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31 January 2022

Americas Tax Roundup

Latest news – Americas

[US Treasury releases final regulations on treatment of domestic partnerships under IRC Section 958, as well as proposed PFIC regulations](#)

The US Treasury finalized regulations ([TD 9960](#)) requiring an aggregate approach to determine the Subpart F inclusion for a controlled foreign corporation owned by a domestic partnership. Accompanying proposed regulations ([REG-118250-20](#)) would extend the aggregate approach to domestic partnerships that own an interest in a passive foreign investment company (PFIC).

[US IRS changes to instructions for 2021 partnership Schedules K-2 and K-3 are relevant to many partnerships, including private equity and private capital funds](#)

The US Internal Revenue Service (IRS) [outlined changes](#) to previously issued IRS instructions for Schedules K-2 and K-3 for the 2021 IRS Form 1065, *U.S. Return of Partnership Income*. Schedules K-2 and K-3 are new reporting forms that pass-through entities generally must complete, beginning in the 2021 tax year.

[US IRS announces pilot fast-track program that resolves corporate letter ruling requests in 12 weeks](#)

The US IRS is conducting an 18-month pilot program that allows taxpayers to request fast-track processing of corporate letter rulings if they meet the guidelines set out in [Revenue Procedure 2022-10](#). The IRS will strive to issue a ruling within 12 weeks after the request.

[Peru's President modifies rules for enacting tax exemptions and tax benefits](#)

On 22 January 2022, Peru's President enacted Legislative Decree 1521, which modifies the Peruvian Tax Code rules for enacting tax exemptions and tax benefits. Specifically, the decree sets forth requirements a bill must satisfy if it is proposing new tax exemptions or tax benefits.

[OECD publishes 2022 Transfer Pricing Guidelines](#)

On 20 January 2022, the OECD released the [2022 edition](#) of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (OECD TP Guidelines). The 2022 edition of the OECD TP Guidelines mainly reflects a consolidation of a number of reports resulting from the OECD/G20 BEPS Project. It incorporates the following three revisions of the 2017 edition: (i) revised guidance on the transactional profit split method approved by the OECD/Inclusive Framework on BEPS in 2018; (ii) guidance for tax administrations for Hard-to-Value Intangibles approved in 2018; and (iii) transfer pricing guidance on financial transactions approved in 2020.

[OECD releases eighth batch of Stage 2 peer review reports on dispute resolution](#)

On 24 January 2022, the OECD released the [eighth batch of Stage 2 peer review reports](#) relating to the outcome of the peer monitoring of the implementation by Brunei Darussalam, Curaçao, Guernsey, Isle of Man, Jersey, Monaco, San Marino, and Serbia (the assessed jurisdictions) of the minimum standard on dispute resolution under BEPS Action 14.



[Brazil lifts prohibition on air travel from Botswana, Eswatini, Lesotho, Namibia, South Africa and Zimbabwe](#)

The Brazilian Government lifted its temporary ban on air travel from six African countries. Effective 20 January 2022, travelers departing from Botswana, Eswatini, Lesotho, Namibia, South Africa and Zimbabwe, and those who were present in any of these locations in the 14 days prior to their travel to Brazil, may now enter Brazil by air. The temporary COVID-related entry ban was originally introduced in late November 2021.

[Canada introduces new travel restrictions for unvaccinated foreign nationals](#)

On 15 January 2022, Canada imposed new travel restrictions requiring all foreign nationals entering Canada to be fully vaccinated against COVID-19, subject to very limited exemptions. Canadian citizens, permanent residents, persons registered under the *Indian Act*, and protected persons remain exempt from the requirement to be fully vaccinated until 28 February 2022.

[Canada: Quebec introduces new flexibility to Temporary Foreign Worker Program](#)

The Federal and Quebec Governments entered into an agreement, effective 4 August 2021, to respond to ongoing labor shortages faced in the province that have been further accentuated by the pandemic. The measures are aimed at creating flexibility in hiring foreign workers via the Temporary Foreign Worker Program. These measures have been progressively implemented as part of an overall pilot project scheduled to run until the end of 2024.

[Canada releases information on Express Entry updates in response to ATIP request](#)

A recent ATIP (Access to Information and Privacy) request brought about the release of an internal Immigration, Refugees and Citizenship Canada (IRCC) memo. This memo provides insight and indicates the changes to Express Entry.

This week's tax treaty news in the Americas

- ▶ Brazil and Chile: free trade agreement entered into force
- ▶ Chile, Colombia, Mexico, Peru (Pacific Alliance Countries) and Singapore: free trade agreement signed
- ▶ Colombia and France: details of income and capital tax treaty available
- ▶ El Salvador and Turkey: intention to complete tax treaty negotiations announced

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 hybrid working 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, 28 January 2022](#)

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

- ▶ Sen. Manchin confirms Build Back Better discussions back on
- ▶ Concern over double taxation if US GILTI unamended
- ▶ Republican tax writers warn BEPS Pillars require congressional action
- ▶ Treasury releases final regulations on treatment of domestic partnerships under Section 958, proposed PFIC regulations
- ▶ OECD developing BEPS 2.0 Pillar Two corporate minimum tax implementation framework

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 - 28 January 2022](#)
- ▶ [US IRS changes to instructions for 2021 partnership Schedules K-2 and K-3 are relevant to many partnerships, including private equity and private capital funds](#)
- ▶ [Peru's President modifies rules for enacting tax exemptions and tax benefits](#)
- ▶ [US IRS announces pilot fast-track program that resolves corporate letter ruling requests in 12 weeks](#)
- ▶ [OECD Council opens accession discussions with Peru as a candidate for OECD membership](#)
- ▶ [Peruvian Tax Authority establishes guidelines for permanent establishments](#)

Other Cross-border Alerts

- ▶ [Kenya publishes Common Reporting Standards regulations](#)
- ▶ [Algeria's 2022 Finance Act introduces new tax measures](#)
- ▶ [German Ministry of Finance publishes guidance on German royalty deduction limitation rule](#)
- ▶ [Spain's Tax Authority issues ruling on remote workers and permanent establishments during and after COVID-19 restrictions](#)

OECD Alerts

- ▶ [OECD releases eighth batch of Stage 2 peer review reports on dispute resolution](#)
- ▶ [OECD releases 2021 update on peer review of preferential tax regimes](#)

Transfer Pricing Alerts

- ▶ [Cyprus Tax Authority issues Frequently Asked Questions on loans financed by debt](#)



Human Capital Alerts

- ▶ Canada introduces new travel restrictions for unvaccinated foreign nationals
- ▶ Canada releases information on Express Entry updates in response to ATIP request
- ▶ Canada | Quebec introduces new flexibility to the Temporary Foreign Worker Program
- ▶ Brazil lifts its prohibition on air travel from Botswana, Eswatini, Lesotho, Namibia, South Africa and Zimbabwe
- ▶ New Alberta Immigration Nominee Program introduced
- ▶ Romania permits digital nomads to extend their stay in Romania beyond 90 days
- ▶ Australia relaxes border and visa restrictions to address skill shortage
- ▶ Hong Kong introduces new e-Visa

EY Industry and Tax Services publications

Industries

Private Equity

- ▶ [Will seeing what lies beyond bring new opportunities into focus?](#)
- ▶ [PE Pulse: Five takeaways from 4Q 2021](#)

Services

People and workforce

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

Comments

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