



Americas tax policy update

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Top news

Brazil issues guidance on new transfer pricing rules

Brazil's Federal Revenue Office published guidance on how taxpayers may early adopt the transfer pricing rules. This guidance requires taxpayers who are interested in early adoption of the new rules for calendar-year 2023 to do so during September 2023. The new TP rules differ from the former rules as they are not based on deemed and fixed margins. They are, instead, focused on an analysis of the functions performed and risks assumed by each transaction party. The new rules could impact the current process of using TP information for purposes of assessing customs valuation when importing goods from related parties. See Tax Alerts [2023-5272](#) and [2023-5025](#).

Canada discusses 2023/2024 federal budget

The budget focuses on several priorities, including targeted inflation relief for Canadians most in need and other affordability measures to support students, seniors, small businesses and the middle class; investing in public health care, including implementing the new Canadian Dental Care Plan; and making significant investments to support Canada's transition to a clean economy. See [Tax Alert 2023-0611](#).

Chile rejects tax reform bill

On 8 March 2023, Chile's Chamber of Deputies rejected the tax reform bill that has been under discussion in Congress since July 2022. It appears the Government will wait one year, as set forth in the Constitution, before submitting a new bill on tax reform. Congress is continuing to discuss two initiatives, one related to the mining industry and one related to green and regional taxes. See [Tax Alert 2023-5309](#).

Colombia releases new development plan

On 6 February 2023, the new Colombian Government submitted to the Colombian Congress the National Development Plan 2022-2026: "Colombia, global power of life". This document includes the guidelines, plans and projects to be executed by the Government following its campaign program.

Costa Rica is added to EU list of non-cooperative jurisdictions (Annex I) for the first time

On 14 February 2023, the Council of the European Union updated the EU list of non-cooperative jurisdictions for tax purposes and added Costa Rica in the Annex I (so called "blacklist") because of its foreign source income exemption regime. See [Tax Alert 2023-5186](#).

Honduran Government to file new tax reform before the National Congress

The Honduran Government announced that it will file before the National Congress a bill that would significantly reform the current tax system. The bill would establish a worldwide income tax that would apply to all local source and foreign source income and ratify the Convention on Mutual Administrative Assistance in Tax Matters. See [Tax Alert 2023-5347](#).

Mexico formally ratifies MLI

On 15 March 2023, the OECD reported that Mexico deposited the instrument for ratification of the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting* (MLI) to finalize the formal ratification and notification process. The MLI for Mexico will enter into force on 1 July 2023. See [Tax Alert 2023-5321](#).

Country

Multi-jurisdiction
Argentina
Brazil
Canada
Chile
Colombia
Costa Rica
Dominican Republic
Ecuador
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Panama
Paraguay
Peru
Puerto Rico
United States
Uruguay
Venezuela

Multi-jurisdiction

- ▶ Through Resolution No. 471-2022, the Council of Ministers of Economic Integration (COMIECO) have established that as of 1 April 2023, the Secretary of Economic Integration of Central America (**SIECA**) **will receive US\$3.00 for the service it provides in electronically transmitting** through SIECA's electronic platforms each Central American Single Declaration (DUCA-F) used for the trade of goods originating in the Central American region. The COMIECO member states include Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. See [Tax Alert 2023-5344](#).

Argentina

- ▶ The Argentine tax authority has launched a service on their website to ensure compliance with the **mandatory disclosure regime** for international transactions as established in General Resolution No. 5306/2022. See [Tax Alert 2023-5296](#).
- ▶ The Argentine Government published Decree 48/2023, updating the list of **non-cooperating jurisdictions** for income tax purposes. The updated list of 80 non-cooperating jurisdictions is applicable for tax years beginning on or after 27 January 2023. See [Tax Alert 2023-5128](#).
- ▶ On 13 January 2023, the Argentine Government published Decree 18/2023, which contains new regulations on the **voluntary disclosure program to promote construction** and access to housing and the incentives regime for Argentine investment and production. The decree states that the funds declared under the voluntary disclosure program must be used for the development of or investment in real estate projects in Argentina or for the acquisition of "second-hand" property located in Argentina, provided that those transactions are carried out by 31 December 2024. See [Tax Alert 2023-5103](#).

