



Building a better
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28 June 2021

Americas Tax Roundup

Latest news – Americas

[Brazilian Government proposes changes to corporate income tax system as second phase of comprehensive tax reform](#)

On 25 June 2021, the Brazilian Government proposed a bill that would change the corporate income tax system by reducing the corporate income tax rate, establishing a withholding tax on dividends and strengthening the rules on the disguised distribution of profits, among other things. This bill is the second phase of Brazil's comprehensive tax reform.

[Brazilian Congress approves five-percentage-point increase to the social contribution tax for banks, insurance companies and other financial services entities](#)

The Brazilian Congress approved the conversion of Provisional Measure 034/2021 into law, which would increase the social contribution on net profit (CSLL) by five percentage points for banks, insurance companies and other financial institutions from 1 July 2021 to 31 December 2021. If approved by the president, the CSLL rate would be 25% for banks and 20% for insurance companies and other financial institutions beginning 1 July 2021. The CSLL would return to the current rates as of 1 January 2022 and onwards.

[Mexico's Tax Authorities publish list of expected effective income tax rates for large taxpayers](#)

The Mexican Tax Authorities published on their webpage a list of the expected effective tax rates for 40 different economic activities/industries, including mining, manufacturing, retail and wholesale businesses, financial and insurance services, and the automotive and pharmaceutical industries. The expected effective tax rates are for tax years 2016, 2017, 2018 and 2019. Large taxpayers that participate in those activities or industries should compare their effective tax rate to the expected tax rate on the list and adjust their tax rate, if necessary.

[Mexico repeals VAT rule that exempted certain purchases of temporarily imported goods from nonresidents from VAT withholding](#)

Effective 8 July 2021, Mexico will repeal rule 5.2.5 of the General Rules of Foreign Trade, which exempts certain qualified purchases of temporarily imported goods from nonresidents (i.e., goods passing through Mexico to another country) from value-added tax (VAT) withholding. Mexican resident purchasers should withhold VAT at a 16% rate on the value of the sale made by nonresidents at the time of payment beginning 8 July 2021.

[Costa Rican Congress approves, in second and final vote, a tax incentive regime for foreign investors, rentiers and retirees](#)

On 22 June 2021, the Costa Rican Congress approved, in second and final vote, a bill that would establish a tax incentive regime for foreign investors, rentiers (i.e., people who live on income from property or securities) and retirees. The regime would offer a variety of tax exemptions for investors, rentiers and retirees, including exemptions from import taxes.



This week's tax treaty news in the Americas

- ▶ Ecuador and Italy: amending protocol to the income and capital tax treaty ratified by Italy
- ▶ St. Vincent and the Grenadines and India: signing of the exchange of information agreement authorized by India
- ▶ Uruguay and Japan: income tax treaty will enter into force 23 July 2021

Recently archived webcasts

[What's new: Updates on the IFRS Better Communication Project](#)

This webcast, hosted by EY Global IFRS, provided participants with an update on the IASB's Better Communication in Financial Reporting project, including the current status of the project and next stages. It was followed by a look at how climate-related matters may impact the reporting in financial statements.

Recently issued EY podcasts

[US Cross-Border Taxation weekly podcast, 25 June 2021](#)

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

Highlights this week include:

- ▶ White House, bipartisan senators agree to infrastructure deal
- ▶ OECD publishes Model Reporting Rules for Digital Platforms: International Exchange Framework

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 – 25 June 2021](#)
- ▶ Costa Rican Congress approves, in second and final vote, a tax incentive regime for foreign investors, rentiers and retirees
- ▶ Mexico's Tax Authorities publish list of expected effective income tax rates for large taxpayers
- ▶ Brazilian Government proposes changes to corporate income tax system as second phase of comprehensive tax reform
- ▶ Argentina issues new transfer pricing regulations
- ▶ Brazilian Congress approves five-percentage-point increase to the social contribution tax for banks, insurance companies and other financial services entities
- ▶ Canada's quarantine and travel restriction updates for CoPR holders provided
- ▶ Venezuelans granted further permission to enter and depart Colombia with expired passports; several administrative deadlines extended
- ▶ Mexico repeals VAT rule that exempted certain purchases of temporarily imported goods from nonresidents from VAT withholding



Other Global Tax Alerts

- ▶ Tanzania's Parliament passes Finance Bill, 2021
- ▶ Kenya: Recent changes and developments to business laws and the regulatory environment
- ▶ Hong Kong enacts legislation regarding tax treatment of court-free amalgamation of companies
- ▶ Hong Kong enacts legislation to allow a tax deduction for foreign taxes charged on gross income basis

Transfer Pricing Alerts

- ▶ Argentina issues new transfer pricing regulations
- ▶ Jordan implements transfer pricing rules

Human Capital Alerts

- ▶ Canada's quarantine and travel restriction updates for CoPR holders provided
- ▶ Venezuelans granted further permission to enter and depart Colombia with expired passports; several administrative deadlines extended

Indirect Tax Alerts

- ▶ Mexico repeals VAT rule that exempted certain purchases of temporarily imported goods from nonresidents from VAT withholding
- ▶ France: Non-EU VAT refund claims must be filed electronically effective 1 July 2021

EY Industry and Tax Services publications

Industries

Consumer Products & Retail

- ▶ [The CEO Imperative: Make sustainability accessible to the consumer](#)

Financial Services

- ▶ [Five actions to implement behavioral economics in financial services](#)

Health & Life Sciences

- ▶ [Video: How the future of health care is becoming a reality](#)

Issues

Risk

- ▶ [How finance can use data to create value across the enterprise](#)

Comments

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