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26 April 2021

Americas Tax Roundup

Latest news – Americas

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[Mexican Congress approves bill that would prohibit outsourcing services in Mexico](#)

On 20 April 2021, the Mexican Congress approved an amended version of the bill, originally introduced in November 2020, that would prohibit outsourcing services in Mexico. The bill incorporates the verbal agreement on the outsourcing prohibition reached by Mexico's Government and representatives of the labor and business sectors during the first week of April. The impact that the bill will have on service company structures will require careful analysis. Taxpayers may need to restructure their operations in Mexico to comply with the bill's provisions.

[Argentine Government issues decree on promotional regime for direct investments in certain activities](#)

The Argentine Government published a decree, establishing a promotional regime for direct investments in foreign currency in certain activities. Under the regime, beneficiaries may apply a certain percentage of the foreign currency obtained from exports related to investments in certain activities to the payment of commercial or financial liabilities, dividends and the repatriation of nonresidents' direct investments. The promotional regime will apply for three years beginning 7 April 2021.

[Ecuador and the United States sign Tax Information Exchange Agreement](#)

On 7 April 2021, Ecuador and the United States signed a Tax Information Exchange Agreement (TIEA). The TIEA will allow Ecuador and the United States to exchange tax information, which tax authorities from both countries believe will achieve tax transparency and prevent tax evasion.

[Ecuador updates immigration guidelines related to COVID-19](#)

The Ecuadorian Government updated the immigration guidelines and internal measures related to COVID-19 for travelers from Brazil. When entering Ecuador, travelers from Brazil must quarantine for 10 days in authorized hotels. There are no quarantine requirements for other travelers, but they are encouraged to isolate for 15 days upon arrival.

[Canada issues Federal budget 2021-22: Highlights](#)

On 19 April 2021, Canadian Deputy Prime Minister and Federal Finance Minister, Chrystia Freeland, tabled the federal budget 2021-22. The budget contains tax measures affecting both individuals and corporations, and measures to increase [immigration](#) to Canada as part of an overall economic recovery plan. The government anticipates a deficit of CA\$354.2 billion for fiscal year 2020-21 and \$154.7 billion for fiscal year 2021-22, with reduced deficits for each of the next four fiscal years.



[Canada: British Columbia budget 2021-22 discussed](#)

British Columbia Finance Minister Selina Robinson tabled the province's 2021 budget on 20 April. The budget contains no new taxes and no tax increases. The minister anticipates a deficit of \$9.7 billion for 2021-22 and projects deficits for each of the next two years.

[Canada announces new pathway to permanent residence for essential services workers and international graduates](#)

Canada announced that it will grant permanent residence status to over 90,000 essential services workers and international graduates who are already in Canada, through a temporary accelerated pathway. This pathway offers generally lower eligibility requirements than traditional permanent residence programs such as Express Entry or Provincial Nominee Programs, and as a non-points-based pathway would allow a better chance for many foreign nationals in Canada to obtain permanent residence status.

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

The Organisation for Economic Co-operation and Development (OECD) released the [fourth batch of Stage 2 peer review reports](#) relating to the outcome of the peer monitoring of the implementation by Australia, Ireland, Israel, Japan, Malta, Mexico, New Zealand, and Portugal (the assessed jurisdictions) of the minimum standard on dispute resolution under BEPS Action 14. These Stage 2 reports focus on the progress made by the assessed jurisdictions in addressing any recommendations that resulted from the Stage 1 peer review reports that were released on 30 August 2018.

[EY's 'Latest on BEPS and Beyond' for April 2021](#)

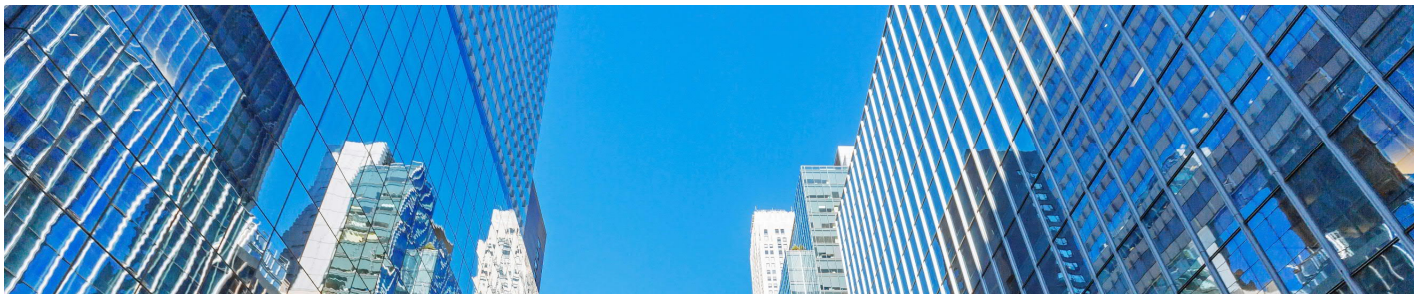
EY's Latest on BEPS and Beyond monthly newsletter reviews global and regional BEPS-related policy trends, as well as recent BEPS-driven developments in individual countries. The April 2021 edition highlights the 7 April 2021 meeting between the G20 Finance Ministers and Central Bank Governors and a joint report on carbon pricing issued by the International Monetary Fund and the OECD Secretariat.

