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Americas tax policy update

Q4 2021

Country

Argentina

- The Argentine Government issued an official communication stating that duties on exports of services will be completely eliminated as of 1 January 2022. To date, no specific rule has been issued, but the duties are scheduled to expire on 31 December 2021. Although the Government is expected to extend the duties on exports of goods, it is expected that duties on exports of services will not be extended. For more information, see Tax Alert 2021-1786.
- The Argentine Government modified the tax on financial transactions enacted by Law No. 25,413. The modifications exempt from the tax on financial transactions movements of funds collected or paid on behalf of third parties by payment service providers and entities that collect taxes or payments for public services or other services. They also clarify that the exemptions from the tax on financial transactions in Decree 380/2001 and other regulations do not apply to cases in which the movement of funds is linked to the purchase, sale, exchange, brokerage or any other operation involving crypto assets, cryptocurrencies, digital currencies, or similar instruments. For more information, see Tax Alert 2021-2157.
- A decree extends until 31 December 2038 the promotional regime for industrial companies that are located in the Special Customs Area of Tierra del Fuego, Antarctica and the Southern Atlantic Islands (the Special Customs Area) and have projects in the works as of 23 October 2021. The promotional regime may be extended for another 15 years beginning 1 January 2039, if certain conditions are met. For more information, see Tax Alert 2021-1974.

Brazil

- The Organisation for Economic Co-operation and Development (OECD) released Brazil's Stage 2 peer review reports relating to the outcome of the peer monitoring of the implementation of the Base Erosion and Profit Shifting (BEPS) minimum standard on dispute resolution under Action 14 of the BEPS project. Stage 2 focuses on Brazil's progress in addressing any of the recommendations resulting from the Stage 1 peer review report. Overall, the report concludes that Brazil addressed some of the shortcomings identified in its Stage 1 peer review report. The Stage 2 peer review report mainly identified that the Brazilian network of tax treaties should be updated in specific areas for greater alignment with the Action 14 minimum standard. It also indicated that Brazil should implement more detailed processes and more efficient resources for handling the mutual agreement procedure (MAP). For more information, see Tax Alert 2021-1965.
- In Private Letter Ruling No. 150, the Brazilian tax authority (RFB) confirmed that the capital gain generated by a Portuguese resident company on the sale of its equity interest in a Brazilian company is subject to nonresident capital gains tax at the 15% rate by applying the "most-favored-nation clause" of the Brazil-Portugal double tax treaty (DTT). Under Item 6 of the Protocol to the Brazil-Portugal tax treaty,

if Brazil concludes a treaty with another jurisdiction (not in Latin America) after concluding the treaty with Portugal and that treaty limits the power to tax, that limitation generally should apply to the Brazil-Portugal treaty (the most-favored nation clause). Brazil concluded a treaty with Israel after the Brazil-Portugal treaty and the Brazil-Israel treaty limits the power to tax capital gains at a rate of 15%. Because the conditions of Item 6 were satisfied, the RFB concluded the 15% capital gains tax rate applied to the case at issue in the private letter ruling. For more information, see Tax Alert 2021-2076.

- In Ruling 138/2021, the RFB concluded that insurance premiums paid by a Brazilian entity to a company resident in Norway (without a permanent establishment in Brazil) are characterized as business profits under the meaning of Article 7 of the Brazil-Norway Tax Treaty (as amended through 2014). As a result, insurance premiums will only be taxable in the beneficiary's country of residence (Norway), preventing the withholding of income tax in the source country (Brazil). The RFB concluded that even though the provision of insurance may have a service component, it is not a technical service because it does not require technical or scientific know-how. The RFB also determined that it cannot be deemed as technical assistance. Note that technical assistance and technical services are usually treated the same as royalties under the protocol attached to tax treaties (e.g., Brazil-Norway Tax Treaty), providing cumulative taxation rights of both contracting states, but taxation is generally limited at the source country.
- The tax treaty between Brazil and Singapore entered into force. Brazil also concluded negotiations for a tax treaty with Colombia and reiterated its intention to negotiate a tax treaty with Qatar.

