



**Building a better
working world**

7 February 2022

Americas Tax Roundup

Latest news – Americas

[OECD announces first consultations on BEPS 2.0 Pillar One](#)

The OECD on 4 February announced the first wave of consultations on the global tax agreement's Pillar One rules, focused on nexus and sourcing for Amount A, and released a public consultation document. Comments are due no later than 18 February 2022.

[Chile enacts tax reform to fund pension reform](#)

On 4 February 2022, Chile enacted tax reform (Law No. 21.240) that reduces or eliminates certain tax exemptions for the purpose of financing Law No. 21.419 (the new pension law). The tax reform imposes a 10% capital gains tax on gain from the sale of certain shares, progressively eliminates the value-added tax (VAT) deduction for construction companies and broadly applies VAT to services.

[Peruvian Tax Authority establishes guidelines for permanent establishments](#)

In Ruling 111-2021-SUNAT/7T0000, the Peruvian Tax Authority established guidelines for permanent establishments (PEs). The guidelines establish when a PE is triggered and when tangible and intangible assets are subject to tax.

[Peruvian Tax Authority establishes guidelines on using Peruvian banking system to pay for indirect transfers of shares](#)

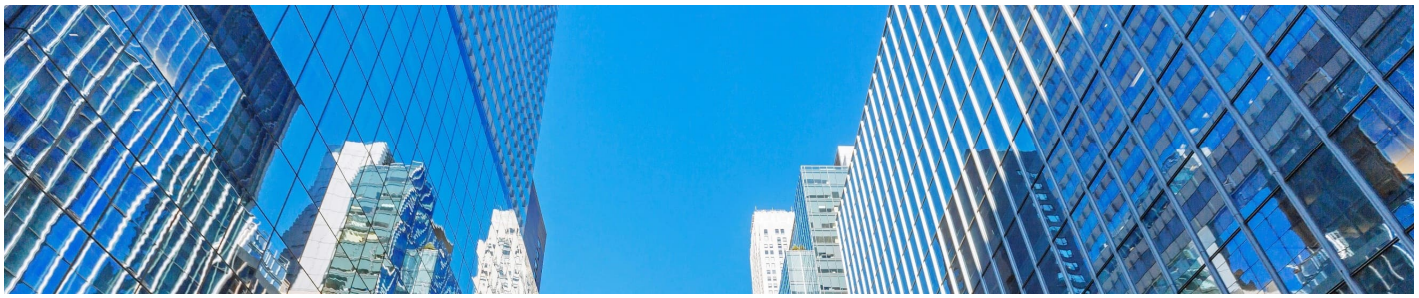
In Ruling 4-2022-SUNAT/7T0000, the Peruvian Tax Authority established guidelines for when taxpayers must use the Peruvian banking system to pay for indirect transfers of shares. The guidelines establish that taxpayers do not have to prove that payments for the indirect transfer of shares were made through the Peruvian banking system if certain conditions are met.

[US final regulations treat domestic partnerships as aggregates for applying certain subpart F provisions, and proposed regulations would apply a similar approach to PFICs](#)

The US Treasury Department and the Internal Revenue Service published final regulations ([T.D. 9960](#)) treating domestic partnerships as aggregates (i.e., not as entities) for many subpart F purposes. These regulations finalize, with limited changes, regulations originally proposed in 2019. Proposed regulations ([REG-118250-20](#)) also were issued that would extend the aggregate treatment of domestic partnerships to a "passive foreign investment company" (PFIC).

[US proposed regulations would expand scope of subpart F rules on related person insurance income](#)

In proposed regulations ([REG-118250-20](#)) issued 24 January 2022, the US Treasury and Internal Revenue Service address, among other items, the subpart F regime on related person insurance income (RPIL). The proposed regulations would expand the scope of relationships giving rise to RPIL, repropose an anti-abuse rule addressing certain cross-insurance arrangements, and provide for aggregate treatment of pass-through entities to characterize income as RPIL.