Brazil

- ▶ Brazil's Federal Revenue Office published guidance on how taxpayers may early adopt the **transfer pricing rules** set forth in Provisional Measure No. 1,152. This guidance requires taxpayers who are interested in early adoption of the new rules for calendar-year 2023 to do so during September 2023. See [Tax Alert 2023-5272](#).
- ▶ The new TP rules differ from the former rules as they are not based on deemed and fixed margins. They are, instead, focused on an analysis of the functions performed and risks assumed by each party in the transaction. The new rules could impact the current process of using TP information for purposes of **assessing customs valuation** when importing goods from related parties. See [Tax Alert 2023-5025](#).
- ▶ On 1 March 2023, Brazil published PM 1,163, which modifies the taxation of **transactions for fuels and crude oil**. Under the PM, PIS and COFINS (Social Contributions on Sales) credits on the acquisition of aviation fuel (kerosene) and natural gas (for vehicle) will not be allowed. See [Tax Alert 2023-5268](#).
- ▶ The Brazilian Federal Supreme Court recently held that transfers between branches of the same legal entity do not trigger the ICMS, which is a state **value-added tax**. See [Tax Alert 2023-5204](#).
- ▶ On 12 January 2023, the Brazilian Government announced **new tax recovery measures** that may significantly affect taxpayers. Those measures include (1) allowing voluntary disclosures and the payment of debts without penalties; (2) limiting appeals to the administrative court to cases involving a certain amount; and (3) new tax settlement rules. See [Tax Alert 2023-5080](#).
- ▶ The Brazilian Federal Revenue Service (RFB) published Normative Instruction RFB No. 2,121, consolidating the rules related to the calculation, collection, and supervision of the **PIS and COFINS** and revoking Normative Instruction No. 1,911/19. Among other things, RFB No. 2,121 clarified that the ICMS (state value-added tax) due (as opposed to the ICMS paid) is excluded from the PIS and COFINS calculation bases. See [Tax Alert 2023-5080](#).

Canada

- ▶ On 28 March, Federal Finance Minister Chrystia Freeland tabled the **Federal 2023/24 budget**. This budget focuses on several priorities, including providing targeted inflation relief for Canadians most in need and other affordability measures to support students, seniors, small businesses and the middle class; investing in public health care, including implementing the new Canadian Dental Care Plan; and making significant investments to support Canada's transition to a clean economy (largely as a Canadian tax competitive response to the incentives contained in the US *Inflation Reduction Act*). As a result of these new spending initiatives, Canada's fiscal deficit for 2023-24 is now projected to be CAD\$40.1 billion, revised upward by almost CAD\$10 billion since the Finance Minister's November 2022 Fall Economic Statement. See [Tax Alert 2023-0611](#).
- ▶ On 21 March 2023, **New Brunswick** Minister of Finance and Treasury Board Ernie Steeves tabled the province's fiscal 2023/24 budget. The budget contains no new taxes and no tax increases. See [Tax Alert 2023-5360](#).
- ▶ On 21 March 2023, **Québec** Finance Minister Eric Girard tabled the province's fiscal 2023/24 budget. The budget contains several tax measures affecting individuals and corporations. See [Tax Alert 2023-5396](#).
- ▶ On 23 March 2023, **Ontario** Finance Minister Peter Bethlenfalvy tabled the province's fiscal 2023/24 budget. The budget contains tax measures mainly affecting corporations. See [Tax Alert 2023-5395](#).
- ▶ On 22 March 2023, **Saskatchewan** Finance Minister Donna Harpauer tabled the province's fiscal 2023/24 budget. The budget contains tax measures affecting individuals and corporations. The Minister anticipates a surplus of CA\$1.018 billion for 2023/24 and projects small surpluses for each of the next three years. See [Tax Alert 2023-5361](#).
- ▶ On 7 March 2023, **Manitoba** Finance Minister Cliff Cullen tabled the province's fiscal 2023/24 budget. The budget contains several tax measures affecting individuals and corporations. See [Tax Alert 2023- 5302](#).
- ▶ On 2 March 2023, **Yukon** Finance Minister Sandy Silver tabled the territory's fiscal 2023/24 budget. The budget contains no new taxes and no income tax increases. See [Tax Alert 2023-5301](#).
- ▶ On 28 February 2023, **British Columbia** Finance Minister Katrine Conroy tabled the province's fiscal 2023/24 budget. The budget contains several tax measures affecting individuals and corporations. See [Tax Alert 2023-5274](#).
- ▶ On 28 February 2023, **Alberta** Finance Minister Travis Toews tabled the province's fiscal 2023/24 budget. The budget contains tax measures affecting individuals and corporations. See [Tax Alert 2023-5273](#).
- ▶ On 23 February 2023, **Nunavut** Finance Minister Lorne Kusugak tabled the territory's fiscal 2023/24 budget. The budget contains no new taxes and no income tax increases. See [Tax Alert 2023-5245](#).
- ▶ On 23 March 2023, **Newfoundland and Labrador** Deputy Premier and Minister of Finance Siobhan Coady tabled the province's fiscal 2023/24 budget. The budget contains tax measures affecting individuals and corporations. See [Tax Alert 2023-5379](#).
- ▶ On 23 March 2023, **Nova Scotia** Minister of Finance and Treasury Board Allan MacMaster tabled the province's fiscal 2023/24 budget. The budget contains one new tax measure affecting individuals. See [Tax Alert 2023-5374](#).
- ▶ On 8 February, 2023, **Northwest Territories** Finance Minister Caroline Wawzonek tabled the territory's fiscal 2023-24 budget on 8 February. The budget contains no new taxes and no income tax increases. The minister anticipates an operating surplus of CD \$40 million for 2022-23 and projects an operating surplus of CD \$178 million for 2023-24. See [Tax Alert 2023-0305](#).
- ▶ On 1 January 2023, important changes to **Ontario's Business Corporations Act** went into effect, requiring Ontario private corporations to prepare and maintain a register of individuals with significant control (ISC) over the corporation. This requirement is part of an overall effort to combat various illicit activities. See [Tax Alert 2023-5313](#).
- ▶ Canada's new **Underused Housing Tax Act (UHTA)** came into effect on 1 January 2022 and the first filing deadline is on 30 April 2023. The UHTA levies a tax on the direct or indirect ownership of "underused" residential property owned by nonresidents, but the new legislation as drafted has a broad annual tax filing requirement and significant late-filing penalties that apply even if the owner of a property is exempt from the annual tax. These tax filing requirements could impact Canadian owners (other than individuals) of residential real estate. See [Tax Alert 2023-5312](#).
- ▶ The Canada Border Services Agency (CBSA) has released its semi-annual list of **trade compliance verification (audit) priorities**. The list is designed to update the importing community on ongoing verification priorities and set the stage for new priorities for the upcoming calendar year. See [Tax Alert 2023-5130](#).
- ▶ The CRA recently updated its website to announce changes to its **administrative policies for certain employee taxable benefits**. Specifically, the CRA's changes relate to the treatment of: (i) gift cards under the employee gifts, awards and long-service awards policy; (ii) virtual events under the employer-provided social events and hospitality functions policy; and (iii) scramble parking under the employer-provided parking policy. See [Tax Alert 2023-5055](#).

