



Building a better
working world

18 December 2023

Americas Tax Roundup

Latest news – Americas

[OECD/G20 Inclusive Framework releases more Pillar Two global minimum tax guidance, new timeline for Pillar One MLC](#)

The OECD/G20 Inclusive Framework on BEPS today (18 December) released the third set of administrative guidance on the global minimum tax under Pillar Two and a statement on a new timeline for the [Multilateral Convention](#) (MLC) under Pillar One. The [Agreed Administrative Guidance for the Pillar Two GloBE Rules \(December\) 2023](#) follows earlier administrative guidance releases in February and July 2023. An EY Global Tax Alert will be issued shortly.

[Brazilian Government discusses changes to interest on net equity for 2024](#)

In late November and early December, the press reported that Brazil's Ministry of Finance had finalized the draft of a new proposal to change the mechanism of the Interest on Net Equity (INE). A purported draft of the proposal began circulating that shows (i) an increase to the withholding tax (WHT) rate from 15% to 20%, (ii) a 50% limit for the deduction of the profit of the current year, (iii) a restriction limiting the calculation to the current year only (i.e., eliminating the possibility to pay INE retroactively), and (iv) changes to the calculation basis, including removing several items from the net equity amount.

[Canada | Finance releases draft legislation relating to retirement compensation arrangements secured by letters of credit](#)

Bill C-59, *Fall Economic Statement Implementation Act, 2023*, which received its first reading in Canada's House of Commons on 30 November, includes draft legislative proposals relating to retirement compensation arrangements that have been modified since their release on 4 August 2023. These proposed amendments will apply as of 1 January 2024, except where indicated otherwise.

[Canada Revenue Agency updates views on safe income](#)

At a recent Canadian tax conference, the Canada Revenue Agency (CRA) gave an update of its views with respect to the computation of "safe income" (i.e., income earned or realized), which is relevant for applying the anti-surplus stripping rules in section 55 of the Income Tax Act (the Act). The CRA provided the tax community with an overview of certain clarifications and changes in the CRA's historical positions with respect to the determination of safe income.

[Costa Rica's Tax Authority publishes income tax brackets for tax year 2024](#)

On 7 December 2023, Costa Rica's Tax Authority published Executive Decree No 44276-H, which contains the income tax brackets applicable for tax year 2024.



[US Treasury provides guidance on the creditability of Pillar Two taxes, grants relief for pre-GloBE DCLs and extends temporary relief from FTC regulations](#)

In Notice 2023-80 (Notice), the US government outlined guidance on the interaction of the foreign tax credit (FTC) rules and dual consolidated loss (DCL) rules with top-up taxes imposed via the Income Inclusion Rule or a Qualified Domestic Minimum Top-Up Tax under the OECD's Global Anti-Base Erosion Model Rules (GloBE Rules). Treasury also announced its intent to issue proposed regulations that will align with this new guidance. The Notice generally does not provide guidance on the FTC implications of the UTPR (commonly referred to as the "Undertaxed Profits Rule").

[Since 2021, the number of FG500 companies headquartered in the US has increased, reversing downward trend](#)

The decades-long decline in the number of the world's largest companies headquartered in the US has begun to reverse. In 2021, the US began gaining back some of these headquarters, and in 2023, the US surpassed China as the country with the highest number of headquarters for the world's 500 largest companies by revenue (Fortune Global 500 or FG500). While several factors go into a company's decision on where to headquarter, the data suggests that tax policy may have a role to play.

[EY Global Tax Controversy Flash Newsletter available](#)

At its annual OECD Tax Certainty Day, the OECD expressed its continued support and investment in the International Compliance Assurance Program (ICAP). Currently, 22 jurisdictions are participating in the program, with more jurisdictions in discussions to join. Read more in the latest EY Global Tax Controversy Flash Newsletter.

[Global Tax Policy and Controversy Watch | December 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 (1) country BEPS Pillar Two implementation activity; and (2) country budget activity.

[EY TradeWatch | Issue 3, 2023 edition now available](#)

In this edition, we continue to explore many of the themes that we have dealt with in previous issues of TradeWatch, including supply chain disruption, the changing trade function, customs reforms, trade facilitation and sustainability and ESG. Insights in the Americas region include -- (i) the LATAM advantage: A look at the region's thriving Free Trade Zones; (ii) Brazil: A step toward continuous improvement with enhancement of the Authorized Economic operator program; and (iii) Colombia: Crypto assets cannot be used as a means of payment for foreign trade operations.

