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8 June 2020

# Americas Tax Roundup

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## Latest news – Americas

### [COVID-19 relief measures continue throughout Americas](#)

Jurisdictions throughout the region continue to announce new and expanded measures to respond to the COVID-19 pandemic. The list below may not include the very latest developments.

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### [Chilean VAT on digital services enters into force](#)

On 1 June, the new 19% value-added tax (VAT) on digital services rendered by foreign digital service providers went into effect in Chile. The Chilean IRS has established the procedure for foreign entities to register for VAT purposes. Failure to comply with the VAT obligations could result in interest of 1.5% for each month the VAT is not reported and paid and fines of up to 60% of the tax owed.

### [US initiates investigations into digital services taxes either adopted, or under consideration, by 10 jurisdictions](#)

On 2 June 2020, the United States Trade Representative announced that investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a digital services tax (DST). The jurisdictions under review include Austria, Brazil, the Czech Republic, the European Union, India, Indonesia, Italy, Spain, Turkey, and the United Kingdom. The goal of the investigations is to determine whether the adopted or contemplated DSTs are unreasonable or discriminatory as well as whether they individually burden or restrict US commerce.

### [Brazilian Superior Court of Justice rules service income received by French companies for technical services rendered in Brazil is not subject to withholding](#)

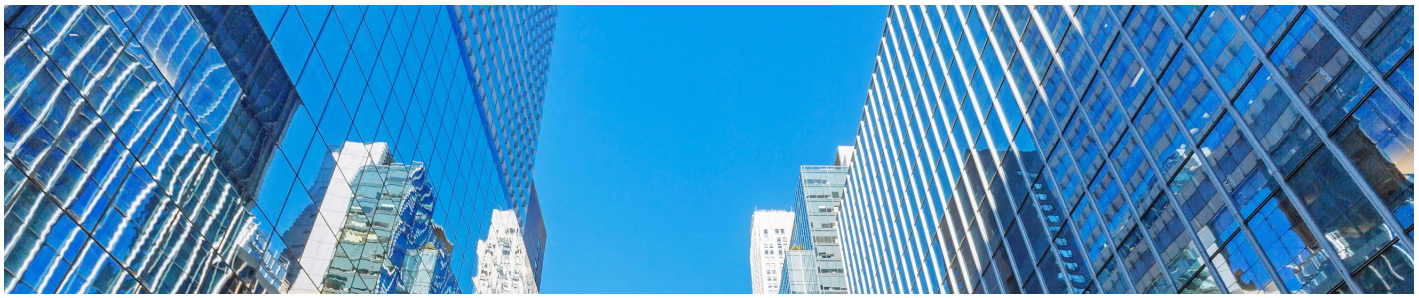
The first chamber of the Brazilian Superior Court of Justice has ruled that service income received by French companies rendering technical services in Brazil without a permanent establishment is not subject to withholding tax in Brazil. This decision confirms the taxpayers' view that tax treaties should be uniformly interpreted and should prevail over domestic provisions if the latter imposes a higher burden on a transaction covered by the treaty.

### [Canada Revenue Agency provides update on tax return filing deadlines and late-filing penalties](#)

The Canada Revenue Agency has released an update on tax return filing deadlines for corporations, trusts, and partnerships. The update includes additional tax return filing extensions and late-filing penalty relief. These measures come as welcome relief, especially as we approach the 30 June filing deadline for many corporations having a 31 December year-end.

### [Uruguay modifies tax incentives to promote social interest housing](#)

Uruguay's Executive Power issued Decree No. 129/020, which modifies Decree Nos. 355/011 and 34/017 by changing the requirements for real estate property to be considered social interest housing (i.e., low-income housing) and, therefore, subject to tax benefits.



### [Puerto Rico extends the sales tax exemption for necessities through 30 June 2020](#)

The Puerto Rico Treasury Department has extended the exemption from state and municipal sales tax for necessities again, from 31 May 2020 to 30 June 2020. Merchants will report the exempt sales on the line for sales of exempt tangible property on the Monthly Sales and Use Tax Return.

### [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. Highlights of the June 2020 issue include new details on the Canada Emergency Wage Subsidy in response to the economic impacts from the COVID-19 pandemic and five tax moves businesses should consider as COVID-19 affects the global economy.

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## Recently archived webcasts now available on-demand

### [Continuing developments on BEPS 2.0 in the new economic environment \(28 May\)](#)

This webcast covered the latest developments with respect to the OECD's project on addressing the tax challenges of the digital economy (BEPS 2.0), current country actions with respect to digital services taxes, and how the global health crisis and economic downturn is affecting country activity in both areas.

### [COVID-19: Beyond headline legal, people and trade stimulus measures \(2 June\)](#)

More than 2,400 participants attended the webcast, during which EY Law, PAS, Trade and Transfer Pricing leaders shared insights on the actions governments around the globe are taking in response to the COVID-19 crisis and how businesses are responding. Describing ongoing Transfer Pricing change, Peter Griffin, EY Global Transfer Pricing leader, introduced the [new Transfer Pricing Tracker](#), part of the suite of nine Tax Stimulus Response Trackers [now available on EY.com](#).