Chile

- ▶ On 8 March 2023, Chile's Chamber of Deputies rejected the **tax reform bill** that has been under discussion in Congress since July 2022 (for background, see EY Global Tax Alerts, [Chile's Congress to discuss tax reform proposal](#) and [Chile's Executive Power modifies tax reform bill](#)). It appears the Government will wait one year, as set forth in the Constitution, before submitting a new bill on tax reform. Congress is continuing to discuss two initiatives, one related to the mining industry and one related to green and regional taxes. See [Tax Alert 2023-5309](#).
- ▶ Chile enacted Law 21,536, which postpones to 2 January 2024, a series of legal changes applicable to the **mining industry** that were introduced by Law 21,420. Postponing the changes will allow Congress to have more time to correct certain issues identified in the parliamentary discussion and consider the suggestions raised by the different industry stakeholders in Chile. See [Tax Alert 2023-5120](#).

Colombia

- ▶ On 6 February 2023, the new Colombian Government submitted to the Colombian Congress the **National Development Plan 2022-2026: "Colombia, global power of life"**. This document includes the guidelines, plans and projects to be executed by the Government following its campaign program. This ambitious plan would create a significant tax and non-tax pressure due to the large amount of resources needed to accomplish the government's goals. Currently, the NDP is under discussion before the Colombian Congress.
- ▶ The Colombian Tax Authority issued three official opinions regarding the **national tax on single-use plastics** enacted by Law 2277, 2022. These interpretations have created uncertainty regarding the taxpayer and the taxable events. Currently, a formal appeal against those official opinions is pending to be resolved by the Tax Authority. This environmental tax is an indirect, single-phase, instantaneous tax with a broad scope. The tax is not deductible for income tax purposes. This issue will be of interest to a large variety of consumer goods manufacturers or importers looking to apply the exclusions as the taxpayer, in the Tax Authority's opinions, is the producer or importer of single-use plastics and not the one who uses the plastic to wrap, pack or package final goods.

Costa Rica

- ▶ On 14 February 2023, the Council of the European Union updated the EU list of **non-cooperative jurisdictions for tax purposes** and added Costa Rica in the Annex I (so called "blacklist") because of its foreign source income exemption regime. As a result, EU Member States may include Costa Rica on their lists of non-cooperative jurisdictions for tax purposes under their domestic laws and may apply defensive measures. See [Tax Alert 2023-5186](#).

