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Americas Tax Roundup

Latest news – Americas

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[US House clears Inflation Reduction Act for President Biden's signature](#)

On 12 August 2022, the United States (US) House cleared for President Joe Biden's signature the Senate Amendment to the *Inflation Reduction Act of 2022* (H.R. 5376). The bill would finance over US\$430 billion in climate and energy provisions and an extension of enhanced *Affordable Care Act* subsidies. It is projected to raise more than \$700 billion in revenue.

[Puerto Rico's Municipal Income Collection Center extends due date for property tax return to 22 August 2022](#)

The Puerto Rico Municipal Income Collection Center extended the due date for filing the property tax return from 16 August 2022 to 22 August 2022 due to issues with the portal (Portal de Mueble360), making it difficult for taxpayers to complete their returns.

[Chile's Congress to discuss tax reform proposal](#)

Chile's Executive Power submitted the text of a tax reform bill to Congress that would decrease the corporate income tax rate from 27% to 25%, while increasing the 10% tax rate on gains from stock sales to 22% and introducing a 1.8% tax on the retained earnings of certain companies. The bill also would prohibit certain domestic shareholders from claiming credits for taxes paid by companies and would require them to apply a 22% corporate tax rate to profits distributed by the company. Other changes would include limits on certain tax benefits, limits on the use of foreign tax credits and loss deductibility and introduction of a wealth tax for Chilean individuals.

[US IRS concludes that termination fees in failed merger were capital losses](#)

In an Internal Revenue Service (IRS) Office of Chief Counsel Legal Memorandum (CCA [202224010](#)), released on 17 June 2022, the IRS concluded that termination fees paid by a taxpayer in two failed transactions should be treated as Internal Revenue Code (IRC) Section 165 losses that are capital under IRC Section 1234A instead of business expenses under IRC Section 162. The IRS conclusion that IRC Section 1234A applies to all transaction-related expenses conflicts with views held by some practitioners, who note that transaction costs are typically paid for services rendered in connection with the abandoned transaction, and not a right or obligation with respect to property. This CCA shows that the IRS is heavily scrutinizing the deductibility of termination payments stemming from capital transactions.

[Canada | Ontario re-introduces its 2022 budget bill](#)

On 9 August 2022, Ontario Finance Minister Peter Bethlenfalvy re-introduced the province's budget bill, *Plan to Build Act (Budget Measures), 2022*, as part of Ontario's commitment to implement the pre-election fiscal 2022/23 budget. The Minister also provided an update on the province's fiscal forecast since tabling the 2022/23 pre-election budget on 28 April 2022.



This week's tax treaty news in the Americas

- ▶ Brazil and Colombia: income tax treaty signed
- ▶ Colombia and Japan: income tax treaty entered into force
- ▶ Costa Rica and Ecuador: first round of negotiations for free trade agreement held

Upcoming webcasts

[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.

[BorderCrossings . . . Transfer pricing valuation: deep tracks \(25 August\)](#)

During this webcast, part of an ongoing monthly series, EY transfer pricing and tax professionals will help you stay informed and able to adopt a more proactive stance in developing and defending your transfer pricing policies and practices.

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, 12 August 2022](#)

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

- ▶ Senate approves Inflation Reduction Act of 2022
- ▶ President Biden signs CHIPS and Science Act

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 – 12 August 2022](#)
- ▶ [Canada | Ontario re-introduces its 2022 budget bill](#)
- ▶ [Chile's Congress to discuss tax reform proposal](#)
- ▶ [Puerto Rico's Municipal Income Collection Center extends due date for property tax return to 22 August 2022](#)
- ▶ [Uruguay's Tax Authority clarifies tax treatment of profit repatriations paid by a permanent establishment under double tax treaty](#)
- ▶ [US House clears Inflation Reduction Act for President Biden's signature](#)
- ▶ [US IRS concludes that termination fees in failed merger were capital losses](#)



Human Capital Alerts

- ▶ Ghana to launch new e-Visa system for expedited visa application processing
- ▶ Spain announces new Teleworking Visa and Residence Permit for remote workers

Other Global Tax Alerts

- ▶ Ghana issues 2022 Mid-year Budget Review Statement
- ▶ Indian Tax Administration mandates nonresident taxpayers to furnish information electronically to avail Double Taxation Avoidance Agreements benefits
- ▶ High Court of Kenya reiterates importance of submission of proper documentation during the appeal process
- ▶ PE Watch: Latest developments and trends, August 2022

EY Industry and Tax Services publications

Industries

Government & Public Sector

- ▶ [How an insolvent government found a path to a brighter future](#)

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.



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