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17 January 2022

Americas Tax Roundup

Latest news – Americas

[Argentina's tax authority launches 'Comprehensive System for Monitoring Payments Abroad for Services'](#)

In General Resolution No. 5135/2022, the Argentine tax authority (AFIP) established the "Comprehensive System for Monitoring Payments Abroad for Services" (SIMPES). The SIMPES applies to individuals and entities that pay foreign service providers. Before making the payments, the AFIP will analyze the tax compliance and financial capacity of the individuals and entities as a prerequisite to making the payments.

[Colombia issues resolution on ultimate beneficial owners](#)

The Colombian Tax Authority issued Resolution No. 164, establishing the criteria for identifying the ultimate beneficial owner (UBO) of legal entities or structures without legal status (individuals that (1) are the owners of, (2) control or (3) benefit from, the relevant entity), as well as the information that will be compiled in the UBO registry.

[Colombia-France double tax treaty entered into force on 1 January 2022](#)

Colombia and France completed the exchange-of-letters procedure, confirming that they concluded their domestic procedures for ratifying the double tax treaty signed by both countries (approved in Colombia by Law 2061 of 2020). The treaty includes special rules for determining the existence of a permanent establishment (for services and the exploration or exploitation of natural resources), and reduced withholding tax rates for dividends, interest and royalties. Though the treaty entered into force on 1 January 2022, most of its provisions (including those that reduce income tax withholding in the State of source) will be effective as of 1 January 2023.

[Costa Rica's Congress will discuss a bill that would modify PE definition](#)

Costa Rica's Congress will discuss a bill that would amend the definition of permanent establishment (PE) to eliminate the term "essential activity" from the permanent establishment definition. With this modification, a lower threshold would apply for triggering a permanent establishment.

[Costa Rican Foreign Trade Promoter publishes 'Handbook for Auditing Free Trade Zone Regime Companies'](#)

The Costa Rican Foreign Trade Promoter (PROCOMER) published the "Handbook for Auditing Free Trade Zone Regime Companies" (the Handbook), which outlines PROCOMER's auditing process. The provisions contained in the Handbook apply to all free trade zone (FTZ) regime companies; however, the Handbook includes some specific provisions for certain companies depending on their classification within the FTZ regime.

[Finance Canada announces temporary expanded eligibility for the Local Lockdown Program](#)

The Canadian Government announced its intention to temporarily expand eligibility for the Local Lockdown Program, as well as the Canada Worker Lockdown Benefit that was also enacted in Bill C-2. The Local Lockdown Program (also referred to as the public health lockdown support) provides wage and rent subsidies to entities that become subject to a qualifying public health restriction.



[US | Final rules address tax consequences of transitioning from use of LIBOR and other interbank offered rates in certain financial contracts](#)

In final regulations ([TD 9961](#)) released 30 December 2021, the US Treasury Department provided guidance on the elimination of, and pending transition from, the use of certain interbank offered rates (IBOR), including the London interbank offered rate (LIBOR), in certain financial contracts, including debt instruments, derivatives and other contracts. The final regulations address whether a modification of the terms of a contract to replace an existing IBOR with a new reference rate results in a taxable event and the realization of income, deduction, gain, or loss. The Final Regulations, principally contained in Treas. Reg. Section 1.1001-6, apply to any contract modification occurring on or after 7 March 2022.

[US President signs Uyghur Forced Labor Prevention Act | Implications for US importers](#)

On 23 December 2021, US President Joe Biden signed into law the Uyghur Forced Labor Prevention Act (UFLPA), passed by Congress. The UFLPA is intended to enhance existing prohibitions against importing goods into the US made with forced labor. The broad scope of the Act may impact a wide range of industries with reliance on supply chains that originate in China.

[EY's Washington Dispatch 2021 Year-in-Review now available](#)

The 2021 edition of Ernst & Young LLP's Washington Dispatch Year-in-Review is now available. Prepared by EY's International Tax and Transaction Services group, the newsletter summarizes the year's developments in US international taxation from 1 January – 31 December 2021.

