Building a better working world

Americas Tax Roundup

Important announcement: Register to receive Americas Tax Roundup via new EY delivery platform

The Americas Tax Roundup is now being sent out through EY's *Tax News Update: Global Edition* (GTNU) email subscription service.

We will be sending the AT Roundup via **both** the GTNU and the current email distribution system, but we urge you to register for the GTNU platform as soon as possible (**instructions available here**) in order to continue receiving the Roundup.

If you have any questions, issues or comments, please email Global Tax News Update Help at **globaltaxnewsupdatehelp@ey.com**.

Latest news - Americas

OECD releases Pillar Two consultation document

The OECD on 8 November released a highly-anticipated public consultation document, "Global Anti-Base Erosion Proposal ('GloBE') - Pillar Two," that is part of the ongoing project "Addressing the Tax Challenges Arising from the Digitalisation of the Economy" (BEPS 2.0). A public consultation meeting on the document will be held 9 December.

Mexican Congress passes tax reform for 2020

Mexico's Congress has approved a final economic package that includes major tax changes. The tax reform provisions – most of which will take effect 1 January 2020 – may significantly affect multinationals operating in Mexico. Among other changes, the reform would limit interest expense deductions in certain cases, modify the treatment of payments made to companies in low-tax jurisdictions, expand the permanent establishment concept, and require digital service providers to collect value-added tax on the sale of certain goods and services in Mexico.

Ecuador's National Assembly to consider tax reform bill

The Ecuadorian National Assembly will discuss a tax reform bill that, if enacted, would affect several bodies of law. Among other changes, the bill would repeal the tax exemption for dividends and impose new taxes, including a value-added tax on digital services and a temporary tax on companies with gross income of US $1 million or more.

Paraguay announces tax reform applicability dates

Paraguay's Executive Power has issued a decree establishing the applicability dates for recently enacted tax reform, with some provisions effective immediately. Taxpayers should be aware of the various applicability dates, especially the effective date for the new transfer pricing rules (1 January 2021).

Brazilian tax authorities issue guidance on exclusion of state VAT from PIS and COFINS tax basis

Brazil's tax authorities issued guidance on the calculation, inspection, collection, and administration of PIS/Pasep and COFINS contributions (social security contributions on sales), as well as PIS/Pasep-Import and COFINS-Import contributions (social security contributions on imports). The guidance specifies that the ICMS (state VAT) amount excluded from the PIS and COFINS tax basis is the amount collected, not the amount reported on the invoice. This creates a split on the issue between the administrative and judicial branches, with the Supreme Court set to weigh in on this issue in approximately two months.

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General EY Publications

- Worldwide Digital Tax Guide
- 2019 Outlook for global tax policy and controversy | 9th edition
- 2019 Worldwide Corporate Tax Guide
- 2018-2019 EY Worldwide Transfer Pricing Reference Guide
- 2019 Worldwide VAT, GST and Sales Tax Guide
- 2019 Indirect Tax – updated worldwide developments map
- 2019 Global Oil and Gas Tax Guide
- 2019 Worldwide Capital and Fixed Assets Guide
- 2019 Worldwide Estate and Inheritance Tax Guide
- 2018-19 Worldwide Personal Tax and Immigration Guide
- 2019 Worldwide R&D Incentives Reference Guide
- A complete list of EY Tax Guides

Tax Insights Magazine

Tax Insights Magazine is a series of publications, produced by EY, that will help you to gain a more thorough understanding of tax issues. It features the insights of high-level executives and professionals, as well as contributions from leading policy-makers and academics.

Peru extends tax regime applicable to REITs

Peru has extended the tax regime applicable to real estate investment trusts (REITs) in Peru from 31 December 2019 to 31 December 2022. The extension is good news for taxpayers, because tax is deferred on transfers of real property to REITs. The regime also includes a tax exemption for capital gains from REIT certificates traded on the Lima Stock Exchange.

Costa Rica issues procedure for reporting capital income under the tax law's ordinary income tax provisions

Costa Rica's tax authorities have published a resolution establishing the procedure for taxpayers to report whether their capital income will be taxed under the ordinary income tax provisions of the Income Tax Law, instead of the capital income tax provisions. Taxpayers should review the new procedure and analyze whether they meet the requirements to report their capital income under the ordinary income tax provisions.

Costa Rica publishes draft amendments to General Customs Law regulations

Costa Rica's General Customs Directorate has published, for public comment, draft amendments to the General Customs Law regulations. The draft amendments would modify Article 457 of the General Customs Law regulations, which addresses how long commercial trucks and other vehicles that transport imported goods may remain in Costa Rica.

OECD releases additional guidance on CbC Reporting and a summary of common errors made in CbC reports

The OECD has released additional guidance to give greater certainty to tax administrations and multinational enterprise (MNE) groups on the implementation and operation of BEPS Action 13 Country-by-Country (CbC) reporting. Concurrently, the OECD published a summary of common errors made by MNE groups in preparing CbC reports.

OECD releases database to provide insights on global profiles of individual multinational enterprises

The OECD has developed a new database – the *Analytical Database on Individual Multinationals and Affiliates* (ADIMA) – that provides information, by name, on individual MNEs and their global presence. The ADIMA database contains public information on the physical and digital locations of the MNE, detailed financial and quantitative data, and an indication of "events" such as large company restructurings. While intended as a statistical tool, companies should be aware of the information about them that is included in the database.

