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Americas Tax Roundup

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.

Brazil's proposed federal VAT has implications for [financial institutions](#), the [insurance sector](#), and [technology, media & entertainment, and telecom sectors](#)

The Brazilian government has [proposed a bill](#) that would create a new tax, the Contribution on Goods and Services (CBS for its Portuguese acronym), which is intended to function as a federal VAT, and would replace the existing PIS and COFINS Contributions (Social Security Contributions on Sales). The proposed bill has significant implications across various sectors:

- ▶ For banks and financial institutions, the proposed bill would retain the cumulative tax regime for such institutions, while increasing the combined tax rate from 4.65% to 5.8%.
- ▶ For the insurance sector, the proposed bill could raise the tax cost of activities by imposing a higher rate on domestic transactions, preventing the industry from recognizing and generating certain tax credits, and increasing the cost of reinsurance abroad.
- ▶ For the technology, media & entertainment, and telecom sectors, possible impacts of the bill include (1) the extension of CBS to cross-border transactions involving rights and intangibles and (2) making digital platforms the responsible parties for collecting applicable taxes.

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[Mexico amends customs rules for 2020, impacting maquiladoras and others](#)

Amendments to Mexico's general customs regulations for 2020 published in the Official Gazette on 24 July 2020 include changes to the current requirements, benefits, and obligations of the Value-Added Tax (VAT) and Excise Tax Certification program. These changes eliminate many procedural and administrative benefits and may impact the operations of businesses operating under the maquiladora and other regimes in Mexico.

[US final and proposed regulations under IRC Section 163\(j\) narrow definition of business interest expense, expand anti-avoidance rules, and substantially revise rules for foreign corporations](#)

The US Treasury Department has released final and new proposed regulations with guidance on applying the limitations on the deductibility of business interest expense under IRC Section 163(j). In general, the final regulations retain the same basic structure as proposed regulations issued in 2018 (with taxpayer favorable and unfavorable modifications), while the new 2020 proposed regulations include revised rules applicable to partnerships, foreign corporations, and foreign persons with effectively connected income.



[Colombia issues regulation on deferring income from private equity or collective investment funds, as well as rules on permanent establishments](#)

The Colombian Government has issued a decree establishing the requirements that private equity funds, collective investment funds, and foreign portfolio investments must meet to qualify for special tax treatment. The decree also includes rules on Colombian permanent establishments, particularly those that apply to profit distributions.

[Uruguayan tax authority adjusts certain formalities relating to documentation of activities of taxpayers who are totally or partially exempt from taxes](#)

Uruguay's tax authorities have issued a resolution making certain adjustments relating to the documentation of activities of taxpayers who are totally or partially exempt from taxes administered by DGI (tax authority). The provisions of the resolution apply from 1 September 2020. Taxpayers who are totally or partially exempt from taxes should review the documentation requirements and adjust their compliance plans accordingly.

[Uruguay extends deadlines for certain estimated tax payments due to COVID-19](#)

The Uruguayan tax authorities have extended certain deadlines for making estimated payments of corporate income taxes, net wealth taxes, and corporation control taxes. Certain taxpayers have until September and October 2020 to make estimated tax payments that were otherwise due in June and July 2020.

[Uruguay further extends deadline for informing Central Bank of chain of ownership](#)

Uruguay's Executive Power has retroactively extended the deadline for certain companies to report information about their ultimate beneficial owners, ownership chains, and shareholders to the Uruguayan Central Bank. The deadline for companies to report chain-of-ownership information, originally extended to 15 May, has been extended again to 15 August.

[Canada's Department of Finance announces extension to incur flow-through qualifying expenditures](#)

Canada's Department of Finance has announced proposals to the flow-through share rules to alleviate the challenges faced by exploration companies in the mining industry amid the COVID-19 pandemic. The proposals aim to extend the timeline for resource corporations to incur eligible expenses by 12 months. These proposals are a welcome relief for resource corporations that have issued or are planning to issue flow-through shares.

