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26 July 2021

# Americas Tax Roundup

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## Latest news – Americas

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### [Colombia enacts law modifying the tax incentives applicable to renewable energy projects](#)

Colombia enacted and published the Official Gazette Law 2099, which modifies the tax incentives applicable to non-conventional renewable energy (NCRE) projects, including the value-added tax exclusion, accelerated depreciation rate and income tax deduction. The law also establishes that the tax benefits currently available for NCRE projects also will apply to power storage, smart metering systems and power management for NCRE.

### [Ecuador issues oil and gas policy and reduces customs tariffs](#)

The President of Ecuador issued an oil and gas policy aimed at promoting investments and exports. The policy requires the Ministry of Energy and Nonrenewable Natural Resources to modify the model used for oil and gas contracts and renegotiate current contracts. The Government also reduced customs tariffs on 667 items.

### [Canada easing travel restrictions for U.S. citizens and permanent residents](#)

Canada announced it will significantly relax its COVID-19 travel restrictions over the next several weeks. The key changes will initially benefit fully vaccinated US citizens and permanent residents who reside in the United States and are going to Canada for discretionary purposes (tourism or business visits), and will be followed by a relaxation of travel restrictions starting in September 2021 for travelers coming from elsewhere in the world.

### [US IRS memo addresses cost sharing agreements and inclusion of stock-based compensation costs](#)

In a generic legal advice memorandum, the IRS Office of Chief Counsel ([AM 2021-004](#)) provided its views on the treatment of stock-based compensation (SBC) costs in cost sharing agreements that include a "reverse claw-back" provision, but do not share SBC costs. The IRS asserted that it can make certain allocations to make the cost sharing transactions consistent with an arm's length result. It discussed how to treat those allocations for SBC costs and the timing of the adjustments.

### [EY's 'Latest on BEPS and Beyond' for July 2021](#)

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. The July 2021 edition highlights (1) Argentina's amendments to its transfer pricing regulations, and (2) Canada's guidance on obtaining assistance from Canada on the mutual agreement procedure.



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

- ▶ Canada and Egypt: synthesized texts of income tax treaty published
- ▶ Curaçao and Mexico: air services agreement signed
- ▶ Peru, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Singapore, and Vietnam: Comprehensive and Progressive Agreement for Trans-Pacific Partnership approved by Peru's Congress
- ▶ United States and Malaysia: FATCA agreement signed

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## Upcoming webcasts

### [Brazil: Proposed tax reform could significantly impact corporations with operations in Brazil \(27 July\)](#)

The second phase of Brazil's comprehensive tax reform proposes significant changes to the corporate income tax system. These changes, which were part of a bill introduced in late June, include reducing the corporate income tax rate, establishing a withholding tax on dividends and strengthening the rules on the disguised distribution of profits. If approved this year, the proposed changes will be effective as of January 2022, leaving taxpayers limited time to prepare.

### [What you should know about the European carbon border adjustment mechanism \(27 July\)](#)

European leaders have recently committed to reducing emissions in the Union by at least 55% by 2030 (compared with the 1990 level). To achieve such a steep improvement, a complex and holistic legislative package – Fit for 55 – was presented by policymakers on 14 July 2021. One of the most consequential legislative proposals included in the package is the carbon border adjustment mechanism (CBAM). In this webcast, panelists will explore the proposed CBAM architecture, its expected financial impact and the implications it will have on operations and the competitive landscape.

### [BorderCrossings . . . With EY transfer pricing and tax professionals \(29 July\)](#)

This month's BorderCrossings webcast will address recent developments in Canadian transfer pricing jurisprudence, as well as changes in the Canada Revenue Agency's dispute resolution programs and policies. It will also address how Canada has adapted to conducting audits and alternative dispute resolution programs in a pandemic environment and may further adapt to a post-pandemic environment.

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## Recently archived webcasts

### [Taxation of the digital economy: What's next](#)

In this webcast, panelists offered an update on BEPS 2.0 after the 30 June - 1 July 2021 OECD Inclusive Framework meeting and the 9-10 July G20 Finance Ministers and Central Bank Governors meeting. They discussed technical policy developments, questions that remain open and key country perspectives, as well as the impact on specific digital economy taxation matters, including Digital Services Tax developments.



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## Recently issued EY podcasts

### [US Cross-Border Taxation weekly podcast, 23 July 2021](#)

EY's weekly US Cross-border Taxation podcast reviews the week's US international tax-related developments. Highlights this week include:

- ▶ US Senate Majority leader misses initial infrastructure legislation and budget resolution deadlines
- ▶ IRS addresses cost sharing agreements and inclusion of stock-based compensation costs
- ▶ OECD plans to complete work on BEPS 2.0 multilateral convention and model domestic legislation by close of 2021, early 2022

You can register for this weekly podcast on iTunes [here](#).

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## This week's EY Global Tax Alerts

### Americas Tax Alerts

- ▶ [Report on recent US international tax developments - 23 July 2021](#)
- ▶ [Ecuador issues oil and gas policy and reduces customs tariffs](#)
- ▶ [US IRS memo addresses cost sharing agreements and inclusion of stock-based compensation costs](#)
- ▶ [Colombia enacts law modifying tax incentives applicable to renewable energy projects](#)
- ▶ [2021 Annual Report of the USCIS Ombudsman provided](#)
- ▶ [Canada easing travel restrictions for U.S. citizens and Permanent Residents](#)

### Other Global Tax Alerts

- ▶ [Greece issues updated guidance on application of tax residency and permanent establishment rules during COVID-19 outbreak](#)
- ▶ [UK publishes draft legislation for Finance Bill 2022](#)
- ▶ [Gibraltar issues Budget 2021](#)
- ▶ [Ireland launches public consultation on OECD International Tax Proposals](#)

### Human Capital Alerts

- ▶ [2021 Annual Report of the USCIS Ombudsman provided](#)
- ▶ [Canada easing travel restrictions for U.S. citizens and Permanent Residents](#)

### Indirect Tax Alerts

- ▶ [Georgia imposes VAT on foreign suppliers of digital services](#)

### Transfer Pricing Alerts

- ▶ [German Ministry of Finance issues new Administrative Principles regarding transfer pricing](#)
- ▶ [German Ministry of Finance issues new guidance on financing structures](#)



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## EY Industry and Tax Services publications

### Industries

#### Automotive

- ▶ [How did a global crisis pave the way for EV sales?](#)

#### Consumer Products & Retail

- ▶ [How divestments can help consumer-facing companies digitize](#)

#### Energy

- ▶ [A clean COVID-19 pandemic recovery: the global opportunity](#)

#### Mining & Metals

- ▶ [Five actions to improve the sustainability of steel](#)

#### Insurance

- ▶ [Why insurers must embrace strategic cost transformation](#)
- ▶ [How digitalization and capital allocation can drive growth in insurance](#)

#### Health & Life Sciences

- ▶ [How the challenge of regulating AI in healthcare is escalating](#)
- ▶ [How can you create one language for a patient with multiple digital IDs?](#)

#### Private Equity

- ▶ [How start-up collaborations can jump-start digital transformation in PE](#)
- ▶ [PE Pulse: Five takeaways from 2Q 2021](#)

#### Technology

- ▶ [How you can gain insights from Q1 2021 Tech Quarterly earnings report](#)
- ▶ [Why tech companies should revisit their capital allocation strategies now](#)
- ▶ [IPO Q2 2021: Global IPO activity continues record-breaking pace](#)

### Comments

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