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14 August 2023

Americas Tax Roundup

Latest news – Americas

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[Canada's Department of Finance releases draft legislation for 2023 budget and other measures](#)

In draft legislation, the Department of Finance proposed implementing a global minimum tax under Pillar Two of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting. Other income tax proposals include limiting deductions for net interest and financing expenses to a fixed ratio of adjusted taxable income for the year; extending, by three years, the temporary reduction in corporate income tax rates for zero-emission technology manufacturing and processing income; introducing a 2% tax on the net value of share repurchases by public corporations in Canada, introducing a 30% refundable investment tax credit for eligible investments in clean technology equipment; and amending the general anti-avoidance rule. Other proposals would affect Canada's domestic digital services tax and indirect taxes.

[Brazil Senate considers VAT reform plan](#)

Brazil's Senate is currently analyzing a long-discussed reform proposal for indirect taxes, which passed the Chamber of Deputies on 7 July 2023. The proposal would significantly simplify Brazil's indirect tax system. As implementation of the proposal, if approved, would require considerable transition time, taxpayers should consider taking action now to prepare for the changes.

[Cryptocurrency stakers must include rewards in gross income upon gaining control of them](#)

The US IRS has ruled (Revenue Ruling 2023-14) that taxpayers using the cash-method of accounting must include the rewards from cryptocurrency staking in gross income in the year they gain control of the rewards.

[Chilean Government announces content of 'Fiscal Pact'](#)

In a national broadcast on the morning of 1 August, President Gabriel Boric revealed the main guidelines that will be part of the so-called Fiscal Pact, which the government seeks to promote after Congress unexpectedly rejected the tax-reform project in March 2023. As previously reported, the government will not move forward in the Senate (requiring the high quorum of two-thirds to continue the legislative debate) and will instead present the initiative in separate bills: one on combating tax evasion and avoidance, and the second on tax reforms aimed at increasing revenue.

[Peruvian Tax Authority establishes guidelines for applying Multinational Agreement to avoid Double Taxation of Andean Community](#)

In a recent ruling, the Tax Authority concluded that Peruvian income tax applied to income earned by a Peruvian tourism company from a Bolivian company that hired the Peruvian company to provide transportation service and tour guide services in Peru. The Peruvian Tax Authority also concluded that the outcome does not change if tax was withheld, or payment was made, in Bolivia.



[Costa Rica's Tax Authority issues resolution on services related to exports exempt from VAT](#)

In resolution No. MH-DGT-RES-0017–2023 (Resolution), the Tax Authority consolidated, under a single resolution, the categories of export-related services that are exempt from Costa Rica's value-added tax (VAT). The Resolution also details the services included in each of these categories, as well any requirements that must be met.

[Global Tax Policy and Controversy Watch | August 2023 edition](#)

EY's publication, Global Tax Policy and Controversy Watch, highlights recent policy and administrative developments around the world. This month's publication highlights (i) the UK's enactment of legislation implementing Pillar Two, among other items; (ii) the OECD's release of several technical documents on BEPS 2.0 Pillar Two; and (iii) draft legislation proposing major corporate tax reform in Germany.

[PE Watch: Latest developments and trends, August 2023](#)

The latest edition of EY's PE Watch is available, providing permanent establishment (PE) updates from several countries, including Colombia.

Upcoming webcasts

[Tax in a time of transition: US legislative, economic, regulatory and IRS developments \(18 August\)](#)

Please join us for a fast-paced overview of recent US tax and economic developments designed to help you stay on top of changes in today's shifting economic, legislative and regulatory environment. In this regularly occurring webcast series, panelists will provide updates on (i) the US economy and tax policy; (ii) what's happening at the IRS; and (iii) breaking developments.

[Tax and Finance Operate: Now. Next. Beyond. \(23 August\)](#)

During this webcast, EY Global Compliance and Reporting practitioners will explore the current tax and finance operations landscape and share insights and results from a recently released EY survey. They will be joined by senior tax executives from Mondelez International, Inc. and UPS, who will share how their companies successfully revolutionized their tax and finance function and established a new tax operating model. They'll also share practical approaches for industry professionals navigating global tax and finance operations.

[BorderCrossings ... With EY transfer pricing and tax professionals \(31 August\)](#)

This webcast, the second in a two-part series, examines the difficulty in applying transfer pricing rules to attribute profits to permanent establishments considering both US and international tax treaties.

This week's tax treaty news in the Americas

- ▶ Germany and Mexico: The amending protocol to the Germany - Mexico Income and Capital Tax Treaty (2008) entered into force
- ▶ Mongolia and United States: Mongolia and the United States signed an air transport agreement
- ▶ Paraguay and Spain: The Paraguayan Committee on Foreign Relations and International Affairs approved the Paraguay - Spain Income Tax Treaty (2023)



Recently issued EY podcasts

[US Cross-Border Taxation weekly podcast, 11 August 2023](#)

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

- ▶ Biden signs US-Taiwan Trade Agreement Act
- ▶ Russia suspends tax treaties with US and other countries
- ▶ UN report suggests alternative options to promote international tax cooperation

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 – 11 August 2023](#)
- ▶ [Global Tax Policy and Controversy Watch | August 2023 edition](#)
- ▶ [PE Watch | Latest developments and trends, August 2023](#)
- ▶ [Canada's Department of Finance releases draft legislation for 2023 budget and other measures](#)
- ▶ [Peruvian Tax Authority establishes guidelines for applying Multinational Agreement to avoid Double Taxation of Andean Community](#)
- ▶ [Cryptocurrency stakers must include rewards in gross income upon gaining control of them](#)
- ▶ [IRS and Treasury propose updating the regulations on consolidated returns and discarding unnecessary guidance](#)

Other Global Tax Alerts

- ▶ [Israeli Parliament approves measures to boost investment in high-tech sector](#)
- ▶ [Hong Kong-Mauritius Double Taxation Avoidance Agreement enters into force in Mauritius from 23 June 2023](#)
- ▶ [Italy announces proposed one-time windfall tax for banks](#)
- ▶ [Luxembourg publishes draft legislation on implementation of the EU Minimum Tax Directive](#)
- ▶ [Luxembourg enacts legislation introducing public country-by-country reporting for multinational enterprises](#)

Human Capital Alerts

- ▶ [Canada's new Recognized Employer Pilot \(REP\) Program under Temporary Foreign Worker \(TFW\) Program discussed](#)
- ▶ [Serbia implements new rules relating to residence permits and Single Permits](#)
- ▶ [UK increases penalties for employers and landlords that hire or rent to individuals who do not hold lawful immigration status in the UK](#)

Indirect Tax Alerts

- ▶ [Brazil Senate considers VAT reform plan](#)
- ▶ [Costa Rica's Tax Authority issues resolution on services related to exports exempt from VAT](#)



EY Industry and Tax Services publications

Industry

Technology

- ▶ [How supply chains benefit from using generative AI](#)

Health and Life Sciences

- ▶ [How Takeda accelerated the financial close process by nearly two weeks](#)

Services

Tax

- ▶ [How tax departments should prepare for CBAM](#)

Comments

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