Canada

- Federal Deputy Prime Minister and Finance Minister Chrystia Freeland tabled the federal government's *Economic and Fiscal Update 2021* on 14 December 2021. The *Economic and Fiscal Update 2021* contains several tax measures affecting individuals and corporations, including a digital services tax and two new business income tax measures. The digital services tax was previously announced on 6 October 2021 (see Tax Alert 2021-1864), but it will only apply if the treaty implementing a new multilateral tax regime has not come into force by 1 January 2024. For more information, see Tax Alert 2021-2247.
- The Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy (including the lockdown support) expired on 23 October 2021. In their place, the government announced new targeted COVID-19 support measures in addition to an extension of the Canada Recovery Hiring Program. For more information, see Tax Alert 2021-1987.
- The Canada Revenue Agency's (CRA) existing administrative rules with respect to Health and Welfare Trusts (HWTs) are only effective until 31 December 2021. HWTs are vehicles for providing health and welfare benefits to employees. The tax treatment of HWTs is not set out in the Income Tax Act, but the CRA has published administrative rules and guidance over the years. On 29 June 2021, transitional measures relating to the discontinuation of the administrative positions of the CRA on HWTs received Royal Assent and became law. For more information, see Tax Alert 2021-2056.

Chile

- The President submitted a bill to the Congress to modify the pension system. The bill would (1) impose a new 5% surtax on capital gains derived from stock transactions, (2) progressively eliminate value-added tax (VAT) incentives for construction companies, (3) generally apply a 19% VAT to all services; and (4) impose a tax on inheritances and donations of life insurance benefits. Congress is currently discussing the bill.
- The Chilean IRS issued Circular Letter No. 63, providing guidance on the definition of residence for tax purposes as enacted in Law No. 21.210. The new definition establishes that "resident" for tax purposes means any individual who has been in Chile for a period longer than 183 days in any 12-month period. The guidance includes examples on how individuals would acquire/lose tax residence and domicile in Chile and how these provisions interact with tax treaties. The guidance also introduces a new sworn statement that individuals can submit before the tax authority to address their willingness to give up their domicile in Chile.
- The Tax Court of Santiago ruled in favor of the Chilean IRS, finding that a Spanish seller was not entitled to a refund of the withholding tax imposed on the capital gain from the indirect transfer of Chilean companies. The Spanish seller sought relief from the withholding tax under Article 13.5 of the Spain-Chile DTT and asserted that the domestic indirect transfer rules did not apply. The IRS rejected the tax refund, and the Spanish seller filed this claim in the Tax Court. After the Tax Court's holding, the Spanish seller filed an appeal to the Court of Appeals in Chile.
- Chile signed its fourth advance pricing agreement (APA) in November 2021. There are other APAs in process. The completed APAs and those in process cover various types of transactions in different industries, such as financial operations, royalties, intra-group services, and the import and distribution of products.

Colombia

- The recent Colombian tax reform establishes three days per year on which certain products will be exempt from VAT. Decree 1314 clarifies the requirements sellers must meet to apply the VAT exemption on those days. Additionally, the tax authority issued Resolution 126 of 2021, which regulates the program, enacted as part of the recent tax reform, that allows taxpayers to pay their tax debt and only 20% of the accrued interest and penalties.
- The Colombian Government issued a decree regulating the criteria established by Article 260-7 of the Colombian Tax Code (CTC) for identifying preferential tax regimes (PTRs). Article 260-7 of the CTC establishes five criteria for identifying a PTR. If two of the five criteria are met, the regime will be considered a PTR. For more information, see Tax Alert 2021-2010.
- Decree 1340 regulated the normalization tax for tax year 2021. The normalization tax is triggered when a taxpayer owns assets that have not been declared or the taxpayer declares liabilities

that do not exist. The decree sets the payment dates for the normalization tax and for the advanced payment of the normalization tax.

