



Americas Tax Center Roundup

19 August 2019

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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.

Latest news - Americas

US announces details for 1 September tariffs on Chinese imports, delays some tariffs until 15 December

On 13 August, the US Trade Representative formally announced the imposition of a 10% punitive tariff on approximately US\$265b of Chinese origin goods (List 4). The announcement further notes that certain products have been removed from the initial proposed List 4. While products covered by "List 4A" will go into effect 1 September 2019, a delay was announced for products covered by "List 4B," with the new tariff imposed as of 15 December 2019. With List 4A and List 4B, nearly all products from China will shortly be subject to punitive duties upon import into the US.

For a broader perspective on the ongoing trade dispute, a recent EY article looks at [how the escalating tension between the US and China impacts the deal market](#).

MERCOSUR-EU free trade agreement would eliminate import duties for more than 90% of traded products

A new free trade agreement agreed to between MERCOSUR (Argentina, Brazil, Paraguay, and Uruguay) and the EU would eliminate import duties on more than 90% of the products traded between the blocs and establish preferential import quotas with reduced rates for products that would be subject to tariffs. To prepare for the agreement's entry into force, multinationals should reassess their indirect tax costs embedded in their supply chains and consider alternatives to leverage their presence in MERCOSUR and EU countries.

US Government expands sanctions against Venezuelan Government

US President Trump issued an Executive Order blocking the transfer, payment, export, or withdrawal of property of the Venezuelan Government, escalating US sanctions against the regime of Nicolas Maduro. The new sanctions notably exempt Venezuela's private sector that is not affiliated with the Government, and thus the sanctions do not function as a full embargo. However, because the Venezuelan Government controls large stakes of the economy, a significant portion of the transactions between the US and Venezuela are likely to be impacted.

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- [2018-19 Worldwide Personal Tax and Immigration Guide](#)
- [2018 Worldwide R&D Incentives Reference Guide](#)
- [A complete list of EY Tax Guides](#)

US issues proposed regulations addressing cloud-based and other digital transactions

The US Treasury Department and Internal Revenue Service have released proposed regulations addressing cloud-based transactions and other transactions involving digital content, such as gaming and social media. The proposed rules represent Treasury's first significant attempt to grapple with cloud computing and related digital tax issues. The proposed regulations apply for purposes of determining the treatment of software and cloud transactions under certain provisions enacted as part of the *2017 Tax Cut and Jobs Act*.

Canada Border Services Agency updates trade compliance verification list

The Canada Border Services Agency (CBSA) has released its semi-annual list of trade compliance verification (audit) priorities. The list is designed to update the importing community on ongoing verification priorities and sets the stage for new priorities for the upcoming calendar year. The CBSA continues to focus on tariff classification as a priority audit area.

OECD releases first batch of 'Stage 2' peer review reports on dispute resolution

The OECD on 13 August 2019 released the first batch of Stage 2 peer review reports on implementation of the BEPS minimum standard on dispute resolution (Action 14) by Belgium, Canada, the Netherlands, Switzerland, the United Kingdom and the US. This is the first of multiple batches of Stage 2 reviews covering all of the jurisdictions that are being assessed.

Latest update on OECD's BEPS project available

EY has released its latest update on developments related to the OECD's BEPS project. Among other developments, this edition (12 August) highlights the Colombian Government's issuance of new regulations for its thin capitalization rule. EY's BEPS updates will return in September in a new monthly, expanded format (*The Latest on BEPS and Beyond*) that will include information on countries' global and regional policy trends in addition to reports on recent BEPS-driven activity in individual countries.

New EY report analyzes global M&A trends

Global mergers and acquisitions (M&A) totaled \$2.6 trillion in 2018, increasing for the first time since 2015 and up roughly \$300 billion over the 2017 total, according to a new *Tax Insight* from EY's Quantitative Economics and Statistics (QUEST) group. The US had the most cross-border M&A activity in 2018, accounting for 29%, with the UK, France, Germany, and Canada rounding out the top five countries.

This week's tax treaty news in the Americas

- **Barbados and Kenya:** tax treaty negotiations planned
- **Chile and Ecuador:** free trade agreement negotiations held
- **Central America (Costa Rica, El Salvador, Honduras, Nicaragua, and Panama) and South Korea:** free trade agreement enters into force in respect of Nicaragua

This week's EY Global Tax Alerts

Global Tax Alerts

- [Report on recent US international tax developments - 16 August 2019 \(16 August 2019\)](#)
- [Hungary passes act to implement Mandatory Disclosure Rules \(16 August 2019\)](#)
- [China-India Protocol enters into force \(15 August 2019\)](#)
- [Russian Tax Authority issues guidance on the application of beneficial ownership rules to holding companies \(15 August 2019\)](#)
- [Hong Kong Tax Authority clarifies methodology for attributing profits to Hong Kong permanent establishments \(15 August 2019\)](#)
- [US IRS issues proposed regulations addressing cloud-based and other digital transactions \(15 August 2019\)](#)
- [Luxembourg Government submits draft law implementing Mandatory Disclosure Rules to Parliament \(13 August 2019\)](#)

Tax Insights Magazine

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Forward to a colleague

OECD/BEPS Alerts

- [India deposits instrument of ratification of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS \(15 August 2019\)](#)
- [OECD releases first batch of Stage 2 peer review reports on dispute resolution \(14 August 2019\)](#)
- [The Latest on BEPS – 12 August 2019 \(12 August 2019\)](#)

Indirect Alerts

- [Canada Border Services Agency updates trade compliance verification list \(15 August 2019\)](#)
- [US Government expands sanctions against Venezuelan Government \(14 August 2019\)](#)
- [US announces details for products subject to 1 September 10% tariffs on imports from China with certain exclusions; provides delay to 15 December for other products \(14 August 2019\)](#)
- [Zambia withdraws Sales Tax Bill \(14 August 2019\)](#)
- [Mercosur-EU new free trade agreement would eliminate import duties for more than 90% of traded products \(13 August 2019\)](#)

EY industry, service and issue publications

Industries

Consumer products

- [How to integrate a smaller consumer acquisition and keep its brand uniqueness](#)

Power and Utilities

- [Why investors are targeting new energy technologies](#)

Telecommunications

- [Four ways TMT companies can use the merger integration process for transformation](#)

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