Building a better working world

Americas Tax Roundup

24 February 2020

Important announcement: Register to receive Americas Tax Roundup and other news via EY delivery platform

While we continue to send the Americas Tax Roundup via **both** the Tax News Update: Global Edition (GTNU and the current email distribution system, we urge you to register for the GTNU platform (**instructions available here**) to receive the Roundup as well as other EY news and Thought Leadership.

Latest news — Americas

Ecuador's tax reform eliminates dividend tax exemption and modifies VAT rules
Ecuador's recently-enacted tax reform eliminates the tax exemption applicable to dividends, modifies the value-added tax (VAT), and limits application of the thin-capitalization rules to cross-border and intercompany loans, among other things. Taxpayers should review the provisions, which are effective as of 1 January 2020, to determine if they need to implement any changes to their operations.

Mexico's tax reform significantly affects operations implemented via the shelter regime
Mexico's tax reform, enacted on 9 December 2019, significantly affects nonresident entities that conduct operations in Mexico through unrelated parties under the IMMEX program in the "albergue" or shelter regime, which are commonly referred to in Mexico as shelter companies. Nonresident entities that operate in Mexico through such shelter companies should consider the new provisions applicable to the shelter regime.

Guatemala allows airlines engaged in international transport services to deduct costs / expenses generated outside Guatemala
The Guatemalan Government has published a decree allowing airlines engaged in international transport services to deduct costs and expenses generated outside of the Guatemalan territory that are necessary to provide transport services in Guatemala. The decree generally applies from 11 February 2020, but the income tax provisions will apply beginning 1 January 2021.

US Trade Representative announces new tariffs on EU-origin goods and new exclusions for Chinese-origin goods, among other trade developments
The US Trade Representative (USTR) and US Customs and Border Protection (CBP) have released notices on several important trade developments in recent days, including:

- A USTR announcement regarding changes to certain punitive tariffs on EU-origin goods, including increasing the duty rate for aircrafts from 10% to 15% effective 18 March 2020, and modifying the list of items subject to 25% punitive tariffs, effective 5 March 2020
- A USTR announcement regarding four new exclusions for Chinese-origin goods subject to 25% punitive tariffs covering US$34b (List 1)
- A USTR report detailing US concerns regarding the World Trade Organization dispute settlement system (specifically the Appellate Body)
- CBP guidance with respect to certain duties for merchandise held in a Foreign Trade Zone

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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
- 2019-20 Worldwide Personal Tax and Immigration Guide
- 2019 Worldwide R&D Incentives Reference Guide
- A complete list of EY Tax Guides

Panama included on EU list of non-cooperative jurisdictions for tax purposes

Panama was included in the revised EU list of non-cooperative jurisdictions for tax purposes, which the Council of the European Union adopted on 18 February 2020. Although there are no immediate consequences for Panama, individual EU Member States could include Panama on their lists of non-cooperative jurisdictions and may apply defensive measures.

Canada: British Columbia and Nunavut 2020-21 budgets tabled

British Columbia's Finance Minister tabled the Canadian province's fiscal 2020-21 budget on 18 February; but budget contains several tax measures affecting individuals and no tax rate changes for corporations. On the following day, Nunavut's Finance Minister tabled the territory's fiscal 2020-21 budget, which contains no new taxes and no tax increases.

EY's 'TradeWatch' offers quarterly update on global trade developments

The first 2020 edition of EY's quarterly *TradeWatch* outlines key recent legislative and administrative developments for customs and trade around the world. Highlights from the Americas include: (1) a round-up of US trade disruption actions in 2019, (2) Ecuadorian tax authorities' actions to promote global trade, (3) Mexican developments affecting customs administrative processes, and (4) Brazil's new Repetro-Manufacturing regime for the oil and gas industry.

EY's 'Latest on BEPS and Beyond' for February 2020

EY's *Latest on BEPS and Beyond* monthly newsletter reviews global and regional BEPS-related policy trends, as well as recent BEPS-driven developments in individual countries. The February 2020 edition highlights several Americas developments, including Argentine regulations on the withholding tax imposed on the distribution of profits by permanent establishments, the Chilean Congress's approval of a tax reform bill, Colombian guidance on the domestic general anti-avoidance rule, and Uruguay's extension of the country-by-country reporting deadline.

