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18 October 2021

Americas Tax Roundup

Latest news – Americas

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[G20 Finance Ministers endorse 8 October BEPS 2.0 statement and call for swift implementation to secure entry into effect in 2023](#)

On 13 October 2021, the G20 Finance Ministers endorsed the political agreement set out in the statement and accompanying implementation plan issued by the OECD/G20 Inclusive Framework on BEPS on 8 October 2021 on the two-pillar project to address the tax challenges of the digitalization of the global economy. They also called on the Inclusive Framework to swiftly develop model rules and multilateral instruments with a view to ensuring that the new rules come into effect at a global level in 2023.

[US House Ways & Means reconciliation bill proposes important credits and incentives that would encourage investment in Puerto Rico](#)

The US House Ways & Means Committee's reconciliation bill includes provisions that would encourage investment in Puerto Rico, including an economic activity credit for business activities conducted by qualified domestic corporations in American Samoa, Guam, the Commonwealth of Northern Marianas, the Commonwealth of Puerto Rico and the US Virgin Islands. The credit would equal 20% of the sum of qualified possession wages and fringe benefits paid or incurred by a qualified domestic corporation on behalf of an employee principally employed in a possession in a tax year. The proposal also would increase the new markets tax credit (NMTC) general allocation limitation and extend the NMTC permanently, with allocation amounts indexed for inflation after 2024.

[Canada announces it will enact Digital Services Tax but says implementation is conditional](#)

Following the announcement on the international agreement reached by the OECD on the core design features of the two-pillar solution developed in the BEPS 2.0 project, Deputy Prime Minister and Finance Minister Chrystia Freeland issued a statement confirming that the federal government intends nevertheless to move ahead with legislation finalizing the enactment of a Digital Services Tax (DST) by 1 January 2022. However, the DST would only be imposed as of 1 January 2024, rather than 1 January 2022 (as originally announced), and only if the convention implementing the BEPS 2.0 tax regime under the international agreement has not come into force by 31 December 2023.

[US IRS maintaining its policy on 'telescoping' in APA and MAP cases while trying to alleviate administrative burden, official says](#)

The Director of the Internal Revenue Service's (IRS) Advance Pricing and Mutual Agreement Program (APMA) said in a 7 October 2021, webinar that the IRS is maintaining its stance on "telescoping" but studying ways that it can alleviate the taxpayers' administrative burden. In October 2020, the APMA [updated](#) the parameters that it follows in mutual agreement procedure (MAP) and advance pricing agreement (APA) cases, which significantly restricted the use of "telescoping" of results in MAPs and APAs. "Telescoping" means reflecting an income tax adjustment in a year other than the year to which the adjustment relates.



[Uruguay extends COVID-19 tax relief measures for certain taxpayers to 31 October 2021](#)

Uruguay enacted Law No. 19,989, which extends the exemptions for corporate income tax and net wealth tax advanced payments to 31 October 2021. The previous exemptions applied to advanced payments of corporate income tax and net wealth tax accrued from January through June 2021. Under Law No. 19,989, the exemptions will apply to corporate income tax and net wealth tax advanced payments accrued from July to October 2021.

[Uruguay establishes application date for tax exemptions for leasing social interest housing](#)

Uruguay's Executive Branch has established that the corporate income tax, personal income tax and nonresident income tax exemptions for income derived from leasing social interest housing (i.e., low-income housing) retroactively apply from 21 April 2020. The exemptions apply to lease income derived in the year in which the investment project is finished and the following nine years. The exemptions are 100% or 60%, depending on the circumstances.

[General Directorate of Internal Taxes of Dominican Republic establishes payment programs for unpaid tax liabilities](#)

The General Directorate of Internal Taxes of the Dominican Republic issued Notice No. 14, establishing two payment programs to encourage taxpayers to declare and pay their tax liabilities. Under the payment programs, taxpayers may benefit from discounts on surcharges imposed on tax debts from previous tax years. The new payment programs began 1 October 2021.

[EY publication highlights 2021 Q3 tax policy developments across the Americas](#)

The third quarter of 2021 ushered in several significant tax policy developments across the Americas. The attached Americas Tax Policy Update highlights the top tax policy developments from July through September 2021. Highlights in this edition include: (1) Argentina elections and possible changes in tax policy; (2) proposed tax reform in Brazil; (3) Colombia's enacted tax reform; (4) Mexico's economic proposal for 2022; and (5) US legislative developments, including proposed tax increases.