[Updated US list of foreign currency futures contracts - starting point for IRC Section 1256](#)

An updated list of foreign currencies that are traded on qualified boards or exchanges for purposes of beginning the analysis of whether an over-the-counter contract with respect to those currencies should be marked to market under Internal Revenue Code (IRC) Section 1256 is available. The list is retrospective; currencies can begin (or cease) trading in futures at any time. Thus, it is imperative for taxpayers to examine contemporaneous futures trading to determine whether a specific contract will qualify as an IRC Section 1256 contract.

[OECD releases 2021 update on peer review of preferential tax regimes](#)

On 24 January 2022, the OECD released an [update](#) on the results of peer reviews of jurisdictions' domestic laws under BEPS Action 5 (harmful tax practices). The updated results cover new decisions on nine preferential tax regimes.

[Brazil permits digital nomads to work from Brazil](#)

Effective 24 January 2022, digital nomads may work in Brazil for up to two years.

[Mexico suspends visa waivers for Brazilian and Venezuelan citizens](#)

Mexico suspended visa waivers for Brazilian and Venezuelan citizens, requiring them to obtain visitor visas before entering Mexico as visitors.

[EY Canada issues latest edition of TaxMatters@EY](#)

TaxMatters@EY, a monthly bulletin prepared by EY Canada, provides a summary of recent Canadian tax news, publications, and resources. Highlights of the February 2022 issue include: (i) a status update on additional trust reporting requirements, and (ii) a recent Tax Court of Canada decision that denied an allowable business investment loss (ABIL) claim when the taxpayers argued the loan recipient was merely a conduit.

This week's tax treaty news in the Americas

- ▶ Argentina and France: amending protocol to the income and capital tax treaty ratified by France
- ▶ Barbados, G20 and OECD: Multilateral Competent Authority Agreement signed by Barbados
- ▶ Canada and Ukraine: negotiations to begin for modernization of free trade agreement
- ▶ Jamaica, Council of Europe and OECD: Multilateral Competent Authority Agreement on Automatic Exchange of Information on Financial Accounts signed by Jamaica
- ▶ Panama and Austria: air transport agreement entered into force

Upcoming webcasts

[International tax talk quarterly series...With the EY Global Tax Desk Network \(8 February\)](#)

The European Commission recently published a legislative proposal for a directive to tackle the misuse of shell entities in the European Union (UNSHELL/ATAD 3). This webcast will address how implementation of these new requirements could affect businesses. At a high level, the webcast will also consider the impact these provisions are likely to have in other regions with respect to similar anti-abuse rules and reporting requirements, as well as these countries' responses to increased tax transparency in recent years.



[How to respond to the continued evolution of hybrid work \(8 February\)](#)

In this webcast, panelists will discuss the hybrid working model and how organizations are moving forward in the complicated world of travel disruption, vaccine requirements, changing government policies and fluctuating return-to-office plans.

For a full list of upcoming webcasts, please access EY's webcast page on ey.com [here](#).

Recently issued EY podcasts

[US Cross-Border Taxation weekly podcast, 4 February 2022](#)

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

- ▶ Sen. Manchin reiterates need for wholly new spending and tax bill; Congress faces full agenda
- ▶ OECD announces first wave of consultations on the BEPS 2.0 Pillar One rules, releases consultation document
- ▶ OECD official reinforces BEPS 2.0 timeline

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

[Monthly ITTS Washington Dispatch \(January 2022\)](#)

EY's monthly Washington Dispatch podcast summarizes recent developments in US international taxation. The Newsletter PDF is also available [here](#).