OECD releases additional guidance on spontaneous exchange of information by no or only nominal tax jurisdictions

The OECD has released new guidance on the exchange of information requirements of the "substantial activities requirement" for "no or only nominal tax" jurisdictions that was agreed to by the Inclusive Framework on BEPS in 2018. The guidance provides greater clarity regarding the timelines and mechanism to exchange information, as well as the specific data points that will be exchanged. Multinationals operating in these tax jurisdictions should assess what information will be exchanged, when, and with which jurisdictions.

EY Canada releases latest issue of *TaxMatters@EY*

TaxMatters@EY, a monthly bulletin prepared by EY Canada, provides a summary of recent Canadian tax news, publications, and resources. The November 2019 issue covers: (1) a recent Department of Finance comfort letter on the application of advantage tax rules to investment management fees, (2) the CRA's views on employer contributions to a crowdfunding campaign, and (3) how companies can thrive in the age of digital Darwinism.

This week's tax treaty news in the Americas

- **Brazil and India:** India's Union Cabinet authorized signing of tax treaty protocol
- **Mexico and Kazakhstan**: tax treaty negotiations at an advanced stage

Comments
If you have any questions or suggestions about this newsletter, please contact **Amy Gist**

This week’s EY Global Tax Alerts

Global Tax Alerts

- Report on recent US international tax developments - 8 November 2019 (8 November 2019)
- German Federal Parliament approves *Annual Tax Act 2019* and *Research Allowance Act* (8 November 2019)
- Bulgaria publishes draft proposal on Mandatory Disclosure Rules (7 November 2019)
- Paraguay announces tax reform applicability dates (7 November 2019)
- Denmark publishes bill on international taxation (6 November 2019)
- Mexican Congress passes tax reform for 2020 (5 November 2019)
- Costa Rica’s tax authorities issue procedure for reporting capital income under the ordinary income tax provisions (5 November 2019)
- US Treasury signals easing of Section 385 distribution rules, eliminates documentation requirements (5 November 2019)
- Ireland publishes draft proposal on Mandatory Disclosure Rules (5 November 2019)
- Taiwan issues tax credit regulations for investments in smart machines and fifth-generation wireless technology (5 November 2019)
- Greece enacts provisions for registration of ultimate beneficial owners (4 November 2019)
- Peru extends tax regime applicable to REITs (4 November 2019)
- Ecuador’s National Assembly to consider tax reform bill (5 November 2019)

OECD Alerts

- BEPS 2.0 – Pillar 2: OECD requests input on detailed technical design aspects of global minimum tax rule (8 November 2019)
- OECD releases additional guidance on Country-by-Country Reporting and a summary of common errors made by MNE groups in preparing these reports (7 November 2019)
- OECD releases additional guidance on spontaneous exchange of information by no or only nominal tax jurisdictions (7 November 2019)
- OECD releases India Stage 1 peer review report on implementation of Action 14 minimum standard (6 November 2019)
- OECD releases database to provide insights on global profiles of individual multinational enterprises (4 November 2019)

Transfer Pricing Alerts

- Cyprus issues announcement regarding bilateral Competent Authority Agreement with United States (8 November 2019)
- US Tax Court holds no Section 6662 penalties after IRS abused discretion in canceling APAs (4 November 2019)

Indirect Alerts

- Brazilian tax authorities issue guidance on exclusion of state VAT from PIS and COFINS tax basis (8 November 2019)
- Italy’s unilateral Digital Services Tax advances (8 November 2019)
- UAE partially exempt businesses should apply for special VAT apportionment methods before 31 December 2019 (7 November 2019)
- Netherlands issues new VAT registration numbers for all Dutch sole traders effective from 1 January 2020 (6 November 2019)
- Kenya Revenue Authority announces 13 November 2019 as commencement date for Excisable Goods Management System (5 November 2019)
- Costa Rica’s General Customs Directorate publishes draft amendments to Article 457 of General Customs Law regulations (4 November 2019)

Human Capital Alert

- IRS releases fringe benefit inflation adjustments for 2020 (7 November 2019)

Upcoming webcasts

East to west: 2019 and 2020 tax reforms in India, Brazil, and Mexico (12 November)

The business tax landscape in India, Brazil, and Mexico is poised to change dramatically over the next year. In this EY webcast, our panelists will provide an update on important international tax initiatives across the globe, including India's 2019 tax cut legislation, the Brazilian tax reform agenda, and Mexico's Congressionally-passed 2020 tax reform and its impact on foreign investment.

Recently archived webcasts now available on-demand

OECD BEPS 2.0 is coming: How do you navigate cross-border business in the wake of change?

For multinational businesses, preparing for the impact of the OECD's project on addressing the tax challenges of the digital economy (or BEPS 2.0) will be imperative. On a recent webcast, our panelists discussed the latest announcements and ongoing work of the OECD on BEPS 2.0 and the likely impacts on all multinationals (not just digital businesses

EY industry, service and issue publications

Industries

Automotive & Transportation

- How to upshift the customer experience in the era of mobility

Services

Advisory

- How to upshift the customer experience in the era of mobility
- Five design principles to help build confidence in RPA implementations
- How EY is empowering business with artificial intelligence
- How AI is reshaping the document review and processing landscape

People and workforce

- Eight forces driving HR transformation right now
- How solidarity can support diversity in rugby and business

Tax

- How executives are strategically navigating global trade disruption

Issues

Growth

- Is the board's role to defend the past or define the future?
- How a shift in focus unlocked an ambition to help high-risk patients

Managing Finance

- How the right conversations can empower finance transformation strategies

Managing Risk

- Five design principles to help build confidence in RPA implementations