



Americas Tax Center Roundup

20 May 2019

Important announcement: Americas Tax Center Roundup moving to new EY delivery platform

Starting Monday, 20 May, the Americas Tax Center Roundup will be sent out through EY's *Tax News Update: Global Edition* (GTNU) email subscription service. EY's GTNU is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, event notifications and Thought Leadership published across all areas of tax (corporate, indirect, and personal).

For a short transitional period, we will be sending the ATC Roundup via **both** the GTNU and the current email distribution system, but we urge you to register for the GTNU platform as soon as possible ([instructions available here](#)) in order to continue receiving the Roundup.

If you have any questions, issues or comments, please email Global Tax News Update Help at globaltaxnewsupdatehelp@ey.com.

In observance of a US federal holiday next week the Americas Tax Center Roundup will not be sent out on 27 May. The ATC will resume publication on 3 June 2018.

Latest news - Americas

[Puerto Rico enacts tax incentives law for investments in opportunity zones](#)

On 14 May 2019, PR Governor Ricardo Roselló Nieves enacted the Law for the Development of Opportunity Zones and the Economic Development of Puerto Rico of 2019, which establishes various tax incentives in Puerto Rico for investments in qualified opportunity zones. The tax incentives include preferential tax rates, transferable tax credits, and partial exemptions of property and municipal taxes.

[Peru lifts suspension of general anti-avoidance rule](#)

On 6 May 2019, Peru's Minister of Economics issued Supreme Decree 145-2019-EF, which contains the regulations for the Peruvian general anti-avoidance rule (GAAR) for tax purposes that was enacted on 19 July 2012, but suspended until regulations were issued. The GAAR now applies, effective 19 July 2012.

[Colombian Tax Authority clarifies scope of new thin cap rule](#)

Colombia's Tax Authority issued Opinion No. 8159, clarifying when the thin capitalization (thin cap) rule, recently amended by Law 1943 of 2018, applies to loans granted to Colombian taxpayers. This opinion is welcome news, as there was uncertainty for purposes of the thin cap rule regarding when a loan was indirectly acquired from a related party.

[USTR initiates actions to implement up to 25% tariffs on remaining products from China under Section 301; China retaliates with its own tariffs against most recent actions](#)

On 13 May 2019, the US began the necessary proceedings to subject the remaining \$300b of China origin imports to a potential additional ad valorem duty of up to 25% under Section 301 of the *Trade Act of 1974*. At the same time, China's Customs Tariff Commission announced it would implement increased tariff rates of 10%, 20% or 25% on approximately 4,500 specific items that represent a significant portion of the \$60b of annual commerce with the United States. China's move is a response to the recent increase in duties from 10% to 25% on US\$200 billion of Chinese origin products in place since September 2018.

[USTR publishes fourth round of exclusions for Chinese-origin products](#)

In a 9 May 2019 notice, the US Trade Representative (USTR) announced it was granting exclusions to an additional 35 Chinese-origin products that meet specific listed descriptions and to products covered by five 10-digit Harmonized Tariff of the United States subheadings. The selected products are currently subject to a 25% punitive tariff as part of the 818 tariff lines covering US\$34 billion worth of imports from China annually.

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General EY Publications

- [Outlook for global tax policy and controversy in 2019 | 9th edition](#)
- [2018-2019 EY Worldwide Transfer Pricing Reference Guide](#)
- [2019 Worldwide VAT, GST and Sales Tax Guide](#)
- [2018-19 Worldwide Personal Tax and Immigration Guide](#)
- [2019 Global Oil and Gas Tax Guide](#)
- [2018 Worldwide Capital and Fixed Assets Guide](#)
- [2018 Worldwide R&D Incentives Reference Guide](#)
- [2018 Worldwide Estate and Inheritance Tax Guide](#)
- [2018 Worldwide Corporate Tax Guide](#)
- [2018 Worldwide Corporate Tax Guide - Foreign currencies](#)
- [2018 Indirect Tax – updated worldwide developments map](#)
- [2018 US EY Tax Guide](#)

Tax Insights Magazine

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[US IRS finalizes certain temporary foreign currency regulations addressing recognition and deferral of Section 987 gain or loss](#)

In [T.D. 9857](#) effective 13 May 2019, the US Treasury and IRS finalized, with certain clarifications, temporary regulations related to combinations and separations of qualified business units (QBUs) subject to Code Section 987, and temporary regulations addressing recognition and deferral of Section 987 gain and loss upon certain QBU terminations and certain other transactions involving partnerships.

[US proposed regulations under Section 1446\(f\) would clarify scope of withholding on transfers of partnership interests](#)

On 7 May 2019, the US Treasury and the IRS issued proposed regulations under Code Section 1446(f), which imposes a new withholding tax on transfers by non-US persons of interests in partnerships that are engaged in a US trade or business. The proposed regulations, if issued in final form, would end the suspension currently in force on withholding for transfers of interests in publicly traded partnerships (PTPs), and require banks, brokers and custodians to perform withholding on such transfers by non-US persons of those PTP interests.

[US Office of Chief Counsel legal memorandum addresses IP transfer to US partnership](#)

In a lengthy internal legal memorandum (ILM), the IRS Office of Chief Counsel addressed the application of Section 367(d) to a particular set of facts. Because the facts are redacted, it is hard to draw broad conclusions from the ILM. However, the ILM may offer insights on the Internal Revenue Service's views on the definition of "domestic partnership" in Section 7701(a)(4) and the partnership abuse-of-entity rule in Reg. Section 1.701-2(e) in addition to insights it provides on Section 367(d).