- On 6 October 2021, Colombia and Italy completed an exchange of letters procedure, confirming that they concluded their domestic procedures for ratifying the DTT signed by both countries (approved in Colombia by Law 2004 of 2019). The treaty includes provisions for permanent establishments that are aligned with the 2017 OECD Model Tax Convention, a MAP when an entity has double tax residence and reduced withholding tax rates for dividends, interest and royalties. As per the provisions of the DTT, it will be effective 1 January 2022. For more information, see Tax Alert 2021-1910.
- On 19 November 2021, the Colombian Government agreed to a DTT with Uruguay to eliminate double taxation on corporate income tax and wealth taxes. The treaty aims to increase cooperation to prevent tax evasion and avoidance. To date, the official text of the DTT has not been released.

Costa Rica

- The Economic Affairs Commission of Costa Rica's Legislative Assembly approved a bill that would reform the General Customs Law. The bill would modify the provisions aimed at preventing smuggling, establish new rules for deferred payments and modify the procedural rules for imports. For more information, see Tax Alert 2021-1942.
- Costa Rica enacted Law No. 10039, "Law to confirm the enforceability of the electronic invoice and make it a negotiable instrument." The law establishes that any commercial or service invoice will be treated as an enforceable title and may be recorded in an account by its holder before an authorized central securities depository. The invoice will be considered as having an individual value for all legal purposes.
- Resolution No. DGT-R-27-2021 incorporates in Article 6 of Resolution No. DGT-R-16-2020 the power of the tax authority to modify the due date for the Common Reporting Standard (CRS). The resolution also establishes how financial entities subject to the CRS must inform that they have no reportable accounts for a specific reporting period. Additionally, it modifies the link on the Ministry of Finance's web page for financial institutions to use to determine the jurisdictions on which they must compile the information to be reported.
- The Legislative Assembly approved in second debate Bill No. 21.252, "Law to promote employment opportunities for persons over 45 years of age." The bill establishes a temporary exemption from income tax and the employer's contribution to the Social Development and Family Allowances Fund for companies that hire people over 45 years old. To qualify for the exemptions, at least 10% of a company's labor force must be made up of people 45 or older. The exemptions will apply for four years.

Dominican Republic

- The Dominican Republic's Tax Administration (DGII) released General Norm 08-2021 on the country-by-country report (CbCR), establishing the rules for filing the CbCR and corresponding notification. Under the general norm, an ultimate parent entity (UPE) of a multinational entity (MNE) group that is tax resident in the Dominican Republic is required to file the CbCR no later than 12 months after the last day of the reporting tax year of the MNE group. The general norm also sets forth rules for when constituent entities should file the CbCR. For more information, see Tax Alert 2021-1907.
- The DGII established payment programs to encourage taxpayers to declare and pay their tax liabilities. One payment program applies to tax liabilities for 2017 and prior years. The other program applies to tax liabilities from 2018 to 2020. The new payment programs began 1 October 2021. For more information, see Tax Alert 2021-1847.
- The Dominican Republic's Ministry of Finance and General Directorate of Internal Taxes issued guidance strengthening the rules for non-invoiced inventory outflows of perishable products. Non-invoiced inventory outflows are those that have not been invoiced to a client or have been taken out of the inventory process and cannot be traced. The guidance also sets out the rules non-invoiced inventory outflows must meet to not trigger a taxable event for income tax and VAT purposes. For more information, see Tax Alert 2021-2032.

Ecuador

- Ecuador enacted the tax reform bill submitted by President Guillermo Lasso, which modifies several tax laws and establishes a new tax for certain companies. Specifically, the bill imposes a new tax on corporations with a certain amount of assets, increases the tax rate on capital gains and reduces the income tax rate on income from new investments. The bill was enacted on, and is effective from, 29 November 2021. For more information, see Tax Alert 2021-2074.

El Salvador

- No tax policy developments to report.