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

This week's EY Global Tax Alerts

Americas Global Tax Alerts

- ▶ [Report on recent US international tax developments – 4 February 2022](#)
- ▶ [Peruvian Tax Authority establishes guidelines for permanent establishments](#)
- ▶ [Peruvian Tax Authority establishes guidelines on using Peruvian banking system to pay for indirect transfers of shares](#)
- ▶ [US proposed regulations would expand scope of subpart F rules on related person insurance income](#)
- ▶ [Updated US list of foreign currency futures contracts - starting point for Section 1256](#)
- ▶ [US final regulations treat domestic partnerships as aggregates for applying certain subpart F provisions, and proposed regulations would apply a similar approach to PFICs](#)
- ▶ [Chile enacts tax reform to fund pension reform](#)
- ▶ [PE Watch: 2021 in review](#)



Other Cross-border Alerts

- ▶ [Turkey reduces its corporation tax rate by one point for certain corporations on specified income](#)
- ▶ [Turkey enacts law to postpone inflation accounting and provides corporation tax exemption on gains related to conversions into Turkish Lira](#)
- ▶ [Kenya High Court rules that sale of copyrighted material is not a royalty and does not attract withholding tax](#)
- ▶ [India releases Union Budget 2022](#)
- ▶ [Taiwan | Recent changes to tax legislation](#)
- ▶ [CJEU rules that Spain's penalty regime for failure to report overseas assets and rights to tax authorities is contrary to EU law](#)
- ▶ [UAE to introduce corporate tax for financial years starting as of 1 June 2023](#)
- ▶ [Danish Tax Administration publishes new guidance on submission deadline for Master Files covering income years as of 1 January 2021](#)
- ▶ [Cyprus Tax Authorities publish 10-year government bond yield rates for NID purposes](#)

OECD Alerts

- ▶ [OECD releases 2021 update on peer review of preferential tax regimes](#)

Human Capital Alerts

- ▶ [Mexico suspends visa waivers for Brazilian and Venezuelan citizens](#)
- ▶ [Brazil permits digital nomads to work from Brazil](#)

Indirect Tax Alerts

- ▶ [Ghana Revenue Authority issues administrative guidelines on certain provisions of the VAT Amendment Act](#)

EY Industry and Tax Services publications

Industries

Mining & Metals

- ▶ [How better project management can boost mining's capital productivity](#)

Private Equity

- ▶ [How PE can put ESG at the heart of their portfolio](#)

Services

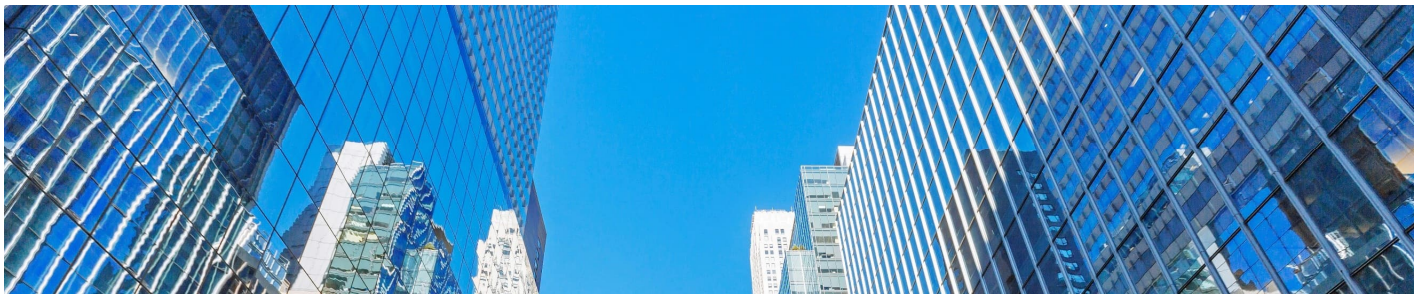
People and workforce

- ▶ [Updated: How COVID-19 is disrupting immigration policies and worker mobility: a tracker](#)
- ▶ [The CEO Imperative: How has adversity become a springboard to growth?](#)

Issues

Risk

- ▶ [Tunnel vision or the bigger picture?](#)



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

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