Americas tax policy update

Q2 2021

Country

Argentina

- On 16 June 2021, Argentina enacted Law 27, 630, which increases the corporate income tax rate for tax years beginning 1 January 2021 and onwards. The law replaces the 25% fixed tax rate with a progressive tax scale ranging from 25% to 35%. It also permanently extends the 7% withholding tax (WHT) rate currently in force to dividend distributions from profits accrued in tax years beginning 1 January 2021 and onwards. For more information, see Tax Alert 2021-1203.
- The Argentine federal tax authorities (AFIP) published General Resolution 5010/2021 (GR 5010), which includes changes to the transfer pricing (TP) regulations established by General Resolution 4717/2020, extends the due dates for TP filings and introduces a simplified regime for international transactions. In a divergence from the OECD Transfer Pricing Guidelines and most countries' rules, GR 5010 adds a new rule stating that taxpayers cannot use an entity with operating losses as a comparable for TP purposes, unless the taxpayer (1) adequately justifies that the losses are a characteristic of the business, due to market circumstances, industry or other comparability criteria; and (2) demonstrates that the conditions leading to the losses are not the result of factors affecting comparability. For more information, see Tax Alert 2021-1269.
- Argentine corporate legal authorities published General Resolution No. 8/2021, introducing new requirements for the registration of foreign entities as shareholders of Argentine companies and modifying the regime for foreign companies registered as "investment vehicles" or "special purpose vehicles" (SPVs). The resolution clarifies the rules for foreign corporations to be classified as SPVs. For more information, see Tax Alert 2021-1066.
- AFIP published a resolution containing the regulations establishing how taxpayers can register for the promotional regime for the knowledge-based economy and how to use the tax credit bonds issued by the National Direction of Development for the Knowledge-Based Economy. For more information, see Tax Alert 2021-0683.
- The Argentine Government published a decree establishing a promotional regime for direct investments made in foreign currency in certain activities. Under the regime, beneficiaries may apply a certain percentage of the foreign currency obtained from exports related to investments in certain activities to the payment of commercial or financial liabilities, dividends and the repatriation of nonresidents' direct investments. The promotional regime will apply for three years beginning 7 April 2021. For more information, see Tax Alert 2021-0787.
- AFIP published Resolution 4976/2021, which sets forth the procedure individuals and companies must follow to register real estate projects for the promotional regime for construction. Under the resolution, eligible individuals and companies must register real estate projects that began on or after 12 March 2021, or were less than 50% completed as of that date, through the "Real Estate Projects Registry" service on the AFIP's website. The resolution also establishes the procedure for declaring local and foreign currency under the voluntary disclosure program. For more information, see Tax Alert 2021-0909.
- The Argentine Central Bank (BCRA) issued a communique exempting exporters with a "Certification of increase in exports of goods in the year 2021" (Certificate) from requesting the BCRA's approval to access the official foreign exchange market. To obtain a Certificate, exporters must meet certain requirements. For more information, see Tax Alert 2021-1192.

