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23 December 2021

# Americas Tax Roundup

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## Latest news – Americas

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### [Ecuador enacts tax reform](#)

Ecuador published the tax reform law in the Official Gazette on 29 November 2021. It is enacted and effective as of that date. The tax reform establishes 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.

### [Peruvian Tax Authority challenges deduction of intercompany charges](#)

In recent audits, the Peruvian Tax Authority has challenged the deductibility of intercompany charges if the Peruvian taxpayer (user of the service) does not provide supporting documentation for the costs and expenses incurred by the related party that provided the service. In some cases, the Tax Authority has denied the deduction when the Peruvian entity was unable to provide the documentation.

### [Costa Rica: Inactive entities must file a Simplified Income Tax Return starting on 1 January 2022](#)

Costa Rica's Tax Authority announced that inactive entities registered in the Tax Registry as a "constituted legal entity" (i.e., those with no economic activity) must file new Form D-101, Simplified Income Tax Return, starting on 1 January 2022. Inactive entities must have the accounting and legal documentation to correctly complete the new Form D-101.

### [Costa Rica's Tax Authority publishes 'Plan to Enhance the Tax Compliance'](#)

Costa Rica's Tax Authority published its "Plan to Enhance the Tax Compliance," which identifies the general tax compliance risks for tax year 2022, including: (1) failing to register before the Tax Authority when starting an economic activity, (2) registering for a tax regime that does not correspond to the business activities, (3) failing to submit informative tax returns within the established period, and (4) failing to submit self-assessment tax returns within the established period. The plan also includes the actions the Tax Authority plans to take to prevent general compliance risks, including tax audits, pre-audit procedures, and sanctioning procedures.

### [EY publication highlights 2021 Q4 tax policy developments across the Americas](#)

The latest edition of the Americas Tax Policy Update for the fourth quarter of 2021 is available. Highlights in this edition include: (1) Argentina's elimination of duties from exports of services, (2) Canada's Economic and Fiscal Update 2021, (3) the VAT exemption enacted as part of Colombia's tax reform, (4) recently enacted tax reform in Ecuador, (5) Mexico's recently enacted tax reform, and (6) US legislative developments, including the latest on the proposed US Build Back Better Act.

### [OECD releases Model Rules on the Pillar Two Global Minimum Tax: Detailed review](#)

EY provides an in-depth analysis of the BEPS Pillar Two model rules that were released on 20 December.



### [EY's 'Latest on BEPS and Beyond' for December 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 December 2021 edition highlights (1) the recently released OECD Model Rules on the Pillar Two Global Minimum Tax, and (2) Canada's Supreme Court decision on treaty shopping.

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

- ▶ Colombia and France: income and capital tax treaty approved by Colombian Constitutional Court
- ▶ United States and Malta: competent authority arrangement signed

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### Upcoming webcasts

#### [BEPS 2.0: Focus on Pillar Two \(rescheduled to 12 January\)](#)

This webcast continues the series of EY Global webcasts addressing BEPS 2.0 developments. Please join us for a timely discussion of the Pillar Two model rules that were released on 20 December. Panelists will discuss the key elements of the Pillar Two model rules, highlighting what is new. They also will share perspectives on how the European Union and other jurisdictions plan to incorporate these model rules into domestic law.

For a full list of upcoming webcasts, please access EY's webcast page on [ey.com](#) [here](#).

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### Recently archived webcasts

#### [Latin American tax trends and expectations for 2022](#)

Several Latin America countries recently enacted or proposed significant tax changes that may affect multinational companies operating in the region. Panelists discussed the significant changes and actions being taken by businesses to address these changes.

#### [Tax aspects of the LIBOR transition: What to consider for year-end](#)

In this webcast, panelists discussed tax considerations of the London Interbank Offered Rate (LIBOR) transition and what steps multinational companies can take before the year-end to prevent disruption.

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### Recently issued EY podcasts

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

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

- ▶ Senator Joe Manchin will not support Build Back Better Act; Majority Leader will bring forward 'modified' version of bill in new year
- ▶ OECD releases Model Rules on the Pillar Two Global Minimum Tax

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



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## This week's EY Global Tax Alerts

### Americas Global Tax Alerts

- ▶ [Report on recent US international tax developments - 23 December 2021](#)
- ▶ [Ecuador enacts tax reform](#)
- ▶ [Costa Rica | Inactive entities must file a Simplified Income Tax Return starting on 1 January 2022](#)
- ▶ [Costa Rica's Tax Authority publishes "Plan to Enhance the Tax Compliance"](#)
- ▶ [Peruvian Tax Authority challenges deduction of intercompany charges](#)

### Other Cross-border Alerts

- ▶ [Cyprus amends definition of corporate tax residency and introduces withholding tax on payments of dividends, interest and royalties to companies in non-cooperative jurisdictions](#)
- ▶ [French Parliament approves Finance Bill for 2022](#)
- ▶ [Turkey reduces withholding tax rate on dividend distributions to 10%](#)
- ▶ [European Commission proposes tax Directive for implementing BEPS 2.0 Pillar Two Model Rules in the EU](#)
- ▶ [European Commission proposes that green levies and Pillar One help finance EU recovery fund](#)
- ▶ [European Commission publishes draft Directive for preventing the misuse of shell entities \(UNSHHELL\)](#)
- ▶ [Turkey temporarily reduces the withholding tax rate on income and gains derived from government bonds, treasury bills and lease certificates](#)

### OECD Alerts

- ▶ [OECD releases Model Rules on the Pillar Two Global Minimum Tax: Detailed review](#)

### Human Capital Alerts

- ▶ [Switzerland | Updates to list of occupations for which Swiss employers must advertise vacancies with Regional Employment Center](#)

### Indirect Tax Alerts

- ▶ [Now available! Digital Services Taxes and other Taxes on the Digital Economy \(December 2021\)](#)

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## EY Industry and Tax Services publications

### Industries

#### Technology and Telecommunications

- ▶ [How tech companies were confronted with inflation in Q3 2021](#)

#### Financial Services

- ▶ [How data analytics is leading the fight against financial crime](#)



## Comments

If you have any questions or suggestions about this newsletter, please email Global Tax News Update Help at: [globaltaxnewsupdatehelp@ey.com](mailto:globaltaxnewsupdatehelp@ey.com).

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