



**Building a better  
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21 March 2022

# Americas Tax Roundup

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## Latest news – Americas

### [OECD releases Commentary and illustrative examples on Pillar Two Model Rules](#)

The Inclusive Framework on BEPS on 14 March 2022 released a [commentary document](#) and [examples](#) on the BEPS 2.0 Pillar Two global minimum tax rules (GloBE Rules), providing detailed guidance on the operation of these rules.

### [Brazil reduces financial transaction tax on foreign exchange settlements](#)

Brazil's Executive Branch published Presidential Decree 10.997/2022, reducing the Brazilian financial transaction tax (IOF-FX) due on the settlement of foreign exchange currency. This change is part of Brazil's efforts to join the OECD.

### [Ecuadorian President proposes bill to attract new investments](#)

Ecuador's President proposed a bill on 22 February 2022 aimed at attracting new investments. If enacted, the bill would include rules for public-private association contracts. It also would include tax reform provisions for duty-free zones and special economic development zones. It would further require Ecuadorian companies listed on a local stock exchange to disclose their chain of ownership under certain circumstances.

### [Peruvian Tax Court addresses how to determine if payments to foreign entities qualify as payments for digital services](#)

In Resolution 07792-3-2020 (published 25 February 2022), the Peruvian Tax Court addressed how to determine whether a payment to a foreign entity qualifies as a payment for digital services and is, therefore, subject to a 30% withholding tax in Peru. The Tax Court lists requirements that payments to foreign entities must meet to be considered payments for digital services.

### [Peruvian Tax Court concludes loan proceeds qualify as a payment of services](#)

In Resolution 03052-5-2020, the Peruvian Tax Court concluded that funds from an interest-free loan are a payment for services. The Tax Court determined that there was no intention to repay the loan and the parties agreed that the funds could be used to pay for services rendered in 2013 and services to be rendered in 2014.

### [Costa Rica enacts law simplifying tax obligations for inactive entities and extending due date for simplified income tax return](#)

On 10 March 2022, Costa Rica enacted a law simplifying tax obligations for inactive entities and granting a three-month extension for filing the simplified income tax return, which was due 15 March 2022. The law also allows non-domiciled entities assigned legal ID 3-012 to request the removal of that legal ID, which would eliminate certain compliance obligations they must currently satisfy.



### [Canada releases draft legislative proposals on excessive interest and financing expenses limitation rules for public comment](#)

The Canadian Government released for public comment a package of draft legislative proposals to implement various tax measures. Included in these measures are rules aimed at limiting the amount of interest and other financing expenses that businesses may deduct for income tax purposes based on a proportion of earnings, as previously announced in the 2021 Federal Budget. These new rules are described as the excessive interest and financing expenses limitation rules.

### [Canada announces update to sanctions related to Russia](#)

Following the 24 February 2022 announcement of additional sanctions under the Special Economic Measures (Russia) Regulations and the Special Economic Measures (Ukraine) Regulations, Canada further amended the Special Economic Measures (Russia) Regulations and removed Russia and Belarus from entitlement to most-favored-nation (MFN) tariff treatment.

### [US takes more trade actions against Russia](#)

US President Joe Biden issued an Executive Order (EO) on Prohibiting Certain Imports, Exports, and New Investment with Respect to Continued Russian Federation Aggression. In conjunction with this EO, the White House also released a Fact Sheet that announced coordinated actions with the European Union and the Group of 7 nations that would revoke Russia's most favored nation (MFN) trade status and deny it borrowing privileges at multilateral financial institutions. The revocation of Russia's MFN benefits under the World Trade Organization framework requires Congressional action, specifically directed towards revoking Permanent Normal Trade Relations for Russia.

### [Argentina announces three-year residence permits to Ukrainian citizens](#)

Ukrainian citizens and their dependent family members are now eligible to obtain Argentine residence permits that are valid for up to three years, up from one year previously.

