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Americas Tax Roundup

Latest news – Americas

[US foreign tax credit regulations revamp creditability rules for foreign income taxes and include several other key changes](#)

The US government on 4 January 2022 published its third set of final regulations ([T.D. 9959](#)) on foreign tax credits since the enactment of the 2017 Tax Cuts and Jobs Act. The final regulations adopt proposed regulations that were published on 12 November 2020, with some modifications.

[Peru's President enacts various tax measures](#)

After receiving [approval](#) to enact certain tax measures, Peru's President enacted several Legislative Decrees that modify certain tax provisions, including extending the tax benefits applicable to the agribusiness tax regime to aquaculture and forestry activities and extending the value-added tax exemption for certain activities and services. The tax provisions will apply for tax year 2022.

[Peru publishes thin capitalization regulations](#)

Peru published Supreme Decree 402-2021-EF, which contains the regulations for the thin capitalization rules. The regulations establish how to determine EBITDA when a taxpayer has no net income or has losses that are equal to or higher than net income. They also establish rules for reorganizations and carrying forward disallowed interest expense.

[Ecuador's new tax reform repeals exemption for interest paid on Government debt](#)

Ecuador's new tax reform, enacted on 29 November 2021, repeals the exemption for interest income from Ecuadorian Government debt instruments. Under the provision, the interest income will be subject to a 25% withholding tax rate (35% if the income is remitted to a tax haven jurisdiction).

[Costa Rica's Tax Authority publishes new Income Tax Law Regulation](#)

Costa Rica's Tax Authority published Executive Decree No. 43198-H (new Income Tax Law Regulation), which incorporates provisions enacted as part of the 2018 tax reform into the Income Tax Law. It also includes provisions from the previous Income Tax Law Regulation that still apply.

[Costa Rica's Tax Authority publishes the income tax brackets for tax year 2022](#)

Costa Rica's Tax Authority published Executive Decree No. 43375-H, which contains the income tax brackets applicable for tax year 2022. The new brackets are for corporate income, income from profitable activities and the salary tax. The brackets went into effect 1 January 2022.

[Paraguay modifies nonresident tax for digital services](#)

Paraguay has amended the nonresident tax (INR, for its acronym in Spanish) on the provision of digital services. Financial institutions acting as intermediaries are no longer required to withhold nonresident tax when they collect payments for the provision for digital services.



[Paraguayan Tax Authority creates registry of authorized local transfer pricing professionals](#)

In General Resolution No. 108/21 (issued 30 December 2021), the Paraguayan Government created a registry of authorized local transfer pricing (TP) professionals. Specifically, the resolution establishes the documentation and steps required to register with the Tax Authority as a local TP professional authorized to prepare and sign TP Technical Study Reports in Paraguay.

[Canada's Bill C-2 receives Royal Assent, public company dividend restriction and amendment to executive compensation repayment rule introduced](#)

On 17 December 2021, Bill C-2, An Act to provide further support in response to COVID-19, received Royal Assent. Among other measures, Bill C-2 provides for new targeted COVID-19 support measures in addition to an extension of the Canada Recovery Hiring Program. The new business support measures include wage and rent subsidies under the Tourism and Hospitality Recovery Program, the Hardest-Hit Business Recovery Program and the Public Health Lockdown Support.

[US IRS lists substances subject to reinstated Superfund excise tax, offers procedural guidance and suspends Notice 89-61](#)

In [Notice 2021-66](#) (released 14 December 2021), the US Internal Revenue Service (IRS) provided guidance on Superfund excise taxes, which are reinstated as of 1 July 2022, under the Infrastructure Investment and Jobs Act. Notice 2021-66 does the following: (1) updates the list of taxable substances under Section 4672(a), which had expired on 31 December 1995; (2) suspends Notice 89-61, which specified the procedure for requesting the addition or removal of specific chemicals from the list of taxable substances; and (3) instructs taxpayers how to furnish sufficient information to the Treasury Secretary to determine the rate of tax applicable to an imported taxable substance.

[New US-Malta competent authority arrangement confirms meaning of 'pension fund' for tax treaty purposes](#)

In a competent authority arrangement (CAA) executed on 21 December 2021, the US and Malta have confirmed their understanding of the meaning of "pension fund" for purposes of the US-Malta income tax treaty (Treaty). The CAA reflects the competent authorities' understanding that a "fund, scheme or arrangement" is not operated principally to provide pension or retirement benefits, so Treaty benefits do not apply, if it allows participants to contribute property other than cash or does not limit contributions based on a taxpayer's employment or self-employment income. (This understanding does not, however, apply to qualified rollovers from pension funds in the same country.)