This week's tax treaty news in the Americas

- ▶ Canada and Austria: social security agreement approved by the Austrian National Council
- ▶ Mexico and Germany: amending protocol to income and capital tax treaty signed
- ▶ Jamaica and Italy: income tax treaty entered into force

Upcoming webcasts

[BEPS 2.0: Beyond 2021 \(28 October\)](#)

In this webcast, panelists discuss BEPS 2.0 and taxation of the digitalized economy updates after the October OECD/G20 Inclusive Framework and the G20 Finance Ministers and Central Bank Governors meetings.

[BorderCrossings: Valuing customer-related data in a digital economy from a transfer pricing framework \(28 October\)](#)

In this webcast, panelists discuss frameworks for assessing and inventorying customer-related data and valuing them across a spectrum of business models (i.e., data-enabled and data-enhanced models), and will also examine fair market valuations of data and cybersecurity from a transfer pricing perspective.

For a full list of upcoming webcasts, please access EY's webcast page on ey.com [here](#).

EY Americas Tax Roundup | 18 October 2021



Recently issued EY podcasts

[US Cross-Border Taxation weekly podcast, 15 October 2021](#)

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

Highlights this week include:

- ▶ Debate continues over size and scope of US budget reconciliation bill
- ▶ G-20 Finance Ministers endorse BEPS 2.0 Pillar One and Pillar Two agreement
- ▶ US officials discuss implementation of BEPS 2.0
- ▶ US to defer by one additional year applicability date of final Section 987 FX regulations, certain related final regulations
- ▶ Cyprus clarifies Cyprus-US CAA for exchange of CbC reports

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

This week's EY Global Tax Alerts

Americas Tax Alerts

- ▶ [Report on recent US international tax developments – 15 October 2021](#)
- ▶ [PE Watch: Latest developments and trends, October 2021](#)
- ▶ [Canada announces it will enact Digital Services Tax but states its implementation is conditional](#)
- ▶ [US House Ways & Means reconciliation bill proposes important credits and incentives that would encourage investment in Puerto Rico](#)
- ▶ [Cyprus Tax Authority issues clarification regarding Competent Authority Agreement with the United States for exchange of CbC reports](#)
- ▶ [General Directorate of Internal Taxes of Dominican Republic establishes payment programs for unpaid tax liabilities](#)
- ▶ [Uruguay establishes application date for tax exemptions for leasing social interest housing](#)
- ▶ [Uruguay extends COVID-19 tax relief measures for certain taxpayers to 31 October 2021](#)

Other Cross-border Alerts

- ▶ [Ireland announces Budget 2022](#)
- ▶ [Luxembourg's Reverse Hybrid Entity Rule effective as from tax year 2022](#)
- ▶ [Spain deposits its instrument of ratification of the MLI](#)
- ▶ [CJEU issues final decision confirming characterization of the Spanish tax amortization regime for financial goodwill as State aid](#)
- ▶ [Mainland China releases master plan for developing Guangdong-Macao In-depth Cooperation Zone](#)
- ▶ [Mainland China launches nationwide inspection of High and New Technology Enterprises](#)



Transfer Pricing Alerts

- ▶ US IRS maintaining its policy on “telescoping” in APA and MAP cases while trying to alleviate administrative burden, official says
- ▶ US IRS representatives say MAP and APMA cases are more difficult because of high adjustments, express concern about unilateral relief
- ▶ Denmark publishes bill relaxing transfer pricing documentation requirements in relation to domestic controlled transactions

OECD Alerts

- ▶ G20 Finance Ministers endorse 8 October BEPS 2.0 statement and call for swift implementation to secure entry into effect in 2023
- ▶ OECD releases statement updating July conceptual agreement on BEPS 2.0 project

Human Capital Alerts

- ▶ Australia: Reforming skilled migration as border restrictions ease
- ▶ Poland: New, more lenient entry rules for certain business visitors and Turkish citizens
- ▶ Malaysia announces multiple immigration policy changes

Indirect Tax Alerts

- ▶ Canada announces it will enact Digital Services Tax but states its implementation is conditional
- ▶ Kenya Revenue Authority issues guidelines on implementation of Value Added Tax (Electronic Tax Invoice) Regulations, 2020

EY Industry and Tax Services publications

Industries

Automotive

- ▶ [Can digital and physical meet at the dealership?](#)

Health & Life Sciences

- ▶ [Podcast: How shorter clinical trial processes prolong the lives of people](#)

Oil & Gas

- ▶ [Can we avoid gridlock on the road to carbon neutrality?](#)
- ▶ [How transmission investment could unlock global growth in renewables](#)
- ▶ [Why Eastern Europe is stepping up a gear in the drive for net zero](#)

Technology, Media & Entertainment, and Telecommunications

- ▶ [Why TMT CISOs are rethinking their relationships](#)

Issues

Risk

- ▶ [How risk managers can pivot from stabilization to transformation](#)

Growth

- ▶ [How to reshape the C-suite for a better working world](#)



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