- ▶ The regulations to the **Law for the Attraction of Investors, Rentiers and Pensioners** (i.e., Law 9996) went into effect in Costa Rica on 23 February 2023. Foreign nationals who have applied to become Costa Rican residents under the categories of investors, rentiers or pensioners are now eligible to receive the benefits under Law 9996, provided their applications are approved. See [Tax Alert 2023-5239](#).
- ▶ On 14 March 2023, the Costa Rican Executive Branch published Executive Decree No. 43996-H-COMEX-GOB in the Official Gazette, providing regulations for Law No. 10.071 (Law) on **attracting film investments to Costa Rica**. The regulations detail the requirements, conditions, and proceedings that nondomiciled producers or coproducers must meet to apply for the benefits established under Law No. 10.071 in relation to specific film or audiovisual investment projects duly approved by the Costa Rican Foreign Trade Promoter. See [Tax Alert 2023-0731](#).
- ▶ Costa Rica's General Directorate of Taxation published a resolution, creating the **National Large Taxpayers Dialogue Forum** (Forum). The purpose of the Forum is to promote openness and collaboration between companies classified as national large taxpayers and the National Large Taxpayers' Directorate by sharing knowledge, participating in discussions and exchanging solutions to general tax issues of common interest. See [Tax Alert 2023-5349](#).
- ▶ Costa Rica's tax authority and the Costa Rican Institute on Drugs published a resolution, modifying several provisions of the Joint Resolution for the **Transparency and Beneficial Ownership Register**. Specifically, the resolution modifies the time period for making corrections to the information submitted to the register. See [Tax Alert 2023-5348](#).
- ▶ On 15 February 2023, the President of Costa Rica signed a law that modifies articles 36, 37 and 39 of the Liquor Sales Law (Law No. 10 of 9 October 1936) to eliminate the 10% tax that was calculated on the basis of the total import cost of **imported beer**. See [Tax Alert 2023-5212](#).
- ▶ The Costa Rican tax authority published a resolution that amends the rules to consider the transportation services of goods destined for export to their final destination linked to exports and consequently exempt from the value-added tax (VAT). See [Tax Alert 2023-5265](#).
- ▶ Through Resolution No. MH-DGA-RES-0224-2023, the Costa Rican General **Customs** Directorate set forth the procedure for the scanning of containers and goods in port areas, upon their entry into the country. See [Tax Alert 2023-5297](#).
- ▶ The Costa Rican tax authority issued Institutional Criterion N° DGT-CI-001-2022, on **the tax treatment of the foreign exchange gain or loss in financial investment instruments** with respect to the capital gains tax. In general terms, the Institutional Criterion clarifies that in the event of a return of capital resulting from an investment made in foreign currency, there is no taxable or deductible exchange rate differential with respect to the tax on capital gains until there is an effective

exchange of foreign currency to national currency. See [Tax Alert 2023-5133](#).

- ▶ On 30 January 2023, Costa Rica's General Directorate of Treasury issued Resolution No. RES-DGH-005-2023, which establishes the procedure for requesting and processing **tax exemptions through the Exonet system**. The resolution also contains the requirements for requesting tax incentives through the Exonet system. See [Tax Alert 2023-5113](#).
- ▶ On 30 January 2023, the Costa Rican tax authority published an update to the Catalogue of Goods and Services. The update responds to the entry into force of the new list of basic goods and products subject to the **reduced value-added tax** rate of 1%. See [Tax Alert 2023-5116](#).
- ▶ The Costa Rican Executive Branch recently published six new Executive Decrees intended to regulate provisions of a law aimed at **promoting investment competitiveness outside of the greater metropolitan area**. The new regulations will be of interest to companies that are looking to make new investments and want to apply for the benefits of the free trade zone regime outside of the greater metropolitan area. See [Tax Alert 2023-5374](#).
- ▶ The Costa Rican tax authority has extended the **due date for inactive entities** (i.e., those with no economic activity) to file Form D-195 to 31 May from 30 April. See [Tax Alert 2023-5386](#).

Dominican Republic

- ▶ On 24 January 2023, the Dominican Republic's Executive Branch published the general regulations for the application of the DR's **new Customs Law**. According to the customs authority, the regulations will position the Dominican Republic among the most competitive and innovative countries in the region. See [Tax Alert 2023-5112](#).

Ecuador

- ▶ No tax policy developments to report.

El Salvador

- ▶ On 30 March 2023, the Legislative Assembly of El Salvador received the **Bill for the Promotion of Innovation and Technological Manufacturing**, which now is being analyzed by the Economic Commission of the Salvadoran Legislative Assembly. If adopted into law, the bill would provide tax benefits for individuals and legal entities, national or foreign, that invest in certain innovation projects or technological manufacturing within the national territory, provided these investments are made after the new law enters into force and comply with its requirements. See [Tax Alert 2023-0728](#).
- ▶ On 6 January 2023, the Municipality of Soyapango, Department of San Salvador issued the Transitory Ordinance of **Tax Amnesty** for the Exoneration of Interests and Fines resulting from Fees, Taxes and Special Contributions, in which a period of 60 working days was granted from the entry into

force of the ordinance. Under the ordinance, individuals and legal entities may cancel their debts in that jurisdiction, obtaining the exoneration of the applicable interest and fines. In the case of the Administration of Markets and Commerce in the Public Way, the benefit will be applied only to individuals, not legal entities.

- ▶ On 19 January 2023, the Legislative Assembly approved the "Special Transitory Law that grants Facilities for the Voluntary Compliance of Substantive and Formal Obligations in the Matter of Municipal Taxes", that will be in force for 90 days and grants to taxpayers located in the 262 municipalities of El Salvador who pay due municipal taxes, the **exemption of interest and fines** that have been generated from the origin of the debt until 31 December 2021.
- ▶ On 1 February 2023, the Special, Transitory and Complementary Provisions Related to **Tax Incentives in Public Works Projects** were published. The purpose of the provisions is to promote mechanisms to attract investment to generate benefits through the use of tax incentives to national or foreign companies that contract with the Ministry of Public Works.
- ▶ In February and March 2023, the Tax Administration updated documents related to Electronic Invoicing, which can be downloaded from its [website](#).
- ▶ On 30 March 2023, the Ministry of Economy filed before the Legislative Assembly of El Salvador, the draft of the "**Law for the Promotion of Innovation and Technological Manufacturing**", that seeks to strengthen the country's competitiveness and sustainable economic development by promoting innovation and the manufacture of technology developed in the national territory. According to the draft, certain tax benefits and exemptions could be granted to those that develops the activities included in the Law.