Brazil

- On 25 June 2021, the Brazilian Government proposed a bill that would change the corporate income tax system by reducing the corporate income tax rate, establishing a withholding tax on dividends and strengthening the rules on the disguised distribution of profits, among other things. Specifically, the bill would reduce the current 34% combined corporate income tax rate (which includes both the 25% corporate income tax and the 9% social contribution on net profit) to 29%. The rate would be reduced by 2.5 percentage points in 2022 and another 2.5 percentage points in 2023. Additionally, the bill would eliminate the withholding tax exemption for dividends and would subject dividends to a 20% withholding tax rate. The bill also would eliminate the interest on net equity (i.e., similar to a dividend payment that is deductible in Brazil). This bill is the second phase of Brazil's comprehensive tax reform. For more information, see Tax Alert 2021-1270.
- The Brazilian Superior Court (STJ) held that the municipal service tax (ISS) applied to the income from fund management services provided to a foreign entity because the services were rendered in Brazil and the result of the service was verified in Brazil, even though the foreign entity paid for the services. A US tax resident hired a Brazilian entity to provide fund management services. The Brazilian entity did not pay ISS on the income derived from providing the services, asserting that exports of services should be exempt from ISS, even though the services were provided in Brazil. Based on the ISS national guidelines (Supplementary Law 116/2003), if the outcome of the service rendered is verified in Brazil, the service should be considered as a local rendering of service and subject to ISS, even if a foreign party pays for the services. Accordingly, the STJ ruled that the income from the fund management services was subject to ISS because the outcome of the service is verified at the place where the provider is located. Although a majority of the STJ agreed to this holding, the judges stated that they are not establishing a precedent that there is no exemption from the ISS. Rather, each case must be examined on a case-by-case basis. For more information, see Tax Alert 2021-1004.
- On 13 May 2021, the Brazilian Supreme Court (STF) ruled on the effect of the decision in binding case RE 574.706, issued in 2017. The Supreme Court Justice who took the lead on the case agreed to partially grant the public prosecutors' request to make the decision in RE 574.706 effective from the date the minutes of the trial were published (15 March 2017), meaning the state value-added tax (ICMS) must be excluded from PIS and COFINS (Social Security Contributions on Sales) from that date forward. RE 574.706 is retroactively effective for lawsuits and administrative proceedings initiated before 15 March 2017. As for whether the ICMS amount should be included in the PIS and COFINS taxable base, "paid" or "gross," the STF ruled that the exclusion must take into account the ICMS highlighted in the invoices (gross) and not the paid ICMS, as required by the Federal Government. In other words, the full ICMS amount (i.e., the ICMS value shown in fiscal invoices (ICMS destacado)) cannot be included in the PIS and COFINS taxable base.
- The tax treaties between Brazil and the United Arab Emirates and Brazil and Switzerland entered into force. Further, the Netherlands has expressed its intention to continue negotiations for a revision to the Brazil and Netherlands double tax treaty (DTT) in 2021, according to a 22 April 2021 press release published by the Dutch government.
- The Executive Power reduced the import duty rate for information technology and telecommunications equipment to 0%. Previously, the import duty rate depended on the type of product, with an average rate of 20%.
- The tax authorities issued Private Ruling 99001/2021, of 29 March 2021, clarifying that WHT applies to the remittance abroad of remuneration for software as a service.
- The Brazilian Congress extended the validity of Provisional Measure 1034/2021 to 1 July 2021. The extension contains an increase in the rate of Social Contribution on Net Profits for financial institutions.

Canada

- On 19 April 2021, Deputy Prime Minister and Federal Finance Minister Chrystia Freeland tabled the 2021-22 federal budget. The budget contains tax measures affecting individuals and corporations. Specifically, the budget would allow immediate expensing for certain property acquired by a Canadian-controlled private corporation, temporarily reduce corporate income tax rates for qualifying zero-emission technology manufacturers and establish a number of measures to prevent the avoidance of tax debts. For more information, see Tax Alert 2021-0808.
- The Canada Revenue Agency (CRA) on 1 April published supplemental guidance on various international income tax issues resulting from COVID-19-related restrictions on travel (the travel restrictions). The administrative guidance updates measures announced in 2020 for the Initial Relief Period of 16 March to 30 September 2020, and covers the following Canadian income tax topics:
  - Income tax residency for individuals
  - Permanent establishment determination
  - Cross-border employment income for US and Canadian resident employees

  The supplemental guidance is intended to address potential income tax issues resulting from the continued travel restrictions and clarify certain income tax reporting obligations for 2020 and 2021. The CRA also intends to provide examples and answers to frequently asked questions soon. For more information, see Tax Alert 2021-0712.
- The first installment of the long-awaited list of transactions for which mandatory disclosure is required in Quebec under Quebec Bill 42, *An Act to give effect to fiscal measures announced in the Budget Speech delivered on 21 March 2019 and to various other measures*, was released in the Quebec Gazette on 17 March 2021. Quebec Bill 42, which received Royal Assent on 24 September 2020, contains measures relating to new mandatory disclosure requirements, including new requirements to disclose transactions identified by the Minister of Revenue or any significantly similar transactions.

For more information, see Tax Alert 2021-0706.

