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23 August 2021

Americas Tax Roundup

Latest news – Americas

[Colombia's highest tax court annuls official opinion that denied deductibility of interest on loans used to acquire shares](#)

Colombia's Council of State (the highest tax court) annulled an opinion by the Colombian Tax Authority that denied income tax deductions for interest on loans used to acquire shares in a company. The Council of State's interpretation of the general requirements for interest deductibility may allow taxpayers to claim deductions for interest expense on loans used to acquire shares.

[Peru creates a new tax-free zone](#)

Peru enacted Law No. 31343, creating a new tax-free zone in Peru – Zona Franca de Cajamarca (ZOFRAJAMARCA) in the district of San Ignacio, Cajamarca (northern Peru). With the creation of the new tax-free zone, certain activities in that district will not be subject to corporate income tax, value-added tax, excise tax, customs duties, and any other taxes imposed by the federal government and local governments.

[Peru announces new immigration policies for Resident Visa and Temporary Visa holders](#)

The Peruvian Government recently announced the end of special measures that permitted holders of expired Peruvian Resident and Temporary Visas to remain in Peru without incurring fines or other penalties. The Government also announced that foreigners who were ordered to depart Peru but remained in the country due to COVID-19-related travel restrictions must depart no later than 3 September 2021 to avoid fines and other penalties.

[Supreme Court of Canada rules that charges under Companies' Creditors Arrangement Act take priority](#)

In *The Queen v. Canada North Group Inc.*, 2021 SCC 30, the Supreme Court of Canada (SCC) dismissed the Crown's appeal of an order made under the Companies' Creditors Arrangement Act (CCAA), rejecting the position that court-ordered super-priority charges (or "priming charges") could not take priority over the deemed trust for unremitted source deductions created by subsection 227(4.1) of the Income Tax Act (ITA). A narrow majority agreed with the taxpayer that the priming charges prevailed over the deemed trust.

[US: Senate-passed infrastructure bill would impose information-reporting requirements on sales of cryptocurrency and other digital assets](#)

Cryptocurrency and other "digital assets" sold by customers of "brokers" would be subject to Form 1099-B reporting and cost-basis reporting if the Infrastructure Investment and Jobs Act (the bill) becomes law. The bill, which passed the Senate on 10 August 2021, would amend the Internal Revenue Code to: (1) expand the definition of a broker; (2) define "digital assets"; (3) apply the cost-basis-reporting regime for securities to digital assets; (4) require brokers to report the basis of digital assets transferred to their customers or other non-brokers to the Internal Revenue Service; and (5) require digital assets to be treated as "cash" when received in the course of a trade or business.



[US: Wyden bill would change tax treatment of financial derivative transactions](#)

On 5 August 2021, US Senate Finance Committee Chairman Ron Wyden introduced the Modernization of Derivatives Act (MODA), which would change the tax treatment of financial derivative transactions. Under the proposed legislation, MODA would make the following changes to derivatives: (1) require annual mark-to-market accounting for all transactions; (2) treat all gains or losses from derivatives and certain related assets as ordinary, (3) determine the source of tax items based on the taxpayer's country of residence, incorporation or organization; and (4) introduce the Investment Hedging Units (IHUs) concept.

[Uruguay's Tax Authority issues new form for the affidavit of corporate income tax, net wealth tax and corporate control tax](#)

The Uruguayan Tax Authority issued new Form 1050 for filing the affidavit of corporate income tax, net wealth tax and corporate control tax for taxpayers considered medium-sized or large taxpayers. Taxpayers with tax years ending in July 2021 must use the new form to file the affidavit of corporate income tax, net wealth tax and corporate control tax.

[OECD releases Colombia Stage 2 peer review report on implementation of Action 14 minimum standard](#)

The OECD released the Stage 2 peer review report of Colombia relating to the outcome of the peer monitoring of the implementation of the BEPS minimum standard under Action 14 on improving tax dispute resolution mechanisms. Overall, the report concludes that Colombia addressed most of the shortcomings identified in its Stage 1 peer review report.