Guatemala

- The tax authority is currently developing the Digital Economy Compliance tool, which companies that carry out cross-border operations in Guatemala without a physical presence must use to register with the tax authority. The tool will allow the tax authority to track the services rendered by companies. Those services include applications, programs, video, music, gaming, credits, texts, magazines, newspapers, books, social networks, marketing, rental services, cloud storage, IT infrastructure, firewall, antivirus services, computer filtering systems, big data analysis and results, communications, streaming, delivery, virtual private network services, videoconferencing services, and intermediation of those services.
- Resolution SAT-DSI-1074-2021 establishes that individuals and legal entities that provide goods or services related to health and social assistance activities should register with the Online Electronic Invoice Regime. Public-sector entities that perform those activities are exempt from the regime. The resolution will enter into force on 19 January 2022.
- The tax authority is notifying taxpayers that, as of 2022, the requirements for tax audits will include the submission of monthly bank reconciliations. The reconciliation will allow the

tax authority to obtain the following information at the income and expense level:

  - Accounts receivable/payable of domestic and foreign clients/suppliers
  - Accounts receivable/payable to partners
  - Accounts receivable from employees
  - Advances to customers/suppliers
  - Interest earned/paid
  - Transfers of funds (incoming and outgoing) between bank accounts

- In October, the tax authority released the Institutional Strategic Plan for 2021-2025. The strategic objectives outlined in the 2021-2025 plan are:
  - Increasing collection in a sustained manner and reducing the tax non-compliance gap
  - Facilitating taxpayers' compliance and payment of their tax and customs obligations
  - Promoting more examinations and audits that reduce non-compliance and increase: (1) the potential risk of questioning by the tax authority, and (2) the effective collection of tax liabilities
  - Improving administrative and judicial collection
  - Modernizing the Customs and Foreign Trade Service
  - Strengthening the tax authority's ability to manage and increase its institutional transparency

Honduras

- Decree 180-2020 amends Sections 88, 89, 90, 91 and 93 of the Tax Code to modify the procedures for notifying the tax authority in certain circumstances. It also modifies the procedures the tax authority uses to publish guidance in the official newspapers.

Mexico

- With prior approval by the Lower Chamber of Congress, the Mexican Senate on 26 October 2021 swiftly approved President Andres Manuel's Economic Proposal for 2022, which includes the Revenue Law and tax reform. The Congress did not make significant changes to the original proposal. According to the explanatory notes on the Bill, the tax reform focuses on closing loopholes in legislation where there are perceived abuses by taxpayers. It also grants the Mexican tax authority additional collection tools and power in the audit process to challenge the substance and business purpose of transactions retroactively. The President published the tax reform legislation on 12 November 2021. The tax reform will be effective 1 January 2022. For more information, see Tax Alert 2021-1982.
- Mexico and Germany signed the "Protocol Amending the Agreement Between the Federal Republic of Germany and the United Mexican States for the Avoidance of Double Taxation and Tax Evasion with respect to Taxes on Income and Capital." The protocol establishes a holding period for dividends, limitations of benefits provisions for payments to permanent establishments and a new requirement for activities that are not deemed to create a permanent establishment. For more information, see Tax Alert 2021-2007.
- The Mexico City economic proposal for 2022 is fully enacted and will be effective on 1 January 2022. It establishes a new tax on deliveries set up through digital platforms, makes owners of a lodging service jointly liable for the lodging service tax and subjects shows that are broadcasted live through digital means to the tax on public shows. For more information, see Tax Alert 2021-2205.