- Several provinces and territories tabled their fiscal 2021-22 budgets, which contain some tax measures affecting individuals and corporations:
  - Saskatchewan Finance Minister Donna Harpauer tabled the province's fiscal 2021-22 budget on 6 April 2021. For more information, see Tax Alert 2021-0719.
  - Manitoba Finance Minister Scott Fielding tabled the province's fiscal 2021-22 budget on 7 April 2021. For more information, see Tax Alert 2021-0736.
  - British Columbia Finance Minister Selina Robinson tabled the province's fiscal 2021-22 budget on 20 April 2021. For more information, see Tax Alert 2021-0817.
  - Yukon Premier and Finance Minister Sandy Silver tabled the territory's revised fiscal 2021-22 budget on 13 May 2021. For more information, see Tax Alert 2021-1003.
  - Newfoundland and Labrador Finance Minister Siobhan Coady tabled the province's fiscal 2021–22 budget on 31 May 2021. For more information, see Tax Alert 2021-1087.
- The CRA released Information Circular IC71-17R6, *Competent Authority Assistance under Canada's Tax Conventions,* on 1 June 2021, replacing and cancelling Information Circular IC71-17R5, issued 1 January 2005. The new Information Circular includes significant changes from the CRA's prior guidance or confirms its known positions on the following topics:
  - Mutual Agreement Procedure (MAP) filing procedures
  - Timing of Accelerated Competent Authority Procedure requests
  - Downward transfer pricing adjustment MAP requests
  - Collections procedures
  - Status of audit-level settlements

Chile

- The Chilean tax authorities recently emailed foreign service providers that may be providing digital services to Chilean users and are not in compliance with current legislation. Foreign service providers that provide digital services to individuals in Chile must register for the simplified value-added tax (VAT) regime and withhold a 19% VAT on the payment for digital services. Failing to register and withhold the VAT could trigger audits from the tax authorities or withholding through credit card issuers. For more information, see Tax Alert 2021-1210.
- On 11 June 2021, the Chilean tax authorities issued a resolution amending the regulations for complying with the local tax requirements to claim reduced WHT rates when a DTT applies. According to the regulations, local taxpayers that want to apply a reduced WHT rate or no WHT rate on a cross-border payment must request certain items from the foreign beneficiary receiving the payment, including a sworn statement declaring that the foreign beneficiary (i) does not have a permanent establishment in Chile to which the income can be attributed and (ii) meets the requirements to claim treaty benefits. The resolution modifies the regulations on the sworn statement that foreign taxpayers need to produce and deliver to local taxpayers to claim DTT benefits. For more information, see Tax Alert 2021-1207.

Colombia

- The Colombian Government withdrew its tax reform bill from Congress, following protests that took place throughout the country during April and May. Additionally, the protests led to the appointment of a new Minister of Finance. The Government is working on a new reform bill.
- Decree 392 of 2021 incentivizes economic growth and the employment of young persons by providing a special deduction equal to 120% of the salaries paid to persons under age 28. This benefit applies if the hiring of new personnel occurs after 27 December 2019 and represents an increase in the company's total employees, and if the job is the person's first employment and the person is younger than 28.
- In Decree 456 of 2021, the Colombian Government clarified the requirements for exporting services related to activities in the artistic, cinematographic, television or audiovisual sectors.
- The Colombian Congress approved, during its fourth and last debate, the DTT and its protocol signed between Colombia and Japan. The treaty will enter into force once the president and the Colombian Constitutional Court approve it.

Costa Rica

- The tax administration issued a resolution with procedures for a new program for advance pricing agreements. The program allows taxpayers to submit a request with the tax administration to enter into an agreement that establishes the taxpayer's transfer prices for transactions with related entities. The resolution went into effect on 24 March 2021. For more information, see Tax Alert 2021-0733.
- The General Directorate of Customs published a resolution authorizing a new category of imported goods under the temporary import regime called "Temporary Imports of Goods by National Emergency Declaration, by means of Resolution RES-DA-186-2021." The resolution makes it easier for certain government agencies to import goods needed for national emergencies, such as medical supplies. Under the resolution, the importer is not required to provide a guarantee for the taxes on the imported goods and the imported goods may remain in the country as long as the emergency declaration is active. For more information, see Tax Alert 2021-1035.
- On 22 June 2021, the Costa Rican Congress approved, in its second and final vote, a bill that would establish a tax incentive regime for foreign investors, rentiers (i.e., people who live on income from property or securities) and retirees. The bill would apply to persons who are authorized to enter the country under the immigration categories of investors, retirees or rentiers and would offer a variety of tax exemptions. For more information, see Tax Alert 2021-1246.

Dominican Republic

- The Dominican Republic's tax administration issued Decree 256-21, modifying Articles 5, 7, 10 and 18 of the transfer pricing regulations established by Decree No. 78-14 of 14 March 2014. The modifications implement BEPS Action 13, which requires taxpayers to file the country-by-country report and notification, master file and local file. Additionally, taxpayers must file the transfer pricing information return (DIOR) annually with the corporate income tax return (IR-2). Before these modifications, taxpayers had to file the DIOR within 180 days of the tax year´s closing date. Under Decree 256-21, the due date for the return would be within 120 days after the tax year-end, from tax year 2022 going forward. For more information, see Tax Alert 2021-0858.