[Now available! Digital services tax – 2021 jurisdiction activity summary](#)

EY's activity summary provides the latest information, correct as of 20 April 2021. This version includes legislative changes and status updates for Argentina, Mexico and the United States.

This week's tax treaty news in the Americas

- ▶ Argentina and India: negotiations for social security agreement held
- ▶ Costa Rica and United Arab Emirates: income tax treaty ratified by Costa Rica
- ▶ Trinidad and Tobago and Denmark: termination of tax treaty approved by Danish Parliament



Upcoming webcasts

[Upcoming changes to US IRC Section 174: Amortization of research and experimental expenditures \(27 April\)](#)

The 2017 US Tax Cuts and Jobs Act (TCJA) included many provisions that were intended as “revenue raisers” to offset some of the more taxpayer-favorable aspects of the TCJA. One such provision, scheduled to come into effect for tax years beginning on or after 1 January 2022, is the required amortization of what are currently deductible research and experimental (R&E) expenditures (over five years for domestic R&E, 15 years for foreign). With 2022 looming closer, taxpayers are newly focused on both the implications of the TCJA changes to IRC Section 174 as well as potential planning.

[BorderCrossings . . . with EY transfer pricing and tax professionals \(29 April\)](#)

The recent release of international tax proposals by the Biden-Harris Administration signaled renewed US interest in the Base Erosion and Profit Shifting (BEPS) project of the OECD. Understanding these proposals, however, requires a review of recent OECD-related developments; these include the release of detailed blueprints in Fall 2020 for both the Pillar One (nexus and profit allocation) and Pillar Two (global minimum tax) initiatives, as well as the release in March 2021 of a revised Article 9 Commentary to the OECD Model Tax Convention. Join EY’s panelists for an in-depth discussion of BEPS 2.0 for 2021.

Recently issued EY podcasts

[US Cross-Border Taxation weekly podcast, 23 April 2021](#)

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

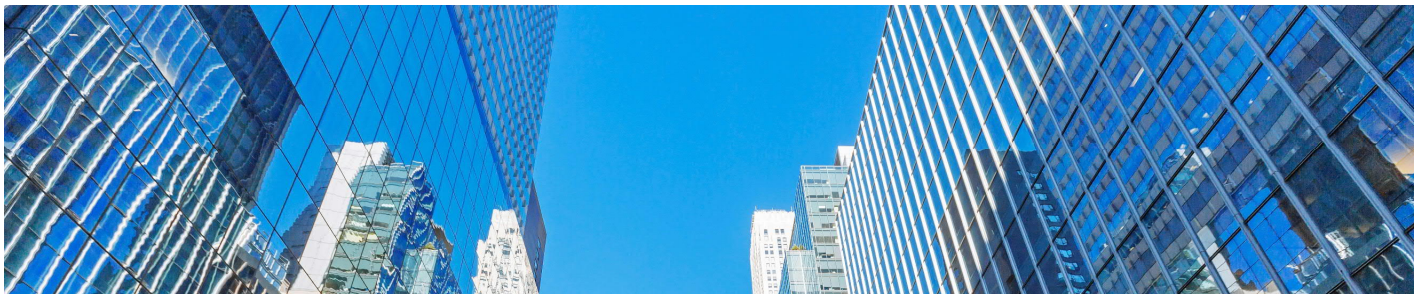
- ▶ President Biden to address joint session of Congress; will pitch infrastructure and American Families Plan proposals
- ▶ Senate Finance Committee Chairman reintroduces Clean Energy for America Act
- ▶ UN tax committee approves new digital taxation article for UN Model Treaty

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 – 23 April 2021](#)
- ▶ [Colombia’s Executive branch submits tax reform bill to Congress](#)
- ▶ [Mexican Congress approves labor reform addressing outsourcing services](#)
- ▶ [Canada issues Federal budget 2021-22: A recovery plan for jobs, growth and resilience](#)
- ▶ [Ecuador and the United States sign Tax Information Exchange Agreement](#)
- ▶ [Ecuador updates immigration guidelines related to COVID-19](#)
- ▶ [Mexican Congress approves bill that would prohibit outsourcing services in Mexico](#)
- ▶ [Canada issues Federal budget 2021-22: Highlights](#)