Nicaragua

- Companies that failed to declare their final beneficiary will be subject to the provisions of Article 21, numeral 2 of the Regulations of Operation of the Registry of the Beneficiary of Commercial Companies. Under those provisions, the following sanctions will apply:
  - Publication of non-compliance
  - Fine of US $501 to $1,000
  - Inability to register documents in the registry

Panama

- Panama enacted Law 254 of 2021, which modifies the following laws on international tax transparency, money laundering prevention and counterterrorism:
  - Law 23 of 2015 to establish the definition of final beneficiary, as well as increase penalties and fines for non-compliance with Law 23's provisions
  - Law 51 of 2016 to increase penalties and fines applicable to private financial institutions that fail to meet the requirements for the exchange of tax information, including failing to report information on financial entities
  - Law 52 of 2016 to require legal entities that do not carry out effective operations within Panama to submit annual accounting records (related to the previous tax period) to their resident agent. Legal entities must provide general information on their records custodian and the custodian's physical address in case the records are kept outside of Panama. Also, Law 254 significantly increases the fines applicable to resident agents for failing to comply with Law 254's provisions
  - The Fiscal Code to reduce from three years to one year the period for reactivating an entity once its suspension has been registered at the Panamanian Public Registry. Also, Law 254 establishes fines for failing to submit the CbCR
  - Law 129 of 2020 to update the registration data that resident agents must submit to the Final Beneficiaries Registry System for each legal entity they represent. According to Law 254, the intent of the amendments is to allow the Final Beneficiaries Registry System to have information on final beneficiaries that is validated, updated and immediately accessible to the tax authority. Also, Law 254 increases fines applicable to resident agents that do not comply with the obligations established in the law

- The tax authority issued Resolution 201-10011 of 2021, approving Form 1027, “Sales and Service Provision Report,” which must be submitted monthly as of 1 February 2022, beginning with operations from January 2022 onwards. Individuals and legal entities must submit Form 1027 if they are required to file an income tax return and have received gross income equal to or greater than US $1,000,000 or possessed total assets for an amount equal to or greater than US $3,000,000 in the tax period (annual) before the period in which Form 1027 must be submitted.
- Panama enacted Law 257 of 2021 to extend the tax amnesty established by Law 99 of 2019. Under the extension, the tax amnesty will apply to taxes accrued through 31 August 2021, subject to certain conditions. For this purpose, up to 75% of all interest, surcharges and penalties will be waived if the taxpayer pays its tax liability after 31 August 2021 but before 31 December 2021. The law also adds new provisions to the Tax Code on Panama’s economic recovery, effective 1 January 2022.
- Panama enacted Law 256 of 2021 to amend Law 76 of 1976 to establish that taxpayers must document operations involving the transfer of goods and services through invoices issued by authorized fiscal equipment or the Electronic Invoicing System.
- Resolution 261-9673 of 2021 establishes that requests, receipt and issuance of “*Tax Residence Certificates*” may be completed electronically through the tax platform e-tax 2.0 on the tax authority’s website. The tax authority will create a validation system that will allow the certificates to be verified on the tax authority’s website.
- The Council of the European Union updated the EU list of non-cooperative jurisdictions for tax purposes and kept Panama on the list. Although Panama remains on the list, there are no immediate consequences for Panama.

Paraguay

- The Paraguayan tax authority issued General Resolution No. 96/2021, which establishes new rules for applying the transfer pricing methods in Paraguay, among other things. Specifically, the resolution establishes new rules for performing a transfer pricing analysis and clarifies “related parties.” For more information, see Tax Alert 2021-1972.
- The Paraguayan Government issued Decree No. 6.105/21, which modifies certain provisions of the transfer pricing regime applicable to the exportation of certain agricultural products. Under the modifications, taxpayers must register their purchase-sale agreements concluded before 1 November 2021 for exports made after 1 July 2021 by 31 December 2021. For more information, see Tax Alert 2021-1969.

Peru

- Peru's President asked Congress for the power to enact different tax measures. If Congress approves the request, the President would be able to enact provisions under the income tax law, VAT law and the Tax Code. For more information, see Tax Alert 2021-2000.
- The Peruvian Tax Court recently published Resolution 03306-9-2020, establishing guidelines for entities to qualify as beneficial owners that are entitled to benefits under the Peru-Chile DTT. In the resolution, the Peruvian Tax Court concluded that only entities qualifying as beneficial owners may claim the reduced tax rate under Article 12 (royalties) of the Peru-Chile DTT. Payments to lease equipment fall under Article 12. The court observed that an entity will be a beneficial owner if it has control over the income it obtains; otherwise, it is a conduit entity. Conduit entities will not qualify as beneficial owners under the Peru-Chile income tax treaty, so payments they receive will be subject to a higher rate of withholding tax under Peruvian tax law. For more information, see Tax Alert 2021-1927.