[Canada: Alberta announces Innovation Employment Grant to support R&D and reignite technology investment](#)

The premier of the Canadian province of Alberta has announced the launch of the Innovation Employment Grant (IEG), set to come into effect on 1 January 2021. The IEG will provide grants worth up to 20% of a company's research and development (R&D) costs incurred in Alberta. Supporting legislation will be introduced in the fall of 2020.

This week's tax treaty news in the Americas

- ▶ Colombia and Italy: Italy ratified tax treaty
- ▶ Jamaica and Italy: Italy ratified tax treaty

Recently issued EY podcasts

[US Cross-Border Taxation weekly podcast, 7 August 2020](#)

EY's weekly US Cross-border Taxation podcast reviews the week's US international tax-related developments. Highlights this week include: Congress continues talks over another coronavirus bill, no deal reached; Final BEAT regulations now under OIRA review; IRS may refine Tested Unit Rule under GILTI High-Tax Exclusion rules; UN Tax Committee members issue proposal regarding taxation of digital services income.



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, Cyprus, Lithuania, OECD and Uruguay. Access the Alerts and other COVID-19 related materials [here](#).

Additional Global Tax Alerts

- ▶ [Report on recent US international tax developments – 7 August 2020](#)
- ▶ [Greece introduces new tax dispute resolution mechanisms](#)
- ▶ [Greece publishes Mandatory Disclosure Rules legislation: A detailed overview](#)
- ▶ [South African Government releases draft 2020 Tax Law Amendment Bills](#)
- ▶ [Cyprus postpones MDR reporting deadlines for six months](#)
- ▶ [Lithuania postpones MDR reporting deadlines for six months](#)
- ▶ [Uruguay further extends deadline for informing Central Bank of chain of ownership](#)
- ▶ [Colombia issues regulation on deferring income from private equity or collective investment funds, as well as rules on permanent establishments](#)
- ▶ [Puerto Rico's Treasury Department postpones certain filing and payment due dates because of Tropical Storm Isaias](#)
- ▶ [Italy approves legislation to implement Mandatory Disclosure Rules](#)
- ▶ [Korea announces 2020 tax reform proposals](#)
- ▶ [Portugal transposes EU ATAD Directives regarding hybrid mismatches into domestic tax law](#)
- ▶ [US final and proposed regulations under Section 163\(j\) narrow definition of business interest expense, expand anti-avoidance rules and substantially revise rules for foreign corporations](#)
- ▶ [Finance Canada announces extension to incur flow-through qualifying expenditures](#)

OECD Alerts

- ▶ [OECD report forecasts falling tax revenues in Asian and Pacific Economies as a result of COVID-19 pandemic](#)

Indirect Alerts

- ▶ [Brazil's proposed federal VAT would increase tax rates for Brazilian banks and other financial institutions](#)
- ▶ [Brazil's proposed VAT on royalties and digital platforms/marketplace could affect technology, media & entertainment, and telecom sectors](#)
- ▶ [Mexico amends customs rules for 2020, impacting maquiladoras and others](#)



EY Industry and Tax Services publications

Industries

Banking & Capital Markets

- ▶ [How banks can successfully emerge from COVID-19](#)

Consumer Products & Retail

- ▶ [COVID-19 sharpens retailers' focus on technology and transformation](#)
- ▶ [Future Consumer Index: How to thrive in the age of affordability](#)

Health & Life Sciences

- ▶ [As data personalizes medtech, how will you serve tomorrow's consumer?](#)

Insurance

- ▶ [How insurers can return to physical workplaces and reimagine the future](#)

Services

People and workforce

- ▶ [How to reshape the C-suite for a better working world](#)

Consulting

- ▶ [COVID-19: How CISOs can ensure resilience in the return to work](#)
- ▶ [How can you transform from market leader to market maker?](#)
- ▶ [How to minimize risk through data disposition](#)

Tax

- ▶ [How five global tax leaders think COVID-19 will affect tax landscape](#)
- ▶ [How organizations should now think about data protection](#)

Comments

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