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3 August 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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### [Canada redesigns and extends Canada Emergency Wage Subsidy](#)

The Canadian Federal Government is extending the Canada Emergency Wage Subsidy (CEWS) through November 2020 and 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.

### [US IRS releases final and proposed regulations on IRC Section 163\(j\) limits on business interest expense deductions](#)

The US IRS on 28 July released eagerly-anticipated final regulations ([TD 9905](#)) and proposed regulations ([REG-107911-18](#)) on the business interest expense limitation under IRC Section 163(j). The Section 163(j) Limitation was modified in December 2017 by the *Tax Cuts and Jobs Act* (TJCA), and in March 2020 by the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act).

### [Panama proposes creating special regime for manufacturing services](#)

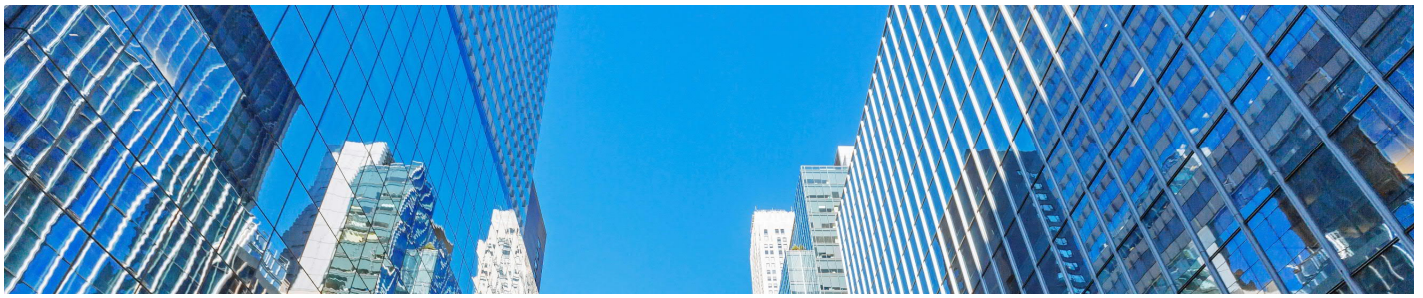
The Panamanian Ministry of Commerce and Industries has proposed a bill that would create a Special Regime for the Establishment and Operation of Multinational Enterprises that Render Manufacturing Services (EMMA by its Spanish acronym). The bill is intended to promote investment, create new job opportunities and contribute to the transfer of technological knowledge in Panama.

### [Ecuador requires certain taxpayers to pay estimated income taxes for fiscal-year 2020](#)

The Ecuadorian President, through an executive decree, has ordered certain taxpayers to pay estimated income taxes for fiscal-year 2020. Taxpayers have two options for making estimated income tax payments: they can pay the entire estimated income tax on 14 August 2020, or they can pay in three installments.

### [Ecuador modifies transfer pricing rules](#)

The Ecuadorian Tax Administration issued Resolution No. NAC-DGERCGC20-00000046, modifying the transfer pricing rules to comply with the arm's-length principle in transactions involving exports of bananas and to prevent transfer pricing abuse. It also includes technical standards for implementation of the transfer pricing regime and the hierarchy of transfer pricing methods to comply with the arm's-length principle.



### [Suriname announces new and amended tax measures to mitigate impact of COVID-19](#)

The Suriname Government, which announced tax measures in April 2020 to alleviate cash flow challenges faced by corporations and individuals because of the COVID-19 Pandemic, announced additional tax measures on 12 July 2020.

### [OECD issues report to G20 Finance Ministers and Central Bank Governors and hosts webcast to provide update on tax work](#)

The OECD on 18 July 2020 released the OECD's Secretary-General Report to G20 Finance Ministers and Central Bank Governors (the [report](#)). The report, in two parts, was provided to the G20 Finance Ministers and Central Bank Governors in advance of their 18 July 2020 meeting. Part I of the report is an update on activities with respect to the G20's international tax agenda, including the tax aspects of digitalization of the economy; Part II addresses work by the Global Forum on Transparency and Exchange of Information for Tax Purposes.

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

- ▶ Quebec; Bulgaria: Social Security Agreement and Administrative Arrangement Between Bulgaria and Quebec entered into force
- ▶ Quebec; Serbia: Quebec and Serbia signed Social Security Agreement and Administrative Arrangement

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## Recently issued EY podcasts

### [US Cross-Border Taxation weekly podcast, 31 July 2020](#)

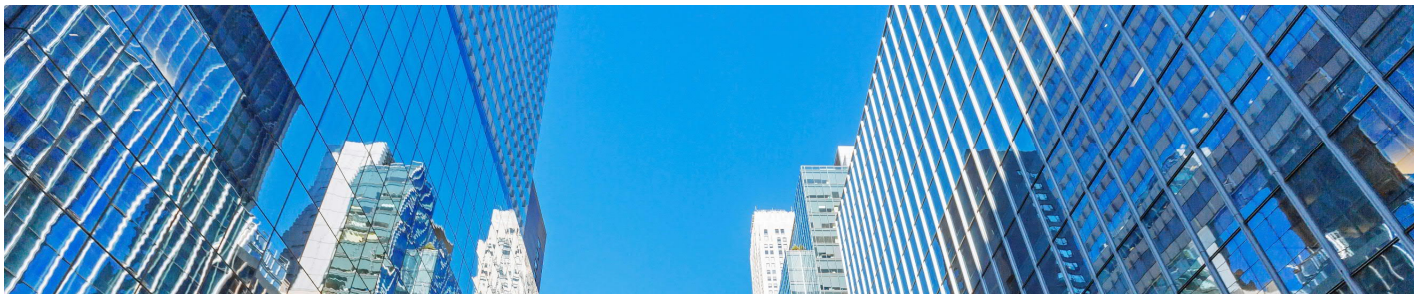
EY's weekly US Cross-border Taxation podcast reviews the week's US international tax-related developments. Highlights this week include: IRS issues highly-anticipated final and proposed Section 163(j) interest limitation regulations and related guidance; IRS will add compliance resources to review stock-based compensation in cost-sharing arrangements.