[IMF paper on fiscal policies for Paris climate strategies part of larger US and global focus on reducing carbon emissions](#)

In its recently released [paper](#), the International Monetary Fund (IMF) has examined how participating countries could use carbon taxes and other instruments to meet carbon mitigation goals established under the 2015 Paris Agreement. The IMF paper is one of several recent policy documents on climate change and carbon emission mitigation.

[EY Worldwide Transfer Pricing Reference Guide 2018-2019 available](#)

The *EY Worldwide Transfer Pricing Reference Guide 2018-2019* is a publication designed to help international tax executives quickly identify transfer pricing rules, practices and approaches. This guide summarizes the transfer pricing rules and regulations adopted by 124 countries and territories.

This week's tax treaty news in the Americas

- **Argentina and Japan:** investment protection agreement approved by Japanese House of Representatives
- **Bolivia, Belgium, and Luxembourg:** investment protection agreement terminated
- **Bolivia and Switzerland:** investment protection agreement terminated
- **Canada and Kosovo:** investment protection agreement entered into force
- **Colombia and Japan:** treaty approved by Japanese House of Representatives
- **Ecuador and Japan:** treaty approved by Japanese House of Representatives
- **Guatemala, Belgium, and Luxembourg:** investment protection agreement entered into force
- **Peru and Spain:** amendment to social security agreement entered into force
- **United States and Tunisia:** FATCA agreement signed

This week's EY Global Tax Alerts

Global Tax Alerts

- [Report on recent US international tax developments - 17 May 2019 \(17 May 2019\)](#)
- [Nigeria's Court of Appeal orders re-trial of case regarding applicability of certain taxes and levies on Nigerian Liquefied Natural Gas Limited \(17 May 2019\)](#)
- [Turkey increases Banking and Insurance Transaction Tax for foreign exchange transactions to 1%, certain exceptions provided \(16 May 2019\)](#)
- [US IRS finalizes certain temporary foreign currency regulations addressing recognition and deferral of Section 987 gain or loss \(16 May 2019\)](#)
- [Colombian Tax Authority clarifies scope of new thin cap rule \(16 May 2019\)](#)
- [Puerto Rico enacts tax incentives law for investments in opportunity zones \(15 May 2019\)](#)
- [US proposed regulations under Section 1446\(f\) would clarify scope of withholding on transfers of partnership interests \(15 May 2019\)](#)
- [Indonesia issues regulations for determination of permanent establishments \(15 May 2019\)](#)
- [Rwanda amends Income Tax law: Defines permanent residence and effective place of management, provides guidelines on carryforward of tax losses past five years \(15 May 2019\)](#)
- [US Office of Chief Counsel legal memorandum addresses IP transfer to US partnership \(13 May 2019\)](#)

Comments

If you have any questions or suggestions about this newsletter, please contact [Amy Gist](#)

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Indirect Tax Alerts

- [Romanian tax authorities revise position on whether a toll manufacturer creates fixed establishment for VAT purposes \(17 May 2019\)](#)
- [USTR initiates actions to implement up to 25% tariffs on remaining products from China under Section 301; China retaliates with its own tariffs against most recent actions \(15 May 2019\)](#)
- [USTR publishes fourth round of exclusions for Chinese-origin products; issues initial denials for next set of product requests \(13 May 2019\)](#)

Upcoming webcasts

[Reinventing the supply chain for an autonomous future \(23 May\)](#)

A recent EY survey of 500 senior supply chain executives in the Americas shows a growing need for speed, the necessary journey from a linear to a networked supply chain, and how supply chain leaders are embracing innovation. An upcoming webcast discusses what executives say are the top three factors for creating a successful supply chain and the benefits of moving from a linear to a digitally networked supply chain.

[Global trade disruption escalates to new heights \(23 May\)](#)

After a relatively quiet period of significant progress in trade negotiations between the US and its major trading partners, global trade is back in the headlines. This first webcast in a series dedicated to discussing ongoing trade disruption actions will address the latest trade actions between the US and China, trade actions in Europe, and the latest update on other trade actions.

[Reshaping your organization for sustainable growth \(10 June\)](#)

Whatever the macro forecasts, successful organizations must prepare to seize the upside of disruption and build agile resilience into their operations. An upcoming webcast discusses how to implement agile resilience into an organization's operations and think beyond the balance sheet and look at the business holistically.

EY industry, service and issue publications

Industries

Automotive & Transportation

- [Why the fourth time's the charm for your supply chain](#)

Insurance

- [How insurers can maintain customer trust while using their data](#)

Services

People and workforce

- [How aerospace and defense can hone new labor strategies for a new era](#)
- [How can Europe sustain its digital drive?](#)
- [How mentoring can help young auditors navigate businesses](#)
- [How can a connection today define your tomorrow?](#)
- [How to use success to empower others](#)

Tax

- [How global organizations are reimagining their tax and finance talent approach](#)
- [How taxing the digital economy debate impacts all global businesses](#)

Issues

Growth

- [How to bank the unbanked](#)
- [How sustainable growth turns entrepreneurs into mold-breakers](#)

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