standard for at least some SMEs?	Yes. The <i>IFRS for SMEs</i> Standard became effective in Chile on 1 January 2013.
If no, is the adoption of the <i>IFRS for SMEs</i> Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Standard?	No.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Standard in the jurisdiction, and are they required or permitted to do so?	All SMEs were required to use the <i>IFRS for SMEs</i> Standards starting 1 January 2013.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Standards, what other accounting framework do they use?	Not applicable.
Other comments regarding use of the <i>IFRS for SMEs</i> Standards?	None.