Puerto Rico

- The Build Back Better Act (BBBA) bill would create a new general business credit of 20% of the sum of qualified possession wages (capped at $50,000 per employee per year for large employers) and fringe benefits (not to exceed 15% of qualified possession wages) paid or incurred by a qualified domestic corporation on behalf of an employee principally employed in a possession in a tax year. A "qualified corporation" is defined as a corporation that:
  - Is a US corporation or a US shareholder of a foreign qualified corporation that is wholly owned by the same US group
  - Satisfies source-of-income and active-conduct-of-a-trade-or-business tests
- In general, the credit would be available for tax years beginning after the BBBA is enacted. For more information on

  the source-of-income and trade-or-business tests, the enhanced credit for small employers and the definition of qualified fringe benefits, see Tax Alert 2021-1866. There are other changes being proposed to credits and other provisions that would also be applicable to Puerto Rico employers and entities, and depending on the final outcome of this legislation, would be relevant for Puerto Rico. However, based on the most recent discussions and comments from legislators, there is uncertainty as to what will happen with this bill, as its consideration in the Senate has been delayed until next year.
- The Puerto Rico Treasury Department announced the release of new Form AS 2915.1, "Sales and Use Tax and Tax on Imports Monthly Return" (New SUT Monthly Return), which replaces both Form AS 2915.1D, "Tax on Imports on Monthly Return," and Form AS 2915.1, "Sales and Use Tax Monthly Return." For the October 2021 tax period and thereafter, merchants must use the New SUT Monthly Return to report sales and use tax and the tax on imports. For more information, see Tax Alert 2021-2009.
- The Puerto Rico Treasury Department released guidance with respect to the Carry Back Program enacted under Act No. 57-2020 (Program). Pursuant to Act 57-2020, taxpayers that had net operating losses (NOLs) incurred during tax year 2020 that were directly related to the COVID-19 emergency may be able to carry back those losses to tax years 2019 and 2018. Taxpayers that are considered large taxpayers and taxpayers with gross revenues in excess of US $10m are excluded from the Program. Moreover, the maximum NOL that may be carried

back is capped at US $200,000 and the maximum refund that may be generated should not exceed US $50,000. To claim the carryback, the taxpayer must file Form 483.5 through the Unified System of Internal Revenue. If the taxpayer's income tax return filing due date (including extensions) was on or before 17 November 2021, the taxpayer may file Form 483.5 between 15 December 2021 and 31 January 2022. Taxpayers with an income tax filing due date for tax year 2020 after 17 November 2021 must submit Form 483.5 on or before the last day of the month following the due date.

