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8 August 2022

Americas Tax Roundup

Latest news – Americas

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[United States: Technical corrections to foreign tax credit regulations offer relief from cost recovery rules and include other impactful changes](#)

On 27 July 2022, the US Treasury Department published technical corrections (87 FR 45018) to the controversial final regulations ([T.D. 9959](#)) on foreign tax credits published on 4 January 2022. The technical corrections broaden the scope of permissible disallowances under the cost recovery requirement. More foreign tax credit guidance, however, is anticipated.

[New Colombian Government expected to propose tax reform](#)

On 7 August 2022, the new Colombian Government, including the elected president Gustavo Petro, will take office and a tax reform proposal is expected to follow shortly. The proposal would increase taxes on individuals but would not increase taxes on corporations. It also would establish anti-evasion measures.

[Uruguay intends to change its traditional source criteria for corporate income tax purposes to comply with EU requirements](#)

Uruguay's Ministry of Economy has published a draft bill for public comment that would change the traditional source criteria applicable for corporate income tax purposes to comply with European Union requirements. The changes would subject certain income obtained abroad by companies that are part of a multinational group to the corporate income tax in Uruguay.

[Uruguay's Tax Authority clarifies tax treatment of profit repatriations paid by a permanent establishment under double tax treaty](#)

In Consultation No. 6490, Uruguay's tax authority (DGI) concluded Article 7 (Business Profits) of the Uruguay-Belgium double tax treaty applies to profit repatriations from a permanent establishment (PE) to its head office. The DGI explained that Article 10 (Dividends) refers to dividends paid from a resident of a contracting state to a resident of the other contracting state, which is not the case with profit repatriations from a PE to its head office. Accordingly, profit repatriations received by the head office from its PE in Uruguay are not subject to nonresident income tax.

[OECD's Forum on Harmful Tax Practices concludes that Costa Rican free trade zone regime is not harmful](#)

The OECD released an [update](#) on the Forum on Harmful Tax Practices' peer review of Costa Rica's free trade zone regime in which it concluded the regime is not harmful. This conclusion comes after Costa Rica made modifications to its free trade zone regime to address the potentially harmful features identified in the FHTP's conclusions published on 24 January 2022, related to intellectual property.

[Mexico: Brazilian nationals no longer eligible for electronic travel authorizations](#)

Effective 17 August 2022, Brazilian nationals seeking to travel to Mexico by air for business or tourism must obtain a visitor visa from a Mexican Consulate prior to travel.



[EY publication highlights 2022 Q2 tax policy developments across the Americas](#)

The latest edition of the Americas Tax Policy Update for the second quarter of 2022 is available. Highlights in this edition include: (1) Argentina's proposed "windfall income tax"; (2) Brazil's proposal for a new transfer pricing system; (3) Canada's Budget Implementation Act, 2022, No. 1; (4) Chile's recently proposed tax reform; and (5) US legislative developments, including the latest on budget reconciliation.

[ITTS Washington Dispatch \(July 2022\) available](#)

The monthly ITTS Washington Dispatch (July) has been released. Highlights include recent legislative developments and IRS and OECD/BEPS news. The podcast version is also available [here](#).

This week's tax treaty news in the Americas

- ▶ Argentina and Korea (Rep.): interest in concluding tax treaty expressed by Korea (Rep.)
- ▶ Chile and Netherlands: protocol to social security agreement signed
- ▶ Costa Rica and Qatar: interest in concluding air transport agreement expressed
- ▶ Ecuador and Spain: investment protection agreement terminated

Upcoming webcasts

[Potential implications of the US Inflation Reduction Act of 2022 and recent regulatory developments \(11 August\)](#)

Please join our panel for an update on the US Inflation Reduction Act of 2022 and an in-depth discussion of the potential international tax implications of its corporate alternative minimum tax (CAMT) proposal. EY will also discuss the potential business implications of recent technical corrections to the foreign tax credit regulations.

[Private equity and private capital – navigating transformative global and US legislative change \(18 August\)](#)

Please join our panel of professionals for our webcast series – a timely discussion of recent private equity and private capital industry trends and the outlook for US and international legislative and regulatory changes relevant to private equity and alternative funds, transactions and portfolio companies.

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

Recently issued EY podcasts

[US Cross-Border Taxation weekly podcast, 5 August 2022](#)

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

Highlights this week include:

- ▶ US Senate Democrats reach agreement on health, climate and tax budget reconciliation bill; moves to Senate floor 6 August
- ▶ House Ways and Means Committee Republicans introduce resolution to compel Treasury to produce documents showing effects of BEPS 2.0 Pillar One rules

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



This week's EY Global Tax Alerts

Americas Global Tax Alerts

- ▶ Report on recent US international tax developments – 5 August 2022
- ▶ New Colombian Government expected to propose tax reform
- ▶ Uruguay intends to change its traditional source criteria for corporate income tax purposes to comply with EU requirements
- ▶ Uruguay's Tax Authority clarifies tax treatment of profit repatriations paid by a permanent establishment under double tax treaty
- ▶ US | Technical corrections to foreign tax credit regulations offer relief from cost recovery rules and include other impactful changes
- ▶ US IRS concludes that termination fees in failed merger were capital losses
- ▶ Washington Dispatch for July 2022

OECD Alerts

- ▶ OECD's Forum on Harmful Tax Practices concludes that Costa Rican free trade zone regime is not harmful

Human Capital Alerts

- ▶ Mexico | Brazilian nationals no longer eligible for electronic travel authorizations
- ▶ South Africa adds new occupations to its 2022 Critical Skills List

Other Global Tax Alerts

- ▶ Australian Treasury releases Discussion Paper on new thin cap rules, royalty deduction rules and public tax disclosure rules
- ▶ Egypt provides relief from delay interest, additional taxes, and duties
- ▶ India's Supreme Court holds secondment of employees between group entities is a taxable service
- ▶ Ireland provides guidance on tax deductibility of Digital Services Taxes
- ▶ Korea's 2022 tax reform proposals include new global minimum tax rules to align with OECD BEPS 2.0 Pillar Two
- ▶ Korea announces 2022 tax reform proposals
- ▶ Luxembourg Tax Authority issues guidance on application of controlled foreign company rules in Luxembourg



EY Industry and Tax Services publications

Industries

Automotive

- ▶ [Podcast: How consumer preference for EVs is evolving since the pandemic](#)

Private Equity

- ▶ [Private Equity Pulse: five takeaways from 2Q 2022](#)

Insurance

- ▶ [Why ESG is critical to insurers' financial leadership](#)

Services

People and workforce

- ▶ [Updated: How COVID-19 is disrupting immigration policies and worker mobility: a tracker](#)

Tax

- ▶ [Four Tax steps policymakers expect businesses to take on climate change](#)

Comments

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

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