### [EY's 'Latest on BEPS and Beyond' for March 2022](#)

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 March 2022 edition highlights (1) Canada's draft legislative proposals to implement previously announced tax measures, (2) the Colombia and Netherlands tax treaty and (3) Uruguay's updated list of low or no tax jurisdictions.

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

- ▶ United States and Croatia: final stage of tax treaty negotiations reached
- ▶ United States and Kazakhstan: FATCA Model 1A Agreement ratified by Kazakhstan

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## Upcoming webcasts

### [BEPS 2.0: Implications of Pillar Two for businesses \(22 March\)](#)

Please join us for a detailed discussion of the Pillar Two Model Rules. Panelists will walk through practical examples illustrating the potential effects of core elements of the Model Rules. They also will provide an update on ongoing technical developments in the Inclusive Framework and share perspectives on the plans of some key jurisdictions for moving forward with the global minimum tax.



### [Transparency in the sharing economy: What to know about DAC7 and beyond \(24 March\)](#)

In this webcast, panelists will discuss the global adoption of tax reporting rules for digital platforms, including the OECD's Model Rules, the EU's tax automatic exchange of information directive known as DAC7 and the UK's hybrid implementation.

### [17th Annual International Tax Quantitative and Reporting Conference \(28 and 29 March\)](#)

The 17th Annual International Tax Quantitative and Reporting Conference will continue to explore in detail the considerations associated with international tax reporting and quantitative analysis related to today's ever-changing environment, including US legislative developments, international initiatives and regulatory changes. Key topics will include the recently released foreign tax credit regulations, BEPS, the Build Back Better Act (and potential subsequent legislation) and significant changes to US international reporting requirements for 2021 tax years.

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

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## Recently issued EY podcasts

### [US Cross-Border Taxation weekly podcast, 18 March 2022](#)

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

- ▶ OECD releases BEPS 2.0 Pillar Two commentary
- ▶ US Senate Finance Committee Chairman supports tax sanctions for Russia and Belarus
- ▶ IRS official recommends all taxpayers seeking PLRs should avail of new fast-track process

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 - 18 March 2022](#)
- ▶ [Brazil reduces financial transaction tax on foreign exchange settlements](#)
- ▶ [Peruvian Tax Court concludes loan proceeds qualify as a payment of services](#)
- ▶ [Peruvian Tax Court addresses how to determine if payments to foreign entities qualify as payments for digital services](#)
- ▶ [Costa Rica enacts law simplifying tax obligations for inactive entities and extending due date for simplified income tax return](#)
- ▶ [Canada releases draft legislative proposals on excessive interest and financing expenses limitation rules for public comment](#)
- ▶ [Ecuadorian President proposes bill to attract new investments](#)



## Other Cross-border Alerts

- ▶ EU Finance Ministers reach agreement on EU Carbon Border Adjustment Mechanism
- ▶ European Commission unveils latest plan regarding fast tracking of renewables, hydrogen and biomethane to replace gas imports from Russia to the EU
- ▶ EU Finance Ministers express broad support for compromise text for Pillar Two Directive which includes a one-year delay of the implementation timeline, but no unanimous agreement yet

## OECD Alerts

- ▶ OECD releases Commentary and illustrative examples on Pillar Two Model Rules
- ▶ The Latest on BEPS and Beyond | March 2022 edition

## Human Capital Alerts

- ▶ Ukrainian citizens now eligible for three-year residence permits in Argentina
- ▶ Australia provides flexible work visa options to support economic recovery
- ▶ Singapore introduces new points-based COMPASS immigration framework

## Indirect Tax Alerts

- ▶ US takes more trade actions against Russia

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## EY Industry and Tax Services publications

### Industries

#### Consumer Products & Retail

- ▶ Future Consumer Index: People are reconnecting with their deeper values
- ▶ How can packaging keep things fresh without lasting a lifetime?

#### Oil & Gas

- ▶ How oil and gas sector analysts' view Q4 2021 earnings
- ▶ Why consumers may hold the key to the energy transition

### Services

#### People and workforce

- ▶ Updated: How COVID-19 is disrupting immigration policies and worker mobility: a tracker

## 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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