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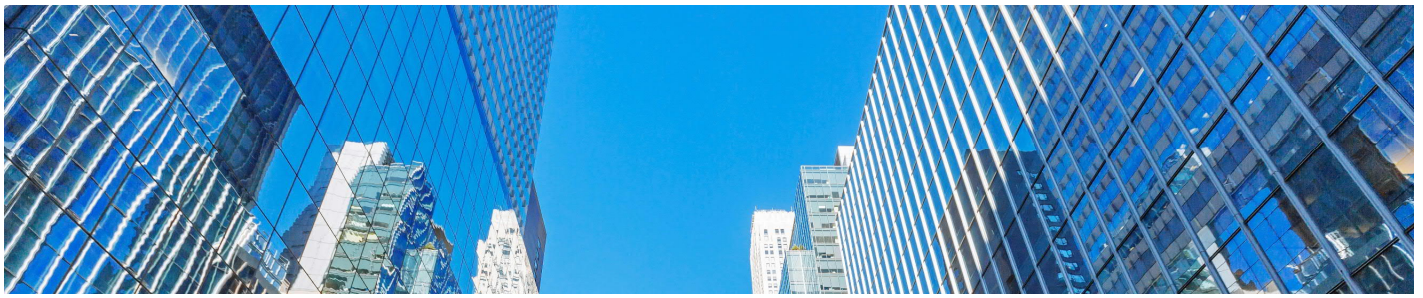
## Recently issued EY podcasts

### [Monthly ITTS Washington Dispatch \(May 2020\)](#)

EY's monthly Washington Dispatch podcast summarizes recent developments in US international taxation. Highlights of this month's edition include: Congress considers further action to address coronavirus pandemic; IRS finalizes proposed Section 385 regulations with no substantive changes, leaves distribution rules in effect; IRS announces references to NAFTA in US tax treaties should be interpreted as references to USMCA, among other topics.

### [US Cross-Border Taxation weekly podcast, 5 June 2020](#)

EY's weekly US Cross-border Taxation podcast reviews the week's US international tax-related developments. Highlights this week include the US investigation of digital services taxes in 10 jurisdictions, including Brazil; OECD release of the [Toolkit on the Taxation of Offshore Indirect Transfers](#).



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## This week's EY Global Tax Alerts

### COVID-19 | Key Alerts and other resources from EY's Global Tax

Global Tax Alerts were issued this week with updated COVID-19 news, covering the following jurisdictions: Belgium, Canada, European Union, Germany, Luxembourg and Puerto Rico. Access the Alerts and other COVID-19 related materials [here](#).

### Additional Global Tax Alerts

- ▶ Report on recent US international tax developments – 5 June 2020
- ▶ Taiwan issues tax ruling on treatment of leases under IFRS 16
- ▶ Italian Tax Authorities provide clarifications on Brexit impact on Italian source taxation and application of look-through approach to outbound dividends paid to ACS
- ▶ Luxembourg Tax Authorities issue MDR guidance
- ▶ South Korea deposits its instrument of ratification of the MLI
- ▶ Brazilian Superior Court of Justice rules service income received by French companies for technical services rendered in Brazil is not subject to withholding
- ▶ Nigeria issues order on definition of significant economic presence in Nigeria
- ▶ Uruguay's Executive Power modifies tax incentives to promote social interest housing
- ▶ Cyprus amends Notional Interest Deduction rules

### Transfer Pricing Alerts

- ▶ Israel's Tax Authority releases tax circular on burden of proof related to transfer pricing audits

### Indirect Alerts

- ▶ Chile: VAT on digital services enters into force
- ▶ Ghana amends Customs Act to provide incentives for the automobile industry
- ▶ Turkey notifies WTO on measures against EU-origin goods
- ▶ Saudi Arabia increases customs duty rates on imports
- ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration by certain jurisdictions





## EY Industry and Tax Services publications

### Industries

#### Banking & Capital Markets

- ▶ [Seven considerations for boards assessing LIBOR transition readiness](#)

#### Health

- ▶ [How will you design information architecture to unlock the power of data?](#)
- ▶ [Health organizations find themselves in the eye of a perfect storm](#)

### Services

#### People and workforce

- ▶ [COVID-19: Three ways boards can help create systemic change](#)
- ▶ [Five areas to look at when converting factories to help fight COVID-19](#)

#### Tax

- ▶ [How 5G will reshape business models and drive digital taxation](#)
- ▶ [How to strengthen VAT compliance models through and beyond COVID-19](#)

### Issues

#### Risk

- ▶ [How boards can use fairness opinions to avoid transaction pitfalls](#)

### Comments

If you have any questions or suggestions about this newsletter, please email Global Tax News Update Help at: [globaltaxnewsupdatehelp@ey.com](mailto:globaltaxnewsupdatehelp@ey.com).

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