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22 August 2022

Americas Tax Roundup

Latest news – Americas

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[US Inflation Reduction Act includes 15% corporate minimum tax on book income](#)

The US Inflation Reduction Act includes a 15% corporate minimum tax on book income that will require companies to compute two separate calculations for federal income tax purposes and pay the greater of the new minimum tax or their regular tax liability. To determine whether the new tax applies, companies must first ascertain whether their "average annual adjusted financial statement income" (AFSI) exceeds \$1 billion for any three consecutive years preceding the tax year. Affected companies must make several adjustments to AFSI when determining the new tax.

[New Colombian Government submits tax reform bill to Congress](#)

On 8 August 2022, the new Colombian Government submitted to the Colombian Congress a tax reform bill that is expected to bring in revenue of COP 25 trillion for 2023 (approx. USD 6.2 billion) (1.72% of the GDP), and COP 50 trillion (approx. USD 12.4 billion) in revenue by 2026. The bill would eliminate the reduced corporate income tax rates for certain activities and increase taxes on nonresident entities and individuals.

[Colombia and Brazil sign double tax treaty](#)

On 5 August 2022, Colombia and Brazil signed a double tax treaty, aimed at avoiding double taxation on transactions and investments between both jurisdictions, as well as preventing tax evasion and avoidance. The treaty includes reduced withholding tax rates for certain passive income and permanent establishment provisions.

[Colombia-Japan double tax treaty will be effective 1 January 2023](#)

On 5 August 2022, Colombia and Japan completed the exchange of diplomatic notes, confirming that they concluded their domestic procedures for the ratification of the double tax treaty signed by both countries. The treaty includes permanent establishment rules that follow the guidelines of the OECD BEPS plan.

[Argentine Tax Authority establishes one-time windfall corporate income tax prepayment](#)

On 16 August 2022, the Argentine Tax Authority published General Resolution No. 5248/2022 establishing a one-time "windfall income tax prepayment" for companies that have obtained extraordinary income derived from the general increase in international prices. The "windfall income tax prepayment" is creditable against the corporate income tax liability for tax year 2022 or 2023.

[Brazilian tax authority may use information from transfer pricing study in customs valuations](#)

A recently issued Normative Instruction (NI) allows the Brazilian Federal Revenue Office (RFB) to use information from the taxpayer's transfer pricing analysis, in general, to determine whether the customs value of goods in an import transaction between related parties was affected by that relationship. It is expected that these regulations could result in increased scrutiny on import prices. Accordingly, taxpayers must be in a position to support the reasonableness of intercompany pricing policies and procedures.



[Canada's Department of Finance releases draft legislation for remaining 2022 budget measures](#)

Canada's Department of Finance released for public comment draft legislative proposals to implement most of the remaining income tax measures from the 2022 federal budget, as well as other outstanding measures previously announced in the draft legislative proposals released on 4 February 2022, as amended (where applicable). The Department of Finance also released a separate package of draft technical amendments relating to previously enacted income tax measures.

[Puerto Rico's Municipal Income Collection Center extends due date from August 15 to August 31, 2022 for first estimated property tax payment for tax year 2022](#)

The Puerto Rico Municipal Income Collection Center extended from 15 August 2022 to 31 August 2022, the due date for the first estimated property tax payment for tax year 2022.

[Salvadoran Minister of Finance submitted a bill to Congress to establish a tax amnesty program](#)

The Salvadoran Minister of Finance submitted a bill to Congress that would establish a tax amnesty program that would allow taxpayers to comply voluntarily with their tax and customs obligations. The program would be effective from the date the decree is published in the *Official Gazette* to 1 November 2022.

[Guatemala eliminates COVID-19 vaccination and testing requirements for inbound travelers](#)

Inbound travelers to Guatemala are no longer required to be fully vaccinated against COVID-19 or get tested for COVID-19 prior to entry or after arrival in the country.

