Global Tax Alert

Report on recent US international tax developments 29 March 2019

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The US House Ways and Means Committee on 27 March devoted an entire hearing to relitigating the benefits of the *Tax Cuts and Jobs Act* (TCJA). The hearing did not break much new ground, and members continued to debate the TCJA's international provisions, among other aspects of the legislation. No changes to the TCJA, large or small, are expected to be enacted anytime soon, though members have introduced bills addressing some high-profile technical corrections, and Democrats have introduced bills to dismantle parts of the law, including portions of the new international tax regime.

The United States (US) and India signed an agreement for the exchange of country-by-country (CbC) reports on 27 March 2019. According to an Indian government announcement, the new agreement will enable both countries to exchange CbC reports filed by ultimate parent entities of international groups in the respective jurisdictions, for financial years beginning on or after 1 January 2016. Therefore, Indian constituent entities of US headquartered international groups that have already filed CbC reports in the US would not be required to file CbC reports locally in India.

In other CbC reporting developments, Uruguayan tax authorities this week extended a 31 March 2019 filing deadline. In general, the deadline for filing CbC reports for reporting fiscal years (RFYs) ending between 31 December 2017 and 30 November 2018 is 15 months after the end of the relevant fiscal year. Therefore, 31 March 2019 would have been the first deadline by



which local filing would be required. However, this week, the Uruguayan tax authorities extended the filing deadline for RFYs ending 31 December 2017; the new deadline is now 30 April 2019. For multinational enterprise (MNE) groups with a RFY ending on or after 1 January 2018 and on or before 30 November 2018, the deadline continues to be 15 months after the last day of the RFY. For MNE groups with an RFY ending on or after 1 December 2018, the deadline is 12 months after the last day of the RFY.

The Internal Revenue Service in Announcement 2019-3 released a report this week on the US advance pricing agreement (APA) program covering the 2018 calendar year. A total of 107 bilateral APAs were executed in 2018, with Japan (39%) and Canada (20%) representing the largest number of countries. There were 203 APA applications filed in 2018, with Japan (34%) and India (21%) representing the largest number. Although most of the transactions covered in APAs executed in 2018 involved the sale of tangible goods or the provision of services, over 20% involved the use of intangible property. The median time for completion of an APA in 2018 was 40.2 months, up from 33.8 months in 2017.

The Organisation for Economic Co-operation and Development's (OECD) Forum on Tax Administration (FTA) on 28 March published seven new reports following its 26-28 March plenary meeting in Santiago, Chile, along with a communiqué. Among the more important of the released reports was "The Sharing and Gig Economy: Effective Taxation of Platform Sellers," which looks at various approaches for taxing income from the sale of goods or services in the sharing and gig economy. The FTA underscored that tax administrators continue to "prioritize implementation of the OECD/G20 international tax agenda, with good progress being made in supporting the implementation of Country-by-Country reporting, the Mutual Agreement Procedure and the exchange of rulings." The FTA, established in 2002, is an OECD-hosted forum for tax administrators from 53 countries formed to discuss global tax trends and ideas and their impact on tax administration.

In addition to the sharing and gig economy report, the FTA released:

- ► <u>International Compliance Assurance Programme Pilot</u> <u>Handbook 2.0</u>
- ► <u>Successful Tax Debt Management: Measuring Maturity and Supporting Change</u>
- ► <u>Introducing a Commercial Off-The-Shelf Software Solution</u>
- ► <u>Unlocking the Digital Economy</u> A <u>Guide to Implementing</u> <u>Application Programming Interfaces in Government</u>
- ► Joint Audit 2019 Enhancing Tax Co-operation and Improving Tax Certainty - Forum on Tax Administration
- ► Implementing Online Cash Registers: Benefits, Considerations and Guidance

For additional information with respect to this Alert, please contact the following:

Ernst & Young LLP, International Tax Services, Washington, DC

Arlene FitzpatrickJoshua Rulandarlene.fitzpatrick@ey.comjoshua.ruland@ey.com

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