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5 April 2021

# Americas Tax Roundup

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## Latest news – Americas

### [US President Biden's administration calls for infrastructure plan with tax increases](#)

US President Biden's administration on 31 March outlined the \$2 trillion American Jobs Plan, calling for investments in roads and bridges, broadband, and R&D financed with tax increases that, for the most part, were outlined during the Presidential campaign. These include raising the corporate tax rate from 21% to 28% and making major changes to the Tax Cuts and Jobs Act's international tax provisions. Details on the proposed tax increases will be likely be included in the President's FY 2022 budget plan.

### [Puerto Rico's Treasury Department extends due date for filing income tax returns to 17 May 2021](#)

The Puerto Rico Treasury Department extended the due date for filing income tax returns and paying the corresponding tax from 15 April to 17 May 2021, for individuals, estates and trusts (taxed as individuals), calendar-year-end corporations and other entities taxed as corporations. The extended due date also applies to entities that have a short tax year or a fiscal year 2020 and must file a tax return for tax year 2020 on or before 15 April 2021.

### [Argentina federal tax authorities issue regulations on the procedure for registering for promotional regime for the knowledge-based economy](#)

On 22 March 2021, Argentina's federal tax authorities (AFIP for the Spanish acronym) published General Resolution 4949/2021, which requires eligible taxpayers to register for the promotional regime for the knowledge-based economy through the "Promotional Regime for the Knowledge-Based Economy – Registration Request/Annual Revalidation" service on the AFIP's [website](#). The resolution also provides guidance on how taxpayers may use the tax credit bonds issued by National Direction of Development for the Knowledge-Based Economy.

### [USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia](#)

The United States Trade Representative (USTR) announced proposed punitive tariffs of 25% on goods from Austria, India, Italy, Spain, Turkey, and the United Kingdom with regard to each country's digital services tax (DST). The USTR also provided a proposed list of impacted products per country and is asking for public comments due by 30 April 2021. Additionally, the USTR announced the termination of investigations under Section 301 of the Trade Act of 1974 regarding the proposed DSTs for Brazil, the Czech Republic, the European Union, and Indonesia, as the countries have not adopted or have not implemented their respective DST since the initiation of the investigations.

### [Argentine Province of Buenos Aires issues regulations on turnover tax withholdings for nonresidents](#)

The Argentine Province of Buenos Aires published Resolution 9/2021, which sets forth the procedure substitute taxpayers must follow for "turnover tax" withholding payments for taxable activities performed by nonresidents for tax periods beginning 1 January 2021 and onwards. If a substitute taxpayer is not registered with the tax authorities, the resolution lists other parties that may be substitute taxpayers.



### [Canada Revenue Agency outlines potential changes to RSU sourcing methodology](#)

In Internal Interpretation 2019-083221117(E) Cross-border Restricted Share Units, the Canada Revenue Agency introduces a new methodology for sourcing restricted share unit (RSU) benefits that it refers to as the "Hybrid Methodology." Under the Hybrid Methodology, the "in the money portion" of the RSU is sourced to employee workdays in the year of grant, and any increase in value of the RSU is sourced to the vesting period. This approach has the potential to complicate the process of sourcing RSU awards.

### [OECD Forum on Tax Administration publishes jurisdictions currently participating in the International Compliance Assurance Programme](#)

The Organisation for Economic Co-operation and Development's Forum on Tax Administration [published a list of 19 jurisdictions](#) including Canada and the United States, that have so far confirmed their participation in the next phase of the International Compliance Assurance Programme (ICAP). The OECD also published on its website [a spreadsheet](#) providing additional information regarding each participating tax administration's approach to ICAP implementation and operation.

### [OECD publishes Arbitration Profiles of 30 countries under the MLI and a clarification regarding entry into effect](#)

The OECD published the [Arbitration Profiles](#) of 30 jurisdictions applying Part VI (mandatory binding arbitration) of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the MLI). The Arbitration Profiles provide taxpayers with additional information on the application of Part VI of the MLI for each jurisdiction that chose to apply arbitration.