Ecuador

- Ecuador and the United States signed a Tax Information Exchange Agreement (TIEA). The TIEA will allow both countries to effectively exchange information to achieve tax transparency and prevent tax evasion. The TIEA is not in force yet. It is under review by the Constitutional Court in Ecuador. For more information, see Tax Alert 2021-0832.

El Salvador

- On 8 June 2021, El Salvador's Legislative Assembly approved the Bitcoin Law, which would establish bitcoin as a legal tender in El Salvador. Once enacted, the law would require bitcoin to be accepted as legal tender in any transaction carried out by entities or individuals. For more information, see Tax Alert 2021-1171.

Guatemala

- Bill 5822, which would repeal the solidarity tax, was read in Congress at the end of March 2021. The bill was then sent to the Commission of Public Finance and Currency for discussion.
- The Guatemalan Congress approved Decree 6-2021, which incorporates amendments to the Free Trade Zone Law. The amendments would promote new options for domestic and foreign investment by eliminating the current prohibition against developing several activities under the free trade zone regime (e.g., recreation centers and hotels, ceramic products, animal feed, medicines, cosmetics, plastic and any manufactured product using plastic material, and toys, among other things). Also, Decree 6-2021 establishes that qualifying for the free trade zone regime by means of simulation, concealment, maneuver, trickery or any other form of fraud will be considered customs fraud.
- In April 2021, the tax authorities declared 30 April 2021 as a non-working day for purposes of due dates established in tax and customs legislation. Because 30 April 2021 was a non-working day, tax and customs due dates are extended by one day.

Honduras

- No tax policy developments to report.

Mexico

- Mexico enacted labor reform on 23 April that prohibits outsourcing services, except for qualified specialized services or specialized projects. The reform includes changes to the Federal Labor Law, the Federal Tax Code, the Income Tax Law and the VAT Law, as well as the Social Security Law and National Employee Housing Fund Law (Payroll Tax Laws). Under the reform, payments for subcontracted services related to the taxpayer's corporate purpose or primary economic activity will not be deductible for tax purposes, and the corresponding VAT would not be creditable. Taxpayers also will not be allowed a deduction or VAT credit for payments for subcontracted services when the personnel involved in the rendering of services were formerly employed by the recipient of the service and transferred to the service provider. Payments for services unrelated to the corporate purpose or primary economic activity, however, may be deductible, and the VAT creditable, to the extent the service provider is registered in the Specialized Services Provider Registry as required by the Labor Law and all other compliance requirements are met. Although the reform is effective 26 April 2021, the tax provisions of the reform are effective 1 August 2021. For more information, see Tax Alerts 2020-2697, 2020-2824, 2021-0815 and 2021-0846.
- The Commercial Continuity Agreement between Mexico and Great Britain and Northern Ireland was published in the Official Gazette in June 2021. This agreement ensures commercial continuity after the exit of Great Britain and Northern Ireland from the European Union. For more information see: https://www.ey.com/es_mx/tax/boletines-fiscales-/acuerdo-entre-ee-uu-uk-gran-bretana-e-irlanda-del-norte

Nicaragua

- No tax policy developments to report.

Panama

- Through Resolution No. 201-4502 of May 27, 2021, the General Directorate of Revenue of Panama (DGI) established certain obligations applicable to the users of the electronic invoice system of Panama (SFEP) as well as a series of due dates that they must meet. Legal entities with gross income of more than USD 1,000,000 and more than 200 invoices issued per month will not be eligible to use the free SFEP biller. The Resolution also establishes the process, information and supporting documentation that taxpayers must present for registering in the SFEP. After approval by the DGI, taxpayers will have 15 calendar days to accept the established terms and conditions and start billing with the free SFEP biller.
- The Ministry of Public Security issued Executive Decree 197 of 7 May 2021, which modifies Executive Decree 416 of 13 June 2012 by excluding Taiwan from the permanent resident subcategory list of countries that maintain friendly, professional, economic and investment relations with Panama.

- The Technical Secretariat of the Multinational Companies Headquarters Commission issued a series of guidelines with respect to complying with the substance requirement for tax years 2020, 2021 and subsequent years. The guidelines also outline modifications to the annual affidavit related to the substance requirement. The modifications streamline the preparation and delivery of the affidavit.
- Law 215 of 2021 was enacted, establishing an amnesty period of 24 months for individuals, independent workers, voluntary contributors and workers who receive salaries and fees, as well as legal entities that are employers that pay salaries and have the following Social Security obligations as of 31 March 2021: (1) payment of employee-employer fees, (2) payment of professional risk premiums and (3) payment of other employer contributions to the Social Security Fund. Those who pay their debts within 24 months will not be subject to surcharges and fines.