This week's tax treaty news in the Americas

- ▶ [United States and Kazakhstan: FATCA agreement approved by lower chamber of the Kazakhstani parliament](#)

Upcoming webcasts

[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.

[BorderCrossings: Re-examining the "aggregation principle" in transfer pricing and reviewing latest OECD developments \(27 January\)](#)

Multinational companies often encounter related transactions – for example, the sale of tangible goods with the use of intangibles, or the sale of goods along with services being provided. This month's BorderCrossings webcast, a follow-up to our August [BorderCrossings webcast](#) on the "realistic alternatives" principle, addresses these issues by focusing on the related "aggregation principle" in transfer pricing. The webcast will also include a brief update on recent activities around the OECD's "Pillar One" and "Pillar Two" initiatives under BEPS 2.0.

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, 14 January 2022](#)

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

- ▶ No action on President Biden's Build Back Better agenda as Congress pivots to other legislative priorities
- ▶ Treasury developing interim guidance on cryptocurrency reporting

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 – 14 January 2022](#)
- ▶ [US | Final rules address tax consequences of transitioning from the use of LIBOR and other interbank offered rates in certain financial contracts](#)
- ▶ [Costa Rica's Congress will discuss a bill that would modify PE definition](#)
- ▶ [Washington Dispatch for December 2021](#)
- ▶ [Finance Canada announces temporary expanded eligibility for the Local Lockdown Program](#)
- ▶ [Colombia issues resolution on ultimate beneficial owners](#)
- ▶ [US foreign tax credit regulations revamp creditability rules for foreign income taxes and include several other key changes](#)
- ▶ [Argentina's Tax Authority launches 'Comprehensive System for Monitoring Payments Abroad for Services'](#)
- ▶ [Colombia-France double tax treaty entered into force on 1 January 2022](#)
- ▶ [Costa Rican Foreign Trade Promoter publishes "Handbook for Auditing Free Trade Zone Regime Companies"](#)
- ▶ [US President signs Uyghur Forced Labor Prevention Act | Implications for US importers](#)
- ▶ [PE Watch: Latest developments and trends, January 2022](#)

Other Cross-border Alerts

- ▶ [European Commission builds on "Fit for 55" energy and climate package with new measures](#)
- ▶ [European Commission proposes new set of measures to address deforestation, waste management and soil health](#)
- ▶ [Korea enacts 2022 tax reform bill](#)
- ▶ [Italy issues 2022 Budget Law](#)
- ▶ [Switzerland plans to implement OECD minimum tax rate for large multinational companies from 2024](#)
- ▶ [Cyprus expands treaty network as of 1 January 2022](#)
- ▶ [Spain approves State Budget Bill for 2022](#)



Human Capital Alerts

- ▶ China implements new, stricter pre-travel COVID-19 test requirements for inbound travelers
- ▶ Russia requires medical exam, photo and fingerprints for foreign travelers

Indirect Tax Alerts

- ▶ Kazakhstan | VAT obligations for nonresidents engaged in the e-commerce sale of goods and providing digital services to individuals enter into force on 1 January 2022
- ▶ Kenya High Court rules that insurance agencies, insurance brokerage and securities brokerage services should remain as VAT-exempt

EY Industry and Tax Services publications

Industries

Banking & Capital Markets

- ▶ [Why banks should transform trade finance controls](#)
- ▶ [How can regulation keep up as banking transformation races ahead?](#)

Insurance

- ▶ [2022 Global Insurance Outlook: Growing with people, purpose and tech](#)

Technology

- ▶ [Embracing digital: is COVID-19 the catalyst for lasting change?](#)
- ▶ [Using technology to control spending risk in a fast-moving environment](#)

Services

Tax

- ▶ [How to realize the value of your tax and finance function](#)

Comments

If you have any questions or suggestions about this newsletter, please email Global Tax News Update Help at: globaltaxnewsupdatehelp@ey.com.



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