### [Canada: Highlights of Québec budget 2021-22](#)

Québec Finance Minister Éric Girard tabled the province's fiscal 2021-22 budget on 25 March. The budget contains no new taxes and no tax increases; however, it includes a reduction in the small business tax rate and a change in the rate of the tax credit for non-eligible dividends. The minister anticipates a deficit of \$15.0 billion for fiscal 2020-21 and \$12.3 billion for fiscal 2021-22, with reduced deficits for each of the next five fiscal years.

### [Canada: Nova Scotia issues budget 2021-22](#)

Nova Scotia Minister of Finance and Treasury Board Labi Kousoulis tabled the province's fiscal 2021-22 budget on 25 March. The budget contains no new taxes and no tax increases. The minister anticipates a deficit of \$584.9 million for 2021-22 and projects deficits for each of the next two years.

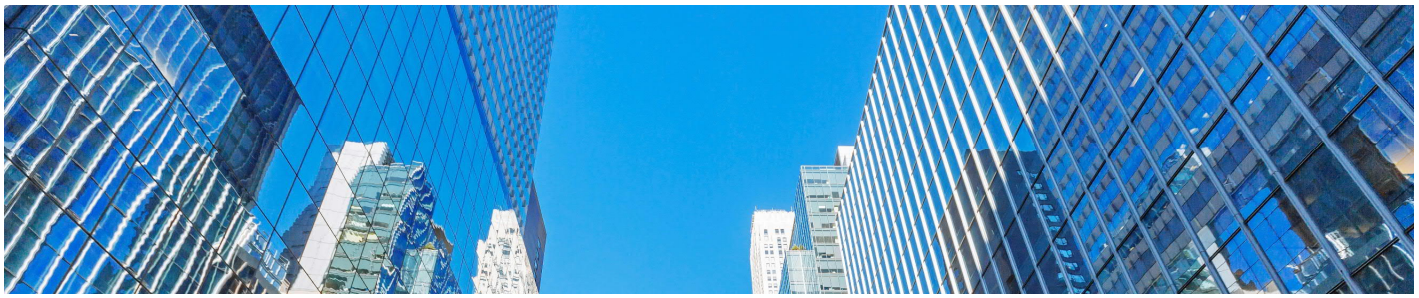
### [EY Canada issues latest issue of TaxMatters@EY](#)

TaxMatters@EY, a monthly bulletin prepared by EY Canada, provides a summary of recent Canadian tax news, publications, and resources. Highlights of the April 2021 issue include: (1) tax considerations for those thinking of splitting retirement income, and (2) a recent Federal Court decision that found the Canada Revenue Agency was unreasonable in denying a taxpayer a waiver for a tax penalty regarding tax-free savings account overcontributions.

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## This week's tax treaty news in the Americas

- ▶ Bahamas and Spain: air transport agreement approved by Spanish Senate
- ▶ Barbados and Finland: statement on applicability of Multilateral Convention to income tax treaty published by Finland
- ▶ Barbados, G20 and OECD: Multilateral Convention entered into force
- ▶ Barbados and Singapore: document detailing amendments made by the Multilateral Convention to the income tax treaty published by Singapore



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## Upcoming webcasts

### [Why the tax controversy department of the future should be built now \(8 April\)](#)

According to the EY survey, businesses of all sizes, but especially the very largest, have not fully adjusted to ongoing, dramatic changes in tax authority scrutiny of their affairs. Looking forward, a coming crescendo of tax enforcement change is building. Concerns about the efficacy of untested dispute resolution processes related to potential new ways to tax cross-border activity may add to future risks.