Other Global Tax Alerts

- ▶ Danish Government revises proposed CFC legislation
- ▶ Taiwan extends validity period of withholding tax relief at source for certain foreign institutional investors
- ▶ Turkey increases corporation tax rate for 2021 and 2022 tax years
- ▶ Ghana enacts Financial Sector Recovery Levy and introduces other tax reforms
- ▶ Australian Taxation Office issues draft guidance regarding the imported hybrid mismatch rule impacting large global groups
- ▶ Russian Government submits bill on termination of tax treaty with the Netherlands to State Duma
- ▶ Kenya's High Court rules that a Commercial Building Allowance is not premised on year of construction
- ▶ Indonesia issues implementing regulations for Job Creation Law

OECD Alerts

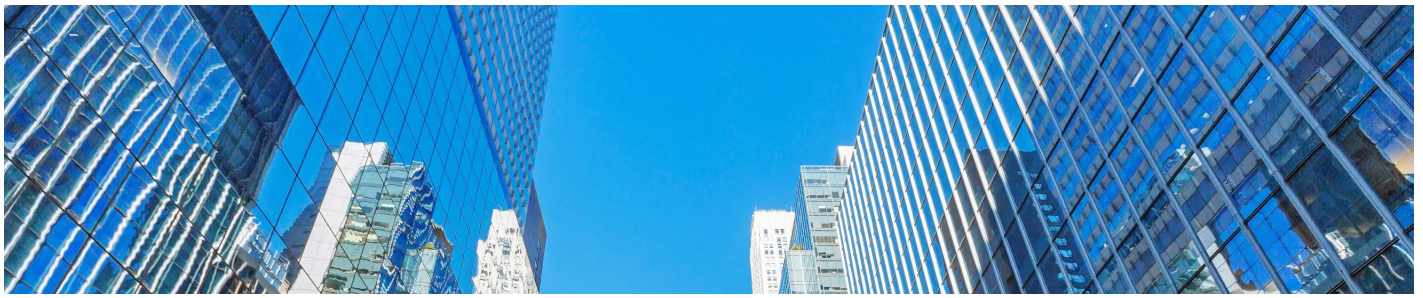
- ▶ OECD releases fourth batch of Stage 2 peer review reports on dispute resolution
- ▶ The Latest on BEPS and Beyond | April 2021 edition

Human Capital Alerts

- ▶ Ecuador updates immigration guidelines related to COVID-19
- ▶ Canada announces new pathway to permanent residence for essential services workers and international graduates
- ▶ Canadian government promises investment in Canadian immigration in new budget announcement

Indirect Tax Alerts

- ▶ Norwegian Tax Authority announces digital VAT reporting will be implemented for 2022
- ▶ Angola: Indirect Tax Changes for 2021
- ▶ Germany: CJEU rules that the VAT Directive precludes national rules prohibiting a partnership from VAT grouping



EY Industry and Tax Services publications

Industries

Automotive

- ▶ [Webcast: ASEAN-6: How to build resilience in electronics and automotive value chains](#)
- ▶ [When citizens are driving mobility, what's the role of the city?](#)
- ▶ [How electric vehicles could lead the post-pandemic charge](#)

Banking & Capital Markets

- ▶ [Why digital, ecosystem-enabled banking transformation is the way forward](#)

Consumer Products & Retail

- ▶ [How retailers can integrate into consumer lives at scale](#)

Energy & Resources

- ▶ [How green hydrogen can spark the next zero-emissions revolution](#)

Health & Life Sciences

- ▶ [Delivering tailor-made cancer treatments at scale](#)

Power & Utilities

- ▶ [How cybersecurity can accelerate innovation in power and utilities](#)

Private Equity

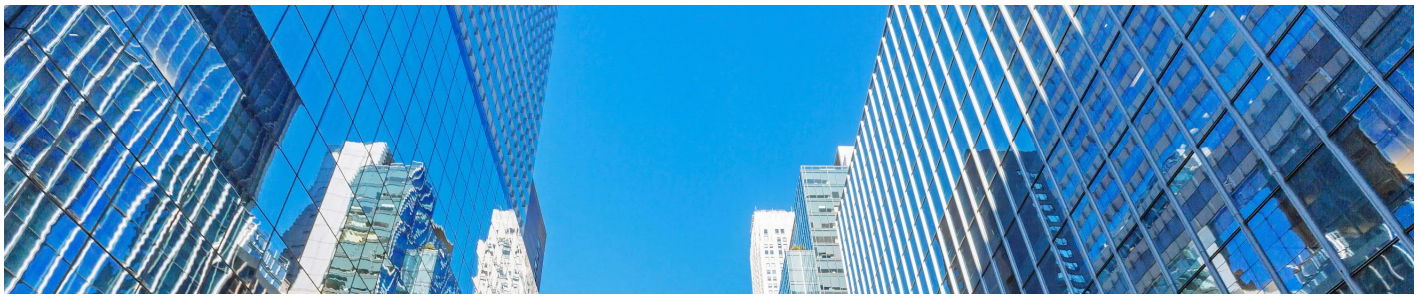
- ▶ [PE Pulse: Five takeaways from 1Q 2021](#)

Technology

- ▶ [What business ecosystem means and why it matters](#)

Comments

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