This week's tax treaty news in the Americas

- ▶ Honduras and China (People's Rep.): third round of negotiations for a free trade agreement held
- ▶ Hungary and United States: termination of tax treaty gazetted by Hungary
- ▶ Trinidad and Tobago and United Arab Emirates: air service agreement initialed
- ▶ United States and Romania: social security agreement approved by Romanian Senate



Recently issued EY podcasts

[EY Podcast: weekly US international cross-border taxation news for week ending 15 December 2023](#)

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

- ▶ US Treasury and IRS issue FTC guidance addressing BEPS 2.0 Pillar Two GloBE top-up taxes
- ▶ IRS CAMT regs delayed to 2024, but CAMT Notice released
- ▶ IRS announces active compliance campaign on CAMT
- ▶ Stock buyback excise tax guidance still on track for 2023 release
- ▶ IRS official says PTEP targeted notice coming soon
- ▶ US government plans to finalize foreign government investment exemption regs in 2024
- ▶ IRS working on crypto-asset reporting framework regulations

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

This week's EY Global Tax Alerts

Americas Tax Alerts

- ▶ [Report on recent US international tax developments – 15 December 2023](#)
- ▶ [Brazilian Government discusses changes to interest on net equity for 2024](#)
- ▶ [Canada | Finance releases draft legislation relating to retirement compensation arrangements secured by letters of credit](#)
- ▶ [Canada Revenue Agency updates views on safe income](#)
- ▶ [Costa Rica's Tax Authority publishes income tax brackets for tax year 2024](#)
- ▶ [Since 2021, the number of FG500 companies headquartered in the US has increased, reversing downward trend](#)
- ▶ [US Treasury provides guidance on the creditability of Pillar Two taxes, grants relief for pre-GloBE DCLs and extends temporary relief from FTC regulations](#)

Other Global Tax Alerts

- ▶ [Global Tax Policy and Controversy Watch | December 2023 edition](#)
- ▶ [PE Watch | Latest developments and trends, December 2023](#)
- ▶ [Australian thin capitalization changes and new subsidiary disclosure rules – December 2023 update](#)
- ▶ [Hong Kong passes bills on asset disposal gain regimes](#)
- ▶ [Hungary enacts local legislation on BEPS 2.0 Pillar Two](#)
- ▶ [Saudi Arabia offers 30-year tax holiday under Regional Headquarters program](#)
- ▶ [Saudi Arabia issues drafts of new Income Tax Law and Zakat and Tax Procedures Law for public consultation](#)
- ▶ [Saudi Arabia releases guidelines on related-party transactions for zakat purposes](#)



Human Capital Alerts

- ▶ Australia announces Migration Strategy; Skills in Demand visa
- ▶ Belgium's implementation of new EU Blue Card Directive delayed
- ▶ Finland announces two border crossing points with Russia reopened, others to remain closed
- ▶ Germany announces new rules for extension of existing permits under the Temporary Protection Directive
- ▶ Ghana announces temporary visa-on-arrival system for visitors
- ▶ Hungary approves new immigration law to go into effect on 1 January 2024
- ▶ Ireland announces temporary travel relaxation for qualifying holders of expired Residence Permits
- ▶ Lithuania begins processing extension applications under the Temporary Protection Directive
- ▶ Malaysia announces new pre-arrival requirement for most foreign nationals
- ▶ Malaysia implements new, simplified immigration initiatives under new Visa Liberalization Plan
- ▶ UK publishes Statement of Changes to Immigration Rules

EY Industry and Tax Services publications

Industries

All Industries

- ▶ [With the market in flux, how can your IPO journey stay the course?](#)

Technology

- ▶ [Top 10 Opportunities for Technology Companies in 2024](#)



Comments

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

EY | Building a better working world

About EY

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets. Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate. Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit www.ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

Important Commercial Notice: This email may constitute an advertisement or solicitation under US law, if its primary purpose is to advertise or promote the products or services of Ernst & Young LLP or any of its client-serving affiliates. Our principal postal address is 5 Times Square, New York, NY 10036.

Use the link below to opt-out if you would prefer not to receive any advertising or promotional email from Ernst & Young LLP or any of its affiliates (except for Ernst & Young Online and the ey.com website, which track email preferences through a separate process). Your email address will be immediately removed from our central mailing list for newsletters and alerts, and all emails from Ernst & Young LLP and its affiliates designated as advertising or promotional will be automatically blocked as soon as necessary modifications to our email system are completed.

[Remove me from all EY commercial emails.](#)