Guatemala

- ▶ Amendments to the requirements for the **issuance of invoices** in Guatemala contained in the Regulations of the **VAT Law** recently came into effect. Initially, such reforms were contained in Governmental Agreement 245-2022 which was published in the Official Gazette in October 2022 and was established to be effective three months after its publication (13 January 2023). However, on 9 January 2023, Governmental Agreement 12-2023 replaced all of the regulations contained in Governmental Agreement 245-2022.

Governmental Agreement 12-2023 entered into force on 14 January 2023, and provides that the issuers of tax documents must include the Personal ID (DPI) of the purchasers of goods or services, or the identification number of the foreign natural person or foreign legal entity in cases where such purchasers do not have a local Tax ID (NIT). Likewise, the amendment states that the words "final consumer" or the acronym "CF" may only be included in documents supporting sales of goods or rendering of services of less than two thousand five hundred Quetzales (Q.2,500.00). See [Tax Alert 2023-5079](#).

However, recently the Tax Authorities informed that these regulations could be revoked in a short term due to discomfort of certain sectors of taxpayers. In this sense, the Tax Authorities will maintain a 60-days dialogue with said sectors to determine a potential revocation of the Agreement or implement any suitable alternative. In the meantime, the regulations in question will remain in force.

- ▶ The Tax Authorities have implemented certain changes to the technical annex for validation of the **FEL regime**, which has been communicated internally to the Tax Document Certifiers, for this reason it has not yet been made public to taxpayers.
- ▶ Specifically, the Tax Authorities require that, at the time of issuing credit notes, the series and number of the original invoice must be incorporated within the complement of the electronic tax document. In this sense, such information must be shown in the HTML file and in the graphic representation of the credit note.

Currently, it is mandatory to detail the following information:

- ▶ Date of issuance of the original document
- ▶ Authorization number of the original document
- ▶ Reason for the adjustment

As of 1 March 2023, it will be necessary to file the information detailed above along with the series number and number of the original document on which the credit note is being issued.

Honduras

- ▶ The Honduran Government announced that it will file before the National Congress a bill that would significantly **reform the current tax system**. The bill would establish a worldwide income tax that would apply to all local source and foreign source income and ratify the Convention on Mutual Administrative Assistance in Tax Matters. See [Tax Alert 2023-5347](#).
- ▶ The Honduran Special Development and Employment Zones (ZEDE) regime was recognized as abolished following review by **OECD Forum on Harmful Tax Practices**. The new findings of the OECD's Peer Review on Harmful Tax Practices were published on 5 January 2023. See [Tax Alert 2023-5078](#).

Mexico

- ▶ On 15 March 2023, the OECD reported that Mexico deposited the instrument for ratification of the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI)* to finalize the formal ratification and notification process. The MLI for Mexico will enter into force on 1 July 2023. See [Tax Alert 2023-5321](#).
- ▶ On 15 March 2023, the Second Chamber of the Federal Supreme Court of Justice resolved the criteria contradiction 413/2022, approving the criterion that to the extent civil compensation is not a payment method, nor can it originate a request for a favorable balance or crediting, for **VAT** purposes; therefore, it is a way of determining the moment when the

consideration for the services rendered and for which the obligation to pay the tax is understood to have been effectively collected. The final project that resolved the contradiction is still pending publication.

- ▶ In February 2023, the calendar for **FATCA – CRS** activities was announced by the tax authority. For Mexican purposes, Financial Institutions shall report FATCA and CRS information to Mexican tax authority no later than 31 August 2023.
- ▶ On 31 March 2023, the period to **issue digital invoices** (CFDI, for its acronym in Spanish) in its version 3.3 and CFDI of withholding of contributions and payment information in version 1.0 concludes. As of 1 April 2023, only CFDI version 4.0 and CFDI withholding tax withholding and payment information in version 2.0 can be issued. Additionally, the tax authority announced the new tool “*Cédula de datos fiscales*”.

Nicaragua

- ▶ The Nicaraguan Ministry of Finance published Agreement Numbers 001-2023 and 002-2023, which update the lists of finished products and goods used in the manufacture of finished products that are exempt from **VAT**. The items included on previous lists but not covered by the new agreements are no longer exempt from VAT. See [Tax Alert 2023-5233](#).
- ▶ The Nicaraguan Assembly enacted the 1147 law, which contains the creation and regulation of an **electronic system called VUCEN** that allows the simplification of exportation requests, importation requests, port formalities and more. The user of the system must pay some fees for those services.