United States

- **Legislative developments.**
  - The House of Representatives passed the $1.6t BBBA (HR 5376), a social spending bill including a number of tax increases, on 19 November. At the time of publication, the BBBA and its accompanying tax increases were moving through the budget reconciliation process, which allows for passage with a simple majority in the Senate instead of the usual 60 votes. For more information, see Tax Alert 2021-9027. Democrats were aiming to enact the legislation in early 2022, but inflationary pressures, a challenging political dynamic, reservations expressed by some Senators and the looming mid-term elections may push debate further into the new year. Although further modifications may be made to the $1.47t of tax increases in the bill, the House-passed legislation contains the following select business tax changes:
    - A 15% corporate alternative minimum tax based on book income for companies with more than $1b in profits, effective 1 January 2023
    - A 1% surcharge on stock repurchases, effective 1 January 2022
    - Complex changes to the US international tax regime that would increase taxes paid by most US multinational companies, including changes to the foreign tax credit, the rules for computing global intangible low-taxed income and the deduction for foreign-derived intangible income, among others
    - New interest deduction limitations on excessive interest for US corporations that are part of international financial reporting groups
- US President Joe Biden signed the Infrastructure Investment and Jobs Act (HR 3684) into law. The Act features investments in the nation's core infrastructure including roads and bridges, rail, transit, ports, airports, water systems and broadband. It also includes and renews the Section 4672(a) Superfund excise tax, effective 1 July 2022, and retroactively repeals the fourth-quarter 2021 employee retention credits. See Tax Alerts 2021-2024, 2021-2075 and 2021-2059.
- **Other updates.**
  - The IRS provided an initial list of substances (Notice 2021-66) that will be taxable under the Section 4672(a) Superfund tax. The new list of taxable substances expands a list the IRS last published in 1995, primarily because Congress reduced the threshold of taxable chemicals included in a taxable substance from 50% to 20%.
  - US President Joe Biden and European Commission President Ursula von der Leyen announced that the US and the European Union (EU) reached an interim arrangement regarding a dispute over imports of EU-origin steel and aluminum into the US. The arrangement will eliminate US punitive duties imposed on EU-origin steel and aluminum under Section 232 of the *Trade Expansion Act of 1962* and instead, implement a tariff rate quota (TRQ), set to be effective on 1 January 2022. See Tax Alert 2021-2005.
  - The IRS announced (Notice 2021-59) that it intended to again defer, by an additional year, the applicability date of final regulations under IRC Section 987 and certain related final regulations. The affected regulations will be amended to apply to tax years beginning after December 7, 2022 (e.g., to 2023 for calendar-year taxpayers). See Tax Alert 2021-1886.
  - The IRS established (Notice 2021-56) standards that a limited liability company must satisfy to be recognized as a tax-exempt organization described in IRC Section 501(c)(3). See Tax Alert 2021-1952.

Uruguay

- Uruguay enacted Law No. 19,989, which extended the exemptions for corporate income tax and net wealth tax advanced payments to 31 October 2021. The law went into effect 10 days after its publication date in the Official Gazette on 1 October 2021. For more information, see Tax Alerts 2021-1426 and 2021-1871.
- Uruguay's Executive Branch established (Decree 283/021) the corporate income tax, personal income tax and nonresident income tax exemptions for income derived from leasing social interest housing (i.e., low-income housing) retroactively apply from 21 April 2020. For more information, see Tax Alert 2021-1870.
- Uruguay's Executive Branch extended the 9-percentage point VAT reduction for certain activities in the tourism sector and the 10.5% tax credit for temporary rentals of immovable property used for tourism purposes to 30 April 2022.

Venezuela

- Venezuela published Decree No. 4,618, which extended the exemption for the following items, among others, from the payment of the import tax, VAT, and custom duties until 31 December 2021:
  - Imports of tangible movable property, classified under the tariff codes indicated in the decree, by corporations in the automotive sector
  - Imports of tangible movable property, classified under the tariff codes indicated in the decree, by the agencies and entities of the National Public Administration to stop the spread of the COVID-19 pandemic
  - Imports of new movable capital assets and computer and telecommunications assets, as well as their parts, pieces, and accessories, not produced, or with insufficient production, in Venezuela, that are identified as capital

goods (BK) or information technology and telecommunications goods (BIT) in the Customs Tariff Code, under the terms and conditions provided in the respective "Certificate of Exemption of BK or BIT," will be VAT exempted. However, depending on the type of asset, custom authorities will apply a customs tariff of 2% or 0% ad valorem.

- Venezuela published Administrative Order No. SNAT/2021/000069, which establishes the calendar for tax obligations that special taxpayers and withholding agents must fulfill in 2022. The following returns must be filed according to the last digit of the taxpayer identification number (RIF) and on the dates established in the calendar: VAT (including withholdings), income tax (including advance payments), tax on gaming activities, the equity tax, and tax on large financial transactions, as well as withholdings by income tax and VAT withholding agents.

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