Paraguay

- The Paraguayan tax authorities issued General Resolution No. 86, which contains the regulations to implement the special valuation rules (i.e., transfer pricing rules) for the exportation of certain commodities that have a public international quotation (i.e., sale price) in transparent world or regional markets, stock exchanges or other institutions that publish commodity prices. The general resolution also establishes the tax basis for the determination of the business income tax.
- The Executive Power issued Decree No. 5.232, which establishes a special VAT liquidation regime for the leasing of real estate used for business activities. The VAT is equal to 10% of 50% of the accrued income from the leases.
- The Executive Power issued Decree No. 5.373, which postpones the effective date of the nonresident income tax until 1 January 2022. Once effective, intermediaries must withhold the tax for payments made with Paraguayan credit or debit cards for the provision of digital services by foreign digital service providers.
- Law No. 6.738 was enacted and establishes provisions for telework.

Peru

- The Peruvian tax authority established guidelines for the application of the new thin capitalization rules for companies with interest expenses during their preoperative stage or companies that recently incorporated. The guidelines clarify when the deduction for interest expenses will be limited. For more information, see Tax Alert 2021-1064.
- The Peruvian Tax Court published Resolution 02398-11-2021, which establishes that income distributed to the silent partner in a silent partnership will be treated as dividends. Therefore, dividends received by silent partners in a silent partnership will not be subject to WHT, if the silent partner is a Peruvian entity, and will be treated as passive income subject to WHT in Peru, if the silent partner is not a Peruvian entity. This resolution is mandatory, which means the Peruvian tax authority must follow it. For more information, see Tax Alert 2021-0721.

Puerto Rico

- The Puerto Rico Treasury Department (PRTD) issued guidance (Administrative Determination (AD) 21-05) on complying with the requirement to submit a transfer pricing study to claim expenses paid to related entities that do not carry out operations in Puerto Rico or have a home office located outside of Puerto Rico (intercompany charges) on the income tax return. Under Section 1033.17(a)(16) and (17) of the Puerto Rico Internal Revenue Code of 2011, as amended (PR Code), taxpayers cannot deduct 51% of intercompany charges on the income tax return. The limitation does not apply to income derived from operations covered by a decree, resolution or a tax exemption grant. AD 21-05 states the 51% limitation will not apply for tax years beginning 31 December 2018, if the deduction is based on a transfer pricing study that is issued and available when the income tax return is filed. Additionally, AD 21-05 does not require taxpayers to submit the transfer pricing study with the income tax return. Taxpayers, however, must file Form 6175, "Certification of Compliance with Sections 1033.17(a)(16) and (17) of the Code," to certify that they have obtained a transfer pricing study and that the study was prepared in accordance with the provisions of AD 21-05 and Sections 1033.17(a)(16) or (17) of the PR Code. For more information, see Tax Alert 2021-0985.
- The PRTD announced (Informative Bulletin No. 21-04) that it will be releasing guidance on a temporary carryback program introduced in legislation as a COVID-19 relief measure. The carryback program will be available for taxpayers with a volume of business of $10,000,000 or less for tax year 2020.
- "The Puerto Rico Tax Expenditure Report for Tax Year 2018 (PRTER)," issued by the PRTD, defines "tax expenditures," describes the method used for identifying tax expenditures, and provides a list of tax expenditures with estimates of their cost. The PRTER is used in conjunction with the annual budget of Puerto Rico because tax expenditures, unlike regular expenditures, are not included in Puerto Rico's annual budget. With the budget, the PRTER provides a clearer picture of the list of policies pursued and amounts expended.

United States

- **Legislative developments.** The Biden Administration detailed its tax increase and other tax proposals in the FY2022 budget and Treasury Green Book released 28 May 2021. The budget proposals, which would require legislation in order to be implemented, would increase the corporate income tax rate from 21% to 28% and make significant changes to the international tax provisions. Those changes include: (1) increasing tax rates and making other changes to the regime for global intangible low-taxed income (GILTI); (2) establishing country-by-country limitations on foreign tax credits; (3) repealing the deduction for foreign-derived intangible income; and (4) replacing the base erosion and anti-abuse tax (BEAT) with a newly proposed "SHIELD" (Stopping Harmful Inversions and Ending Low-tax Developments). See First Impressions 2021-9010 and 2021-9011.