Panama

- ▶ On 6 February 2023, Panama's Tax Authority issued Resolution No. 201-1139, which modifies the Service Rendering and Sales Report (Form No. 1027), applicable to taxpayers of **VAT** in Panama (in Spanish, *Impuesto de Transferencia de Bienes Corporales Muebles y la Prestación de Servicios – ITBMS*). See [Tax Alert 2023-5203](#).
- ▶ Panama's General Directorate of Revenues issued Resolution No. 201-0717, setting forth the phases in which **banks and other financial institutions** must implement the use of authorized fiscal equipment or the Electronic Invoice System of Panama for the operations and services they carry out. The first phase begins 30 April 2023. See [Tax Alert 2023-5146](#).
- ▶ The Panamanian Ministry of Economy and Finances issued Executive Decree No. 2 of 2023, which amends article 10 of Executive Decree No. 13 of 2022 regarding the regulations for the *Private System for the Registration of Beneficial Ownership of Legal Entities*.

The amendment is related to the identification of the ultimate beneficial owners (UBOs), which for purposes of the registration data to be provided to this system by the resident agent, considers the following criteria in order to establish the nature of influence and control that the UBO exercise over a

determined entity: i) address; ii) the date when the UBO acquired its status as such; iii) the criteria to consider an individual as UBO; and, iv) the criteria by which the UBO is part of a structure involving foundations and/or trusts.

- ▶ The Panamanian Ministry of Economy and Finances issued Executive Decree No.3 of 2023, to amend and establish the phase in which the **Free Trade Zones and Special Economic Regimes** must implement the use of the authorized fiscal devices or the Electronic Invoice System of Panama for the operations and services carried out under such regimes. In that sense, the implementation date is set for 30 June 2023.
- ▶ Panama's General Directorate of Revenue issued Resolution No. 201-0806 of 2023, to regulate the operations and services carried out by the **Stock Market and Brokerage Firms** that must implement the Electronic Invoice System of Panama. The implementation date is set for 31 August 2023 and will be based on its income classification (i.e., income from fees and commissions, other miscellaneous operating income, and extraordinary income).
- ▶ Panama's General Directorate of Revenue issued Resolution No. 201-2441 of 2023, to amend Resolution 201-0806 of 2023. The Resolution added entities such as **investment managers, investment advisors and pricing providers**, to the regulation regarding the implementation of the Electronic Invoice System of Panama. As it was established in the previous Resolution, the implementation date is set for 31 August 2023.
- ▶ Executive Decree No. 8 of 2023, issued by the Panamanian Ministry of Commerce and Industry amends article 1 of Executive Decree No. 35 of 2019 to grant Tourism Promotion Incentives for **cruise lines** that establish their Home Port in designated ports within the Republic of Panama. Such incentives consist of reimbursement of the toll payment corresponding to the transit of the cruise ship through the Panama Canal. The incentives will be implemented between 1 January 2023, and 31 December 2027.

Paraguay

- ▶ On 28 February 2023, the Paraguayan Government enacted Decree No. 8.894, which updates to USD 13,000,000 the amount of investment needed to apply to certain tax benefits foreseen in Articles 5 and 22 of Law No. 60/90, which establishes **fiscal incentives for the investment of capital** of national and foreign origin and its amendments. See [Tax Alert - February 2023](#)

Peru

- ▶ Peru amended the regulations on the temporary exemption from **capital gains tax for the transfer of securities** carried out through the Lima Stock Exchange by individuals. The amended regulations establish the procedure for calculating the exempted amount. See [Tax Alert 2023-5277](#).
- ▶ The Peruvian Tax Court held that the **capital gains benefits of the Peru-Canada Tax Treaty** will still apply if an entity that owns shares of a Peruvian company migrates from Panama to

Canada and subsequently sells the Peruvian shares. See [Tax Alert 2023-5283](#).

- ▶ The Peruvian Government enacted Law 31650, extending the **tax incentives for Real Estate Investment Funds**, introduced through Legislative Decree 1188. These tax incentives are extended to 31 December 2026 from 31 December 2022. See [Tax Alert 2023-5114](#).
- ▶ Peru enacted Law 31659, **increasing the deduction rates for scientific research, technological development, and technological innovation expenses (R&D expenses)**. The new tax incentives are effective from 1 January 2023 to 31 December 2025. See [Tax Alert 2023-5069](#).
- ▶ On 28 December 2022, the Peruvian Congress enacted Law 31652, introducing **preferential depreciation rates for buildings, construction, and hybrid and electric vehicles**. Law 31652 is effective as of 1 January 2023. See [Tax Alert 2023-5034](#).
- ▶ Peru recently enacted Law 31651, **extending the value-added tax (VAT) exemption for specific goods and services** from 31 December 2022 to 31 December 2025. Peru also enacted Law 31661, introducing a temporary early VAT recovery regime, which allows taxpayers to elect to apply for the early VAT recovery system if they have investments of at least US \$2 million. See [Tax Alert 2023-5033](#).
- ▶ On 29 December 2022, the Peruvian Government issued Supreme Decree 326-2022, amending the Income Tax Law Regulations to implement the **fair market value (FMV) rules applicable to the transfer of securities**. The new FMV rules became effective on 1 January 2023. See [Tax Alert 2023-5017](#).
- ▶ A new Peruvian legislative decree modifies the minimum **interest rate allowed for loans** in local and foreign currency, given that LIBOR rates will no longer be published. The decree will be effective as of 1 January 2024. See [Tax Alert 2023-5307](#).

