



Americas Tax Center Roundup

22 July 2019

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

Latest news - Americas

G7 Finance Ministers support OECD two-pillar project to develop new rules for taxing multinational businesses

On 18 July, at the conclusion of a meeting of the G7 Finance Minister and Central Bank Governors group, France issued a Chair's Summary of the discussion that included a section on international taxation. The Chair's Summary indicates that the G7 Finance Ministers agreed that addressing tax challenges of the digitalization of the economy is urgent, and that they supported the two-pillar solution to be developed through the OECD workplan.

US Senate approves four protocols updating the existing bilateral tax treaties with Luxembourg, Switzerland, Japan, and Spain

On 16 and 17 July, the US Senate gave its advice and consent to approve the four protocols amending the tax treaties with Luxembourg, Switzerland, Japan, and Spain. Efforts to have those agreements approved by the Senate had been stalled for several years. Generally, all four protocols modernize provisions in the respective tax treaties, conforming them to more recent US bilateral tax treaties as well as US law and international standards. The Japanese and Spanish Protocols introduce additional changes that benefit cross-border investments between the countries.

US initiates action against France's DST, issues additional exclusions on China-origin goods, and supplements list of products under EU subsidies dispute

On 10 July, the US Trade Representative (USTR) announced it would commence an investigation into France's pending Digital Services Tax (DST). Any US company that meets the criteria for application of the French DST should consider either participation in the public hearing or submission of written comments on the material impact the tax will have on its business.

In addition, with respect to US-China trade, the USTR published a new set of exclusions to 110 products subject to a 25% punitive tariff as part of the 818 tariff lines covering US\$34 billion worth of imports from China annually (US List 1). Also, with respect to US-EU trade, the USTR announced a proposed list of additional products for tariff countermeasures in response to the ongoing review of harm caused by EU aircraft subsidies.

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General EY Publications

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- [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](#)
- [2019 Worldwide Capital and Fixed Assets Guide](#)
- [2019 Worldwide Estate and Inheritance Tax Guide](#)
- [2018 Worldwide Corporate Tax Guide - Foreign currencies](#)
- [2019 Indirect Tax – updated worldwide developments map](#)
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Argentina and Japan sign new tax treaty

Japan and Argentina signed an Income Tax Treaty and Protocol on 27 June. Significant provisions in the new treaty include: (1) incorporation of BEPS Action 7 and anti-fragmentation concepts in the determination of a permanent establishment, (2) reduction of withholding tax on dividends, interest, and royalties, (3) source country capital gains on certain share dispositions, (4) Mutual Agreement Procedure, and (5) principal purpose test for the entitlement of benefits.

Costa Rica's Attorney General's Office confirms that tax exemptions applicable to the sales tax apply to new value-added tax

Costa Rica's Attorney General Office has determined that the sales tax exemptions also apply to the value-added tax (VAT). Questions had arisen regarding whether the exemptions applied to the new VAT after tax reform enacted in December 2018 replaced the sales tax with the VAT but did not repeal established sales tax exemptions. The tax authorities are likely to either follow the Attorney General's Legal Opinion or file a bill before the Congress to repeal the exemptions that are not included in the VAT law.

Dominican Republic releases documents for first round of bidding for hydrocarbon exploration and production activities

On 10 July, the Dominican Republic's Ministry of Energy and Mines published the bidding guidelines, model contracts, and maps for the first round of bidding for production sharing contracts for 10 onshore blocks and four offshore blocks of property for hydrocarbon exploration and production activities. This first round bidding is part of the government's plan to increase investment and diversify its economy.

Panama issues 2019 list of reportable jurisdictions for CRS reports

Panama has published a Decree that establishes the list of reportable jurisdictions for Common Reporting Standard (CRS) purposes. The Decree establishes the jurisdictions that will engage in the exchange of information during 2019 for tax year 2018 data, and it introduces 41 new jurisdictions to the list of reportable jurisdictions issued in 2018.

Latest update on OECD's BEPS project available (15 July 2019)

EY has released its latest update on developments related to the OECD's BEPS project. With respect to the Americas, the update highlights (1) Bermuda's enactment of legislation providing for an exclusion from the scope of the Economic Substance rules for entities tax resident outside Bermuda (and not resident in an EU "blacklist" territory), (2) Chile's President's comments on the intent of the tax reform package discussed in Congress, and (3) Colombia's new thin capitalization rules.

This week's tax treaty news in the Americas

- **Ecuador and UK:** joint declaration signed to launch tax treaty negotiations

This week's EY Global Tax Alerts

Global Tax Alerts

- [Report on recent US international tax developments - 19 July 2019 \(19 July 2019\)](#)
- [European Commission elects new President of the European Commission, President-elect publishes manifesto including tax focus areas \(19 July 2019\)](#)
- [Italian Parliament converts Growth Decree into law and introduces new tax measures \(19 July 2019\)](#)
- [UAE ratifies Multilateral Convention to implement tax-treaty related measures \(19 July 2019\)](#)
- [Malaysia releases rules and guidelines on interest expense limitation \(19 July 2019\)](#)
- [US Senate ratifies Spain-US tax treaty Protocol \(19 July 2019\)](#)

Tax Insights Magazine

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Forward to a colleague

- [Panama issues a list of reportable jurisdictions for CRS reports in 2019 \(18 July 2019\)](#)
- [US proposed regulations provide guidance on passive foreign investment companies, clarify longstanding PFIC issues and contain both favorable and unfavorable provisions for taxpayers \(18 July 2019\)](#)
- [US Senate approves four protocols updating the existing bilateral tax treaties with Luxembourg, Switzerland, Japan and Spain \(18 July 2019\)](#)
- [Nigeria's Pension Commission deploys an Enhanced Contributor Registration System \(18 July 2019\)](#)
- [Slovenia passes Act amending the Tax Procedure Act to implement Mandatory Disclosure Rules \(17 July 2019\)](#)
- [Hong Kong and Cambodia sign income tax treaty \(16 July 2019\)](#)
- [Dominican Republic's Ministry of Energy and Mines releases bidding documents for first round of bidding for hydrocarbon exploration and production activities \(16 July 2019\)](#)
- [French Parliament approves draft bill on partial freeze of corporate income tax rate decrease \(16 July 2019\)](#)
- [Netherlands issues draft mandatory disclosure regime legislation \(15 July 2019\)](#)

OECD/BEPS Alerts

- [G7 Finance Ministers support OECD two-pillar project to develop new rules for taxing multinational businesses \(18 July 2019\)](#)
- [The Latest On BEPS – 15 July 2019 \(15 July 2019\)](#)

Transfer Pricing Alert

- [UAE introduces Country-by-Country Reporting \(17 July 2019\)](#)

Indirect Alerts

- [Jordan issues regulations on tax invoicing \(19 July 2019\)](#)
- [India's 2019-20 Budget proposes Dispute Resolution Scheme for pending litigation under Excise and Service Tax laws \(17 July 2019\)](#)
- [Costa Rica's Attorney General's Office confirms that tax exemptions applicable to the sales tax apply to new value-added tax \(16 July 2019\)](#)
- [Slovenian tax authorities increase focus on fixed establishments of foreign e-commerce businesses \(16 July 2019\)](#)

Upcoming webcasts

BorderCrossings: OECD's workplan on digitalization of the economy, aka "BEPS 2.0" (25 July)

The OECD's recently released workplan on addressing tax challenges arising from the digitalization of the economy outlines its proposals into two pillars. EY's next BorderCrossings webcast will discuss the Pillar 1 proposals regarding new profit allocation rules, new taxing rights, and new nexus standards, as well as implementation challenges.

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Issues

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