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## Recently issued EY podcasts

### [US Cross-Border Taxation weekly podcast, 2 April 2021](#)

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

- ▶ President Biden unveils \$2 trillion infrastructure plan to be paid for with higher CIT rate, international tax changes
- ▶ US, Japan reach agreement on tax treaty arbitration process
- ▶ IRS APMA Program releases annual APA update
- ▶ US Trade Representative proposes 25% punitive tariffs on Austria, India, Italy, Spain, Turkey, and the UK in response to Digital Services Taxes
- ▶ OECD initiates consultation on commentary to Article 9 (Associated Enterprises) of OECD Model Tax Treaty

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

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## This week's EY Global Tax Alerts

### Americas Tax Alerts

- ▶ [Report on recent US international tax developments - 2 April 2021](#)
- ▶ [Canada: Québec issues budget 2021-22](#)
- ▶ [USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia](#)
- ▶ [Argentine Province of Buenos Aires issues regulations on turnover tax withholdings for nonresidents](#)
- ▶ [Argentina federal tax authorities issue regulations on the procedure for registering for promotional regime for knowledge-based economy](#)
- ▶ [Puerto Rico's Treasury Department extends due date for filing income tax returns to 17 May 2021](#)
- ▶ [Canada: Highlights of Québec budget 2021-22](#)
- ▶ [Canada: Nova Scotia issues budget 2021-22](#)



## Other Global Tax Alerts

- ▶ German Ministry of Finance publishes final MDR guidance
- ▶ Philippines enacts law reducing corporate income tax rates and rationalizing fiscal incentives
- ▶ The Netherlands starts consultation to better align legal entity and partnership classification rules with international tax standards
- ▶ Japan enacts 2021 tax reform bill
- ▶ Spanish Tax Authority further delays first reporting and payment of Financial Transaction Tax
- ▶ Cyprus law to implement Mandatory Disclosure Rules enters into force
- ▶ Qatar extends 2020 tax filing deadlines
- ▶ Belgian Court of Appeal issues decisions on tax abuse – application of the CJEU Danish cases
- ▶ Saudi Arabia publishes special tax rules for Integrated Logistics Bonded Zone

## OECD Alerts

- ▶ OECD publishes Arbitration Profiles of 30 countries under the MLI and a clarification regarding entry into effect
- ▶ OECD Forum on Tax Administration publishes jurisdictions currently participating in the International Compliance Assurance Programme (ICAP)

## Human Capital Alerts

- ▶ Canada Revenue Agency outlines potential changes to RSU sourcing methodology

## Indirect Tax Alerts

- ▶ Poland: ECJ rules Polish VAT law on intra-Community acquisitions is contrary to EU VAT Directive and may result in refund of unduly paid interest
- ▶ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia

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## EY Industry and Tax Services publications

### Industries

#### Automotive

- ▶ Podcast: What renewed demand means for the mobility sector

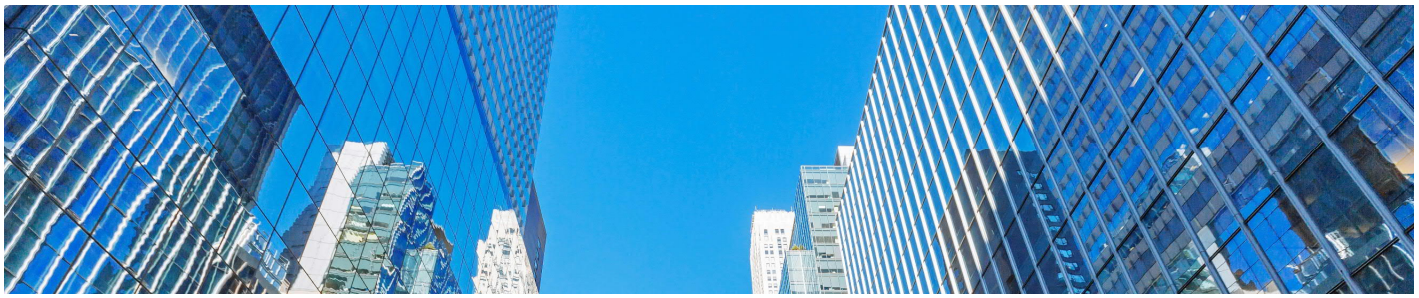
#### Health & Life Sciences

- ▶ How COVID-19 has triggered a sprint toward smarter health care
- ▶ How US tax reform is testing the life sciences sector

### Issues

#### Risk

- ▶ How CIOs can support key board priorities and enable long-term value



## Comments

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

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