Puerto Rico

- ▶ Puerto Rico's Governor Pedro Pierluisi recently introduced tax reform via House Bill 1645, which would offer **tax relief** to individuals and corporations and includes certain tax simplification provisions, among other certain other modifications including proposed changes to the use tax on imports.
- ▶ In Circular Letter (CL) 23-03, Puerto Rico's Treasury Department has issued guidance on making **estimated tax payments** for companies that have elected, as provided under Act 52-2022, to be taxed at a 10.5% tax rate on their industrial development income from sales of goods and services instead of the 4% excise tax on foreign corporations. Companies should make their estimated tax payments through the Internal Revenue Unified System (SURI). Failing to make the estimated tax payments could result in a penalty of 10% of the estimated tax not paid. See [Tax Alert 2023-5208](#).

- ▶ In Circular Letter 23-01, Puerto Rico's Treasury Department announced the benefits and contribution **limits for qualified retirement plans** under Section 1081.01(a) of the Puerto Rico Internal Revenue Code of 2011, as amended, for tax years beginning on or after 1 January 2023. See [Tax Alert 2023-5104](#).
- ▶ In Administrative Determination 2022-11, the Puerto Rico Treasury Department announced that its new **tax credit management system**, established by Act 52-2022, will be available in the Internal Revenue Unified System beginning 18 January 2023. Taxpayers must register tax credits authorized on or after 1 January 2023, in the tax credit management system. See [Tax Alert 2023-5068](#).
- ▶ In Administrative Determination 23-01 (AD 23-01), Puerto Rico's Treasury Department provides guidance and clarification about the procedures to do an election to be subject to income taxation as **pass-through or disregarded entity**, as well as those related to change an entity classification. The AD 23-01 further provides rules about the tax consequences of entity classification change. The guidance notifies the release of an updated version of the form that is used to do the entity classification election.

United States

- ▶ President Biden released an **FY2024 budget proposal** on 9 March 2023, calling for \$3 trillion in deficit reduction, including through tax increases on corporations and wealthy individuals. The Budget is a blueprint for the President's preferred policies irrespective of their chances of being enacted. Many of the proposals couldn't pass the last all-Democratic controlled Congress and stand virtually no chance in a now divided government. Overall, the FY2024 Budget includes \$4 trillion in net tax increases, which is more than the \$2.5 trillion in the FY2023 Budget. See [Tax Alert 2023-0454](#).
- ▶ The Internal Revenue Service (IRS) Advance Pricing and Mutual Agreement (APMA) Program on 29 March issued the 24th annual Advance Pricing Agreement (APA) report, showing a significant **increase in the number of APAs filed**. The report discusses APMA, including its activities and structure for calendar year 2022, and provides insights into the operation of the APA Program. The number of APA filings increased significantly in 2022, with taxpayers filing 183 APA requests (up from 145 in 2021). The total number of APAs concluded, however, decreased from 124 to 77 and the median amount of time to finalize an APA increased from 35.1 months in 2021 to 43.4 months in 2022. See [Tax Alert 2023-0620](#).
- ▶ The IRS issued interim guidance (Notice 2023-20) to help **insurance companies and some other taxpayers comply with the new corporate alternative minimum tax (CAMT)** until proposed regulations are issued. The notice addresses how to determine adjusted financial statement income (AFSI) with regard to (1) variable (and similar) contracts, (2) funds-withheld reinsurance and modified coinsurance agreements, and (3) the basis of certain assets held by previously tax-exempt entities that received a "fresh start" basis adjustment. See [Tax Alert 2023-0384](#).
- ▶ In final regulations (TD 9972), the IRS amended the **rules for electronically filing certain returns** to reflect changes made by the Taxpayer First Act of 2019 (TFA), which reduced the threshold for requiring taxpayers to file electronically in most cases from 250 annual returns to 10. The 10-return threshold applies to returns required to be filed in calendar years 2024 and later. The 250-return threshold applies to returns filed in calendar years 2022 and 2023. The regulations affect partnership returns, corporate income tax returns, unrelated business income tax returns, withholding tax returns, and registration statements, disclosure statements, notifications, actuarial reports and certain information and excise tax returns. See [Tax Alert 2023-0356](#).
- ▶ In Notice 2023-18, the IRS and Treasury provided initial guidance establishing the IRC Section 48C(e) program, which will eventually allocate \$10 billion of credits for investments in eligible qualifying **advanced energy projects**, of which at least \$4 billion will be for projects located in certain energy communities. The first round of allocations will be approximately \$4 billion, with at least \$1.6 billion going to those communities. Taxpayers who want to receive credits must start the application process with the Department of Energy, which is administering the process with the IRS, by 31 July 2023. See [Tax Alert 2023-0308](#).
- ▶ The Treasury and IRS released guidance creating the Low-Income Communities Bonus Credit Program under IRC Section 48(e), which gives eligible **solar and wind facilities increased investment tax credits** of 10% or 20%. Notice 2023-17 specifies how facility owners can apply for a portion of the annual capacity limitation, as set by the IRS, to become eligible for the credits. Applications will be accepted in the third calendar quarter of 2023. See [Tax Alert 2023-0333](#).
- ▶ In Notice 2023-16, the IRS and Treasury modified earlier guidance on the **definition of clean vehicles for purposes of the IRC Section 30D credit** and changed the clean vehicle classification standard, which will allow more vehicles to qualify for the credit. With the modifications, the forthcoming proposed regulations previously announced in Notice 2023-1 will provide that the fuel economy labeling regime under 40 CFR 600.315-08 is the basis for determining whether a vehicle is a van, sport utility vehicle (SUV), pickup truck or other vehicle eligible for the credit. See [Tax Alert 2023-0251](#).
- ▶ In Revenue Procedure 2023-9, the IRS outlined guidance on the **Alternative Cost Method**, which real estate developers may use to account for certain common improvement costs. Revenue Procedure 2023-9 obsoletes Revenue Procedure 92-29, 1992-1 C.B. 748, and is effective for tax years beginning after 31 December 2022. It provides that the optional safe harbor method (Alternative Cost Method) is a method of accounting. As such, real estate developers will be required to file an accounting method change request to use the new method. Revenue Procedure 2023-9 requires a developer wishing to use the Alternative Cost Method to apply the