This week's tax treaty news in the Americas

- **Brazil and Sweden:** Sweden ratified tax treaty protocol
- **Brazil and United Arab Emirates (UAE):** UAE ratified tax treaty
- **Peru and France:** tax treaty negotiations ongoing

This week's EY Global Tax Alerts

Global Tax Alerts

- Report on recent US international tax developments – 21 February 2020 (21 February 2020)
- Turkey amends Luxury Housing Tax provisions (21 February 2020)
- Indonesia and Singapore sign new tax treaty (21 February 2020)
- Mexico's tax reform significantly affects operations implemented via the shelter regime (21 February 2020)
- Guatemala allows airlines engaged in international transport services to deduct costs and expenses generated outside of Guatemala (21 February 2020)
- Canada: British Columbia issues budget 2020-21 (20 February 2020)
- South Sudan confirms pension income paid upon retirement is subject to taxation (20 February 2020)
- Panama included on EU list of non-cooperative jurisdictions for tax purposes (19 February 2020)
- ECOFIN publishes revised list of non-cooperative jurisdictions for tax purposes and adopts two reforms of existing VAT rules (19 February 2020)
- Spain publishes Resolution with additional guidance on foreign look-through entities (17 February 2020)
- European Commission opens public consultation into collection and exchange of taxpayer information from digital platform providers (17 February 2020)

Comments

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

Forward to a colleague

- Poland: MDR reports for cross-border tax arrangements must be re-submitted to the National Fiscal Administration in 2020 (17 February 2020)
- Ecuador's tax reform eliminates dividend tax exemption and modifies VAT rules (17 February 2020)

OECD Alerts

- OECD hosts webcast on preliminary impact assessment and economic analysis of BEPS 2.0 project proposals (21 February 2020)
- Latest on BEPS and Beyond - February 2020 (18 February 2020)

Transfer Pricing Alert

- Ghana: Transfer pricing update for first quarter 2020 (19 February 2020)

Indirect Alerts

- US CBP issues guidance on treatment of List 4A merchandise held in FTZs; USTR grants new exclusions and issues amendments for Chinese-origin goods as well as report on WTO Appellate Body concerns (18 February 2020)
- US Trade Representative announces new tariffs on EU-origin goods (18 February 2020)
- Saudi Customs launches self-correction program for import transactions (18 February 2020)

Human Capital Alerts

- UK Home Secretary publishes plan for future immigration system (20 February 2020)
- IRS issues proposed regulations governing the Form W-4 and federal income tax withholding requirements (19 February 2020)

Upcoming webcasts

OECD BEPS 2.0 Update (25 February)
The OECD project on addressing the tax challenges of the digitalization of the economy (BEPS 2.0) continues to move ahead, with a target for high-level agreement in 2020. This webcast will cover how the project is expected to develop, how countries are taking unilateral actions now, and how to start preparing for changes in the tax landscape.

Recently archived webcasts now available on-demand

How are indirect taxes impacting digital businesses?
This webcast, part of a series aimed at helping businesses navigate the changing tax landscape, provided up-to-date information and insights about digital service taxes that have been either introduced or proposed around the world.

EY industry, service and issue publications

Industries

Oil and Gas

- How are global oil and gas transactions progressing in 2019
- How net-zero emissions present the power sector with an opportunity

Real Estate, Hospitality & Construction

- How smart can smart buildings be?

Services

Advisory

- How does security evolve from bolted on to built-in?
- How digital transformation helped benefit fans and the bottom line

People and workforce

- Nine ways to advance LGBT+ policy throughout global organizations
- How women can turn emerging technology from a threat to an opportunity
- Why it’s time to walk the talk on inclusive growth and long-term value

Issues

Growth

- Why companies must plan for geopolitical volatility and global rebalancing

Managing Finance

- Is your back-office holding your business back?

Risk

- How does security evolve from bolted on to built-in?