This week's tax treaty news in the Americas

- ▶ Argentina and Bulgaria: possibility of beginning negotiations for a social security agreement discussed
- ▶ Argentina and Croatia: negotiations for social security agreement authorized by Croatian government
- ▶ United States and Taiwan: interest in signing tax agreement reiterated by Taiwan

Upcoming webcasts

[Federal tax credits, grants and loans: Understanding what is in the US Inflation Reduction Act and Infrastructure Investment and Jobs Act \(23 August\)](#)

With the US Inflation Reduction Act of 2022 (IRA) signed into law, it is critical for businesses to fully understand the landscape of federal incentive opportunities and how they may apply to their operations. Join our team of Ernst & Young LLP subject matter professionals for a discussion of the latest federal incentive developments, including new and expanded opportunities under the IRA.

[BorderCrossings . . . Transfer pricing valuation: deep tracks \(25 August\)](#)

During this webcast, part of an ongoing monthly series, EY transfer pricing and tax professionals will help you stay informed and able to adopt a more proactive stance in developing and defending your transfer pricing policies and practices.

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, 19 August 2022](#)

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

- ▶ President Biden signs Inflation Reduction Act of 2022 into law; includes new 15% corporate alternative minimum tax
- ▶ Inflation Reduction Act includes unprecedented energy and climate provisions
- ▶ Stock buyback provision in Inflation Reduction Act may have broader implications
- ▶ IRS funding in Inflation Reduction Act may increase scrutiny of transfer pricing cases
- ▶ Treasury and IRS to extend applicability date of 2016 final Section 987 FX regulations additional year

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

This week's EY Global Tax Alerts

Americas Global Tax Alerts

- ▶ [Report on recent US international tax developments - 19 August 2022](#)
- ▶ [Global Tax Policy and Controversy Watch | August 2022 edition](#)
- ▶ [Argentine Tax Authority establishes one-time windfall corporate income tax prepayment](#)
- ▶ [Brazilian tax authority may use information from transfer pricing study in customs valuations](#)
- ▶ [Canada's Department of Finance releases General Anti-Avoidance Rule consultation and paper](#)
- ▶ [Canada's Department of Finance releases draft legislation for remaining 2022 budget measures](#)
- ▶ [Colombia and Brazil sign double tax treaty](#)
- ▶ [Colombia-Japan double tax treaty will be effective 1 January 2023](#)
- ▶ [New Colombian Government submits tax reform bill to Congress](#)
- ▶ [Puerto Rico's Municipal Income Collection Center extends due date for property tax return to 22 August 2022](#)
- ▶ [Salvadoran Minister of Finance submitted a bill to Congress to establish a tax amnesty program](#)
- ▶ [US | Increased IRS funding from Inflation Reduction Act will likely affect transfer pricing cases](#)
- ▶ [US Inflation Reduction Act includes 15% corporate minimum tax on book income](#)
- ▶ [US House clears Inflation Reduction Act for President Biden's signature](#)

Human Capital Alerts

- ▶ [Angola now requires appointments to file applications at three offices of the immigration authorities in Angola](#)
- ▶ [Guatemala eliminates COVID-19 vaccination and testing requirements for inbound travelers](#)
- ▶ [Singapore imposes new, higher salary requirements for Employment Pass and S Pass applicants](#)



Indirect Tax Alerts

- ▶ [Dubai Customs launches Self-Audit Findings service](#)
- ▶ [Hong Kong Court holds limited liability partnerships are entitled to intra-group stamp duty relief](#)
- ▶ [Portugal issues clarifications and further details on the contribution on single-use packaging made of plastic or multi-material with plastic in Portugal](#)
- ▶ [UK implements new Customs Declaration Service for imports as of 1 October 2022](#)

Other Global Tax Alerts

- ▶ [Hong Kong delays implementation of OECD Pillar Two rules](#)
- ▶ [Spanish High Court confirms treaty exemption under Brazil-Spain Tax Treaty](#)
- ▶ [Switzerland opens public consultation on material aspects of the OECD's Pillar Two minimum corporate tax](#)

EY Industry and Tax Services publications

Industries

Automotive

- ▶ [Podcast: Why manufacturers are decoupling supply chains to stay competitive](#)

Services

People and workforce

- ▶ [Updated: How COVID-19 is disrupting immigration policies and worker mobility: a tracker](#)

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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