- At their June summit, G7 leaders endorsed a global minimum tax of at least 15%, following on a communique from G7 finance ministers expressing support for such a tax earlier in the month. The G7 leaders also reached agreement on a plan to replace digital services taxes with a broader reallocation of taxing rights, according to a White House fact sheet. See Tax Alert 2021-1132.
- The Biden Administration outlined its $1.8t American Families Plan, which calls for $1t in investments and $800b in tax cuts directed at American families and workers, as well as tax code reforms focused on high-income Americans, estimated to raise about $1.5t over a decade. The plan proposes paying for the investments in part through increasing the top marginal tax rate to 39.6% and ending a variety of other tax breaks and "loopholes" for high-income Americans while promising that no one making $400,000 per year or less will see their taxes go up. See Tax Alert 2021-0875.
- The Biden Administration proposed a sweeping expansion of information reporting intended to close the tax gap, which it estimates at $584b for 2019 and $7t over the next 10 years. The proposal, if enacted, would require financial institutions to report to the IRS gross inflows and outflows of virtually all financial accounts on Forms 1099. See Tax Alert 2021-1044.
- **TCJA updates**. The US Treasury Department issued the following significant TCJA regulations:
  - Proposed regulations (REG-121095-19) that would allow certain non-US persons and non-US-owned partnerships, including private equity, real estate, and other alternative and private capital funds, to reduce or eliminate withholding imposed under IRC Sections 1445, 1446(a) and 1446(f) on eligible gains deferred and invested in a qualified opportunity fund provided certain requirements are met. See Tax Alert 2021-0791.

Uruguay

- To mitigate the effects of the COVID-19 pandemic on certain taxpayers, Uruguay enacted Law No. 19,956, which amends Law No. 19,942 to exempt certain taxpayers from the requirement to pay their employer social security pension contributions (previously the exemption was 50%). The law also establishes a corporate income tax exemption for the minimum monthly corporate income tax payments and an exemption for the advanced payments of net wealth tax accrued from January through June 2021. For more information, see Tax Alert 2021-1293.
- Uruguay published Decree No. 128/021, which extends the reduced 13% VAT rate (normally 22%) to certain operations in the tourism sector. The VAT reduction applies until 30 June 2021. For more information, see Tax Alert 2021-1051.

Venezuela

- In Administrative Order No. SNAT/2021/000023, Venezuela increased the tax unit (TU) from Bs. 1,500.00 to Bs. 20,000.00. The TU value established in the Administrative Order may only be used as a unit of measure for determining the national taxes collected by the Venezuelan tax authorities (SENIAT), and cannot be used by other governmental organizations and entities, such as Venezuelan Social Security Institute or Municipalities, for determining labor benefits or social security contributions and municipal taxes. The Administrative Order went into effect 6 April 2021.
- Decree No. 4,602 increased the mandatory minimum monthly wage to Bs. 7,000,000.00 from Bs. 1,800,000 for all employees. The new minimum monthly wage also applies to the pensions of the pensioners (i.e., those who receive social security benefits) and retirees of the Public Administration and the pensioners and retirees of the Venezuelan Institute of Social Insurances (I.V.S.S.) in Venezuela as of 1 May 2021. Additionally, by Decree No. 4,603, the Cestaticket (food ticket) was increased to Bs. 3,000,000.00 from Bs. 1,800,000, as of 1 May 2021.
- In Administrative Order No. 015-029, issued by FONACIT (Tax Administration – Science and Technology Tax Contribution), Venezuela established the procedure for filing the tax return, determining the self-assessment of tax and paying the science, technology and innovation contributions. The Administrative Order also sets forth how to obtain the "electronic certificate of solvency" showing that the taxpayer paid the tax. To obtain the "electronic certificate of solvency," applicants must register with the System for the Declaration and Control of the Science, Technology and Innovation Contribution (SIDCAI) and complete the steps established in the Administrative Order. Once the registration with the SIDCAI is concluded, the taxpayers must self-assess, declare and pay the science, technology and innovation contribution during the second quarter after the end of the previous tax year. The science, technology and innovation contribution only applies to taxpayers with annual gross income in excess of 100,000 TU. The electronic certificates of solvency will be valid for one year (i.e., valid for the tax year in which the taxpayer must pay the tax).

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ED None