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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: Canada, Ecuador, Ghana, Ireland, Luxembourg, Puerto Rico, Suriname and Zimbabwe. Access the Alerts and other COVID-19 related materials [here](#).



## Additional Global Tax Alerts

- ▶ Report on recent US international tax developments – 31 July 2020
- ▶ Kenya deposits its instrument of ratification of the MLI with the OECD
- ▶ Uruguayan Tax Authority adjusts certain formalities relating to documentation of activities of taxpayers who are totally or partially exempt from taxes
- ▶ Zimbabwe presents 2020 mid-term budget proposals
- ▶ Luxembourg enacts deferral of MDR reporting deadlines for six months
- ▶ Panamanian Ministry of Commerce and Industries proposes creating special regime for manufacturing services
- ▶ Ecuador requires certain taxpayers to pay estimated income taxes for fiscal-year 2020
- ▶ Hong Kong enacts new legislation providing tax incentives for insurance-related businesses
- ▶ US: "Tested unit" standard in final GILTI regulations limits aggregating items of income, while proposed regulations would adopt the same standard for subpart F income high-tax exception
- ▶ Kenya gazettes Double Taxation Avoidance Agreement with Mauritius
- ▶ Saudi Arabian Tax Authority clarifies rules on capital gains
- ▶ Italy's Constitutional Court confirms amendments limiting the power of tax authorities to recast Registration Tax treatment of corporate transactions
- ▶ Saudi Arabian Tax Authority implements electronic filing of contract information

## Transfer Pricing Alerts

- ▶ Vietnam issues decree amending loan interest deductibility cap and draft decree on related party transactions
- ▶ Philippines requires transfer pricing information return
- ▶ Ecuador modifies transfer pricing rules

## OECD Alerts

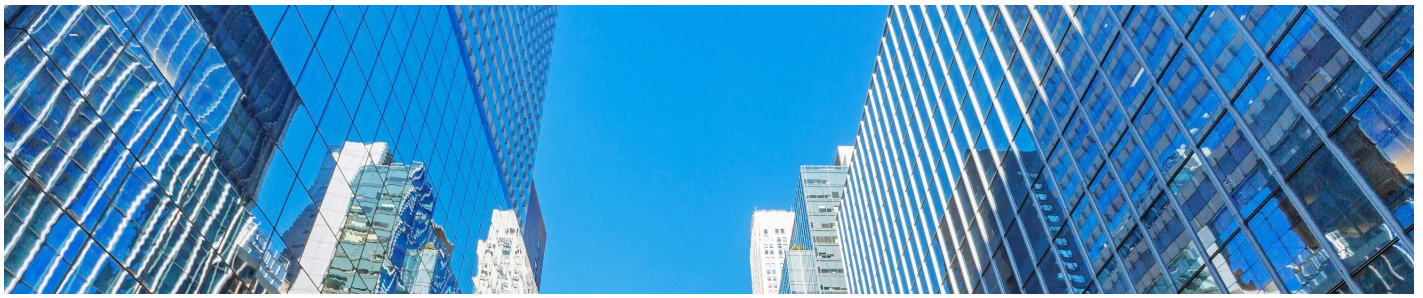
- ▶ OECD releases ninth batch of peer review reports on BEPS Action 14 related to improving dispute resolution
- ▶ OECD issues report to G20 Finance Ministers and Central Bank Governors and hosts webcast to provide update on tax work

## Indirect Alerts

- ▶ Ireland announces temporary reduction in VAT rate as part of July 2020 Stimulus Plan
- ▶ Brazil's first phase of tax reform would increase federal VAT tax rates for insurance sector
- ▶ Panamanian Ministry of Commerce and Industries proposes creating special regime for manufacturing services
- ▶ Oman's Majlis Al Shura approves VAT law

## Human Capital Alerts

- ▶ New Swedish legislation requires equal treatment and protection of posted workers in Sweden



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## EY Industry and Tax Services publications

### Industries

#### Banking & Capital Markets

- ▶ [Three ways COVID-19 is changing how banks adapt to digital technology](#)

#### Financial Services

- ▶ [How to accelerate FI transformation in the post-pandemic world](#)

#### Technology

- ▶ [Is AI the start of the truly creative human?](#)

#### Health & Life Sciences

- ▶ [How COVID-19 reshapes the mental health needs of workers](#)

#### Private Equity

- ▶ [What tapping the US\\$6 trillion 401\(k\) pool means for private equity](#)

#### Technology, Media & Entertainment, and Telecommunications

- ▶ [How can 5G providers help industries become more resilient?](#)

### Services

#### People and workforce

- ▶ [How companies can unleash the potential to reimagine work](#)

#### Tax

- ▶ [How to address enterprise-wide legal considerations after a crisis](#)
- ▶ [How workers stranded by the crisis are creating inadvertent tax issues](#)

### Comments

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