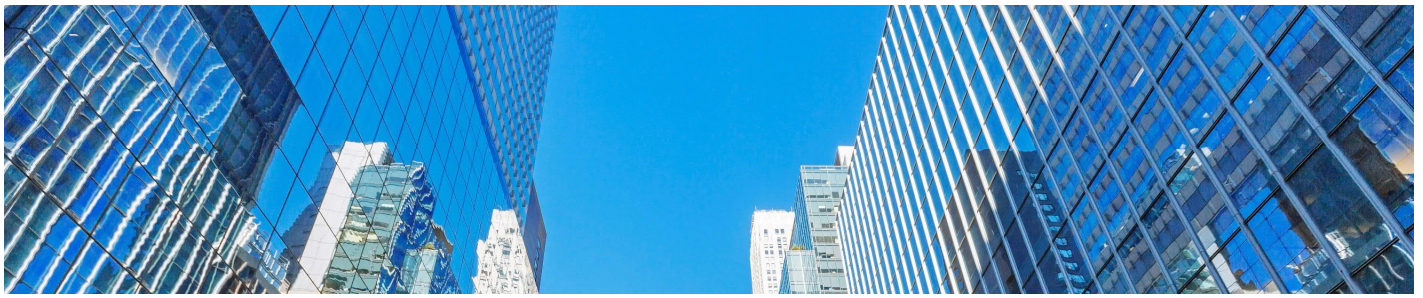
This week's tax treaty news in the Americas

- ▶ Colombia and France: income and capital tax treaty entered into force
- ▶ Uruguay and Australia: investment protection agreement ratified by Uruguay

Upcoming webcasts

[BEPS 2.0: Focus on Pillar Two \(rescheduled to 12 January\)](#)

This webcast continues the series of EY Global webcasts addressing BEPS 2.0 developments. Please join us for a timely discussion of the recently released Pillar Two model rules. Panelists will discuss the key elements of the Pillar Two model rules, highlighting what is new. They also will share perspectives on how the European Union and other jurisdictions plan to incorporate these model rules into domestic law.



[Understanding the latest US FTC regulations \(13 January\)](#)

Join our panel of international tax professionals for an in-depth discussion of the US final regulations, including what changed compared to the proposed foreign tax credit (FTC) regulations issued in 2018, what stayed the same and what actions taxpayers may want to consider.

[Supply chain and tax challenges for manufacturers in Mexico \(19 January\)](#)

The global economy is undergoing significant supply chain disruption, creating new challenges for multinationals with manufacturing operations in Mexico. Mexico's 2022 tax reform could also affect these manufacturers. As such, companies may wish to explore manufacturing alternatives in Mexico that could yield new operating and tax efficiencies. Join our EY local-country professionals as they address these issues.

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, 7 January 2022](#)

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

- ▶ Build Back Better Act faces uncertain path
- ▶ Treasury and IRS release final foreign tax credit regulations
- ▶ IRS finalizes rules addressing the tax consequences of the elimination of LIBOR and other interbank offered rates

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

This week's EY Global Tax Alerts

Americas Global Tax Alerts

- ▶ [Report on recent US international tax developments – 7 January 2022](#)
- ▶ [Peru enacts law allowing the President to enact various tax measures](#)
- ▶ [Ecuador's new tax reform repeals exemption for interest paid on Government debt](#)
- ▶ [Costa Rica's Tax Authority publishes the income tax brackets for tax year 2022](#)
- ▶ [Canada's Bill C-2 receives Royal Assent, public company dividend restriction and amendment to executive compensation repayment rule introduced](#)
- ▶ [Peru's President enacts various tax measures](#)
- ▶ [Costa Rica's Tax Authority publishes new Income Tax Law Regulation](#)
- ▶ [Costa Rica's Ministry of Treasury and Ministry of Foreign Trade modify the procedure that free trade zone companies must follow to sell goods to the local market](#)
- ▶ [Peru publishes thin capitalization regulations](#)
- ▶ [New US-Malta competent authority arrangement confirms meaning of "pension fund" for tax treaty purposes](#)
- ▶ [Paraguay modifies nonresident tax for digital services](#)



Other Cross-border Alerts

- ▶ Spanish Tax Authorities deny withholding tax exemption on interest payments to EU residents based on GAAR
- ▶ Singapore enacts Income Tax (Amendment) Act 2021
- ▶ Ghana enacts various tax amendments introduced in 2022 Budget

Transfer Pricing Alerts

- ▶ Paraguayan Tax Authority creates registry of authorized local transfer pricing professionals

Human Capital Alerts

- ▶ US DOS announces authorization to waive in-person interview requirement for certain nonimmigrant visa applicants effective through 31 December 2022
- ▶ UK to launch permanent, digital Right to Work checking process in April 2022
- ▶ Singapore requires individuals applying to obtain or renew immigration passes to be fully vaccinated against COVID-19 as of February 2022

Indirect Tax Alerts

- ▶ US IRS lists substances subject to reinstated Superfund excise tax, offers procedural guidance and suspends Notice 89-61

EY Industry and Tax Services publications

Industries

Health & Life Sciences

- ▶ [How ecosystem participation drives more value for life sciences deals](#)

Issues

Growth

- ▶ [The CEO Imperative: Will bold strategies fuel market-leading growth?](#)

Comments

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