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29 August 2022

Americas Tax Roundup

Latest news – Americas

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[Puerto Rico's Act 52 of 30 June 2022 analyzed](#)

Puerto Rico enacted Act 52-2022 (the Act), amending various provisions of the Puerto Rico Internal Revenue Code, Puerto Rico Incentives Code and Puerto Rico Municipal Code. The Act establishes a new alternate optional tax regime for entities subject to the 4% excise tax on the purchase of products manufactured in Puerto Rico, introduces the disregarded entity concept for income tax purposes, and includes amendments to the sales and use tax provisions. New filing requirements apply with the new provisions and amendments.

[Canada's luxury tax takes effect 1 September 2022](#)

The Government of Canada enacted the *Select Luxury Items Tax Act* (the Act), which was included in Bill C-19, *Budget Implementation Act, 2022*, No. 1. The Act imposes a "luxury tax" on the sale and import of subject vehicles, subject aircraft and subject vessels that exceed specified price thresholds. The luxury tax takes effect on 1 September 2022. Vendors of vehicles, aircraft and vessels should carefully consider the provisions of the Act to determine their registration and reporting obligations.

[Canada's Department of Finance releases draft income tax technical amendments](#)

Canada's Department of Finance released for public comment draft legislative proposals (and accompanying explanatory notes), relating to long-awaited technical amendments to the *Income Tax Act* and Income Tax Regulations. Many of the technical amendments respond to issues raised by taxpayers and their representatives or are part of an ongoing effort by the Department of Finance to improve the certainty and integrity of the tax system.

[Peru enacts law establishing a tax on online gaming and sports betting](#)

On 13 August 2022, Peru enacted Law 31557 establishing rules for online gaming and sports betting that are conducted on digital platforms and introducing a new 12% tax applicable to the income from those business activities. Peruvian entities may consider the tax paid as a deductible expense for income tax purposes.

[US Tax Court increases Medtronic royalty rate under unspecified method](#)

On 18 August 2022, the United States Tax Court issued its second opinion in *Medtronic, Inc. and Consolidated Subsidiaries v. Commissioner*. In this opinion, the Tax Court rejected the principal transfer pricing analysis of both the Internal Revenue Service and Medtronic Inc. (Medtronic US), instead applying an unspecified method proposed in the alternative by Medtronic to determine the royalty rate for license agreements between Medtronic US and its Puerto Rican subsidiary. Using this method, the Tax Court increased the wholesale royalty rate to 48.8% for devices and leads for years 2005 and 2006.



This week's tax treaty news in the Americas

- ▶ St. Vincent and the Grenadines and India: exchange of information agreement signed

Upcoming webcasts

[How will the US Inflation Reduction Act accelerate the energy transition? \(30 August\)](#)

Please join our panel of professionals for an in-depth discussion of the US Inflation Reduction Act and how it will accelerate energy and climate-related investment.

[Breakdown of US CHIPS and Science Act of 2022: what companies can do now \(31 August\)](#)

A panel of subject matter professionals from across EY will share the issues and opportunities related to both the incentives and loans and the Advanced Manufacturing Investment Credit provisions included in the recently enacted US Chips and Science Act.

[BEPS 2.0 developments: What to watch out for in country implementation \(15 September\)](#)

In this webcast, panelists will share updates on the latest developments and outlook for country implementation and discuss the current status and outlook for Pillars One and Two.

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, 26 August 2022](#)

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

- ▶ IRS to delay effective date for aspects of Section 871(m) regulations, further extend transition relief
- ▶ IRS extends deadline for unfiled 2019 and 2020 returns, penalty relief for certain 2019 and 2020 returns
- ▶ US Tax Court increases Medtronic royalty rate under unspecified TP method

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 - 26 August 2022](#)
- ▶ [Canada's Department of Finance releases draft income tax technical amendments](#)
- ▶ [Peru enacts law establishing a tax on online gaming and sports betting](#)
- ▶ [Puerto Rico's Act 52 of 30 June 2022 amending various tax provisions analyzed](#)
- ▶ [US Tax Court increases Medtronic royalty rate under unspecified method](#)



Human Capital Alerts

- ▶ [China Mainland's border reopens for APEC Business Travel Card holders and foreign students](#)
- ▶ [Netherlands announces changes to taxation of employee stock option gains](#)
- ▶ [UK launches new Scale-Up \(Work\) Visa Route](#)

Indirect Tax Alerts

- ▶ [The East African Community updates its Common External Tariff 2022 to align with the World Customs Organization](#)
- ▶ [Canada's luxury tax takes effect 1 September 2022](#)
- ▶ [Denmark publishes draft bill introducing a cultural levy of 6% on turnover generated by Danish and EU-based digital streaming platforms and services in Denmark](#)

Other Global Tax Alerts

- ▶ [Belgium limits R&D tax credit](#)
- ▶ [Ethiopia issues new investment incentives regulation](#)
- ▶ [German Ministry of Finance issues official guidance on withholding tax for software development services](#)
- ▶ [Kenya exempts foreign investors from obtaining KRA PIN under certain circumstances](#)
- ▶ [Poland plans to amend provisions implementing tax on shifted profits](#)
- ▶ [Poland | A review of changes in the "Polish holding company regime"](#)
- ▶ [South Korea announces 2022 tax reform proposals including several significant changes](#)

EY Industry and Tax Services publications

Services

People and workforce

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

Tax

- ▶ [Guidance issued on which vehicles qualify for EV credits under the IRA](#)
- ▶ [Overview of the Inflation Reduction Act's 15% corporate minimum tax on book income](#)
- ▶ [Inflation Reduction Act has state corporate income tax implications](#)



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