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27 July 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.*

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### [Brazilian Government proposes new federal VAT as first phase of comprehensive tax reform](#)

The Brazilian Government has proposed a bill that would replace the PIS and COFINS (Social Security Contributions on Sales) with a new tax, the Contribution on Goods and Services (CBS for its Portuguese acronym). Like the PIS and COFINS, the CBS would apply to local sales, as well as imports, of goods and services. Although the bill would simplify the Brazilian tax system, it also would create issues that taxpayers will need to consider. The bill is intended to be the first phase of a comprehensive tax reform.

### [Costa Rican tax authorities delay VAT collection on cross-border digital services until 1 October](#)

Costa Rica's Minister of Finance has delayed value-added tax (VAT) collection on cross-border digital services by Costa Rican public or private entities that issue credit or debit cards (withholding agents) to 1 October 2020. According to the Minister's public statement, the delay will allow entities to implement the measures necessary for correctly collecting the VAT. Suppliers and intermediaries may still voluntarily register as VAT taxpayers and begin collecting VAT on 1 August 2020.

### [Dominican Republic's tax administration publishes guidance to implement Law 46-20 on Transparency and Equity Revaluation](#)

The General Office of Internal Revenue of the Dominican Republic has issued guidance to implement the provisions of Law 46-20 on Transparency and Equity Revaluation, which establishes methods for voluntarily declaring and revaluing certain assets and paying tax debts. The guidance establishes the procedures taxpayers must follow to benefit from the special transitory tax regime of Law 46-20. With the publication of the guidance, Law 46-20 is effective, and taxpayers interested in the benefits of the regime may begin submitting requests to participate.

### [Canada redesigns and extends the Canada Emergency Wage Subsidy \(CEWS 2.0\)](#)

The Canadian federal government is extending the Canada Emergency Wage Subsidy (the CEWS) through November 2020. In addition, it is proposing major changes that will provide a wage subsidy to any employer who has experienced a revenue decline between July 2020 and November 2020 when compared, generally, to the respective prior month in 2019.



### [G20 Finance Ministers and Central Bank Governors reiterate commitment to addressing the tax challenges of digitalization of the economy](#)

Following a recent videoconference meeting, the G20 Finance Ministers and Central Bank Governors issued a joint communiqué on key topics discussed at the meeting. The communiqué stresses the importance of continuing to advance the work on addressing the tax challenges of the digitalization of the economy and reaffirms the G20's commitment to reaching a global, consensus-based solution.

### [EY publication highlights 2020 Q2 tax policy developments across the Americas](#)

The second quarter of 2020 ushered in several significant tax policy developments across the Americas. EY's latest *Americas Tax Policy Update* highlights the top tax policy developments from April through June 2020, including:

- ▶ COVID-19 tax policy developments across the Americas
- ▶ Brazil's proposed digital services tax
- ▶ Chile's new value-added tax on digital services
- ▶ Argentina's long-awaited transfer pricing regulations
- ▶ Colombian holding company regulations
- ▶ Mexico's new requirement for foreign digital service providers to collect value-added tax
- ▶ Colombia and Costa Rica's completion of the accession process to become members of the OECD

### [EY's 'Latest on BEPS and Beyond' for July 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. Americas highlights of the July 2020 edition include (1) Chile's ratification of the Multilateral Instrument (MLI), (2) Costa Rican guidance on the VAT on cross-border digital services and intangible assets, and (3) Mexican Tax Administration Service guidance for nonresidents providing digital services to recipients located in Mexico.

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## This week's tax treaty news in the Americas

- ▶ Ecuador and Andean Community/UK: Legislative Assembly of Ecuador approved trade continuity agreement between UK and Andean Community (Colombia, Ecuador, and Peru)

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## Recently issued EY podcasts

### [US Cross-Border Taxation weekly podcast, 24 July 2020](#)

EY's weekly US Cross-border Taxation podcast reviews the week's US international tax-related developments. Highlights this week include: IRS releases final, proposed GILTI regulations on GILTI high exclusion, subpart F high tax exception; IRS official says proposed PTEP regulations coming before year-end; G20 discusses BEPS 2.0, OECD official comments on timeline.

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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: Australia, the European Union, France, Hungary and the OECD. Access the Alerts and other COVID-19 related materials [here](#).



## Additional Global Tax Alerts

- ▶ Report on recent US international tax developments – 24 July 2020
- ▶ US IRS releases new draft partnership Schedules K-2 and K-3 for international tax reporting
- ▶ US final and proposed GILTI regulations deliver few benefits and more than a few surprises
- ▶ Dutch Government issues Decree with tax authorities' guidance on reportable cross-border arrangements
- ▶ UK Tax Authority publishes Mandatory Disclosure Regime Guidance
- ▶ Portugal publishes final legislation to implement Mandatory Disclosure Rules
- ▶ South Africa's Constitutional Court addresses tax-deductible allowance for future expenditure on contracts
- ▶ Australia Jobkeeper 2.0 – wage subsidy extended with modified entitlements and eligibility tests
- ▶ European Council adopts conclusions on recovery plan and EU budget for 2021-2027, including agreement on introduction of new taxes
- ▶ Russia proposes amendments to Tax Code regarding international taxation
- ▶ UK Government publishes draft clauses for Finance Bill 2020-21 alongside new tax consultations
- ▶ US final GILTI/FDII regulations under Section 250 include guidance on Section 962 elections, pass-through FDII reporting
- ▶ France extends Mandatory Disclosure Rules reporting deadlines for six months
- ▶ Hungary extends MDR reporting deadlines for six months
- ▶ European Commission publishes action plan for fair and simple taxation: A detailed review
- ▶ Cyprus introduces changes regarding taxation of intangible assets
- ▶ European Commission proposes revision of Directive on administrative cooperation
- ▶ European Commission publishes communication on intensifying the work on tax transparency and harmful tax competition by means of advocating Tax Good Governance in the EU and beyond

## Transfer Pricing Alerts

- ▶ Tanzania issues new transfer pricing guidelines

## OECD Alerts

- ▶ G20 Finance Ministers and Central Bank Governors' meeting communiqué reiterates commitment to addressing the tax challenges of digitalization of the economy
- ▶ The Latest on BEPS and Beyond | July 2020 edition



## Indirect Alerts

- ▶ High Court of Kenya suspends VAT on insurance agency and insurance brokerage services
- ▶ Costa Rican tax authorities delay VAT collection on cross-border digital services until 1 October
- ▶ Brazilian Government proposes new federal VAT as first phase of comprehensive tax reform
- ▶ Russia proposes draft bill limiting VAT exemption for foreign entities licensing software and databases
- ▶ Italy publishes decree regarding consumption tax on lubricating oils and preparations

## Human Capital Alerts

- ▶ Updates provided regarding entry of experts into Israel

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## EY Industry and Tax Services publications

### Industries

#### Automotive

- ▶ Will consumers release control on an autonomous future?

#### Technology

- ▶ How forward-thinking organizations are becoming data-driven

### Services

#### People and workforce

- ▶ COVID-19: How firms can protect their workforce, operations and values
- ▶ If transformation is a journey, how can your board ensure everyone's with you?

#### Consulting

- ▶ How the future of work will change the digital supply chain
- ▶ COVID-19: How future investment in cybersecurity will be impacted
- ▶ How do you create customer intimacy without proximity?

### 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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