This week's tax treaty news in the Americas

- ▶ Argentina and Canada: social security agreement signed
- ▶ Argentina and Israel: social security agreement approved by Argentine Senate
- ▶ Argentina and Korea (Rep.): social security agreement approved by Argentine Senate
- ▶ Barbados, G20 and OECD: revised two-pillar approach towards taxing the digital economy joined
- ▶ United States and Germany: mutual agreement on the spontaneous exchange of information on country-related reports of multinationals signed

Upcoming webcasts

[BorderCrossings . . .With EY transfer pricing and tax professionals \(26 August\)](#)

This month's BorderCrossings webcast will discuss the "realistic alternatives" principle in transfer pricing. Our panelists will explore the principle's evolution from various sources through its codification in the Tax Cuts and Jobs Act and incorporation into US tax treaties. They will also examine how recent practices reflect conflicting interpretations of this principle and why the role of realistic alternatives in transfer pricing cases is not as straightforward as it might first appear.

[LatAm Quarterly Tax Update \(15 September\)](#)

The last quarter has brought significant tax developments to Latin America. In this webcast, EY's EMEIA Latin American Business Centre will discuss and analyze the changes and consider their effects on European companies and investors in Latin America.

[What you need to know for Q3 2021 financial reporting \(22 September\)](#)

Are you up-to-date with current accounting and regulatory developments? In this webcast, panelists discuss current financial reporting matters and standard-setting activities.



Recently issued EY podcasts

[US Cross-Border Taxation weekly podcast, 20 August 2021](#)

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

Highlights this week include:

- ▶ US House of Representatives to convene to consider FY 2021 Budget Resolution
- ▶ US, Germany agree to share CbC reporting information

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 – 20 August 2021](#)
- ▶ [Uruguayan Tax Authority extends due date for issuers of electronic receipts to submit information on invoicing software or electronic tax receipt processes](#)
- ▶ [Uruguayan Tax Authority issues procedure for recovering corporate income tax and net wealth tax payments made from January to June 2021](#)
- ▶ [US: Senate-passed infrastructure bill would impose information-reporting requirements on sales of cryptocurrency and other digital assets](#)
- ▶ [Peru creates a new tax-free zone](#)
- ▶ [Uruguay's Tax Authority issues new form for the affidavit of corporate income tax, net wealth tax and corporate control tax](#)
- ▶ [Supreme Court of Canada rules that charges under Companies' Creditors Arrangement Act take priority](#)
- ▶ [Colombia's highest tax court annuls official opinion that denied deductibility of interest on loans used to acquire shares](#)
- ▶ [Peru announces new immigration policies for Resident Visa and Temporary Visa holders](#)

Other Global Tax Alerts

- ▶ [Turkey publishes Ultimate Beneficial Owner Declaration Form](#)
- ▶ [Gibraltar announces increase in corporate tax rate applies to profits from 1 August 2021](#)
- ▶ [New Indonesia-Singapore tax treaty enters into force](#)

OECD Alerts

- ▶ [OECD releases Colombia Stage 2 peer review report on implementation of Action 14 minimum standard](#)
- ▶ [OECD releases Latvia Stage 2 peer review report on implementation of Action 14 minimum standard](#)

Human Capital Alerts

- ▶ [Malaysia announces multiple immigration policy changes](#)



EY Industry and Tax Services publications

Industries

Automotive

- ▶ [Podcast: How environmental concern became the top driver for purchasing an EV](#)

Health & Life Sciences

- ▶ [Drive value in health care through optimal capital allocation](#)
- ▶ [Podcast: How digital solutions will help close the health equity gap](#)
- ▶ [Podcast: The promise of advanced therapies: the patient experience](#)
- ▶ [Podcast: The age of 'Health Experience'](#)

Consumer Products & Retail

- ▶ [Consumer products companies continue playing safe as M&A appetite wanes](#)
- ▶ [Retailers see M&A as a key driver in a post-pandemic recovery](#)

Technology

- ▶ [The CEO Imperative: How to factor geopolitics into technology strategy](#)

Financial Services

- ▶ [How the right conversations can empower finance transformation strategies](#)

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