method to all qualifying projects of a trade or business. See [Tax Alert 2023-0227](#).

Uruguay

- ▶ The Economic and Financial Affairs Council of the European Union (ECOFIN) recently announced that Uruguay is recognized as a “**cooperating jurisdiction** without commitments assumed.” To obtain this status, Uruguay undertook various measures to become more aligned with the EU Standards on collaboration between regions. See [Tax Alert 2023-5224](#).
- ▶ Uruguayan President Luis Lacalle Pou announced upcoming **tax reductions** that include modifications to Personal Income Tax and Social Security Assistant Tax, as well as other benefits for micro and small companies. See [Tax Alert 2023-5326](#).
- ▶ On 8 March 2023, the Uruguayan Executive Power proposed a bill that would temporarily exempt the **agricultural sector** from making advanced payments of corporate income tax and net wealth tax for the period of 1 January 2023 to 30 June 2023. See [Tax Alert 2023-5318](#).
- ▶ Uruguay’s Executive Branch has increased the income limit for taxpayers to qualify for the simplified **personal income tax** regime for the 2023 tax period. Taxpayers with a salary of up to UYU 50,200 (approximately US \$1,290) per month and UYU 602,400 annually (approximately US \$15,450) qualify to apply for the simplified personal income tax regime. See [Tax Alert 2023-5105](#).
- ▶ The Uruguayan Tax Administration announced on its website that the rate at which interest can be taxed under the **Uruguay-Chile Income and Capital Tax Treaty** was modified due to the application of the most favored nation (MFN) clause in the double tax treaty protocol. As a result of the MFN clause, the tax rate is reduced from 15% to 10% of the gross amount of interest. See [Tax Alert 2023-5184](#).
- ▶ Uruguay’s Executive Power has submitted a bill to Parliament that would allow **IT professionals** who migrate to Uruguay to elect to be subject to nonresidents income tax at a flat rate of 12%, instead of personal income tax at progressive rates that range from 0% to 36%. See [Tax Alert 2023-6271](#).
- ▶ The Uruguayan Tax Office issued a resolution that clarifies several aspects of the substance requirements applicable to the **corporate income tax’s source criteria**. The resolution went into effect on 15 March 2023. See [Tax Alert 2023-6229](#).

Venezuela

- ▶ On 13 January 13, 2023, an Exoneration Decree regarding **fuels derived from hydrocarbons** was published which exonerates from the payment of Value Added Tax, Import Tax and Rate for Determination of the Customs Regime, as well as any other tax, rate or contribution applicable in accordance with the legal system in form, definitive imports and sales made in the National Territory of

fuels derived from hydrocarbons, as well as the inputs and additives, destined to the improvement of the quality of gasoline, carried out by the State directly, or by companies of its exclusive property, or by mixed companies with participation of State and private capital in any portion and by private companies, in accordance with the provisions of Article 58 of the Master Law of Hydrocarbons.

Also, the tax obligation established in the Law of Partial Amend of the Decree with Rank, Value and Force of the Tax on Large Financial Transactions Law, is exonerated from the tax obligation for sales operations carried out in the National Territory of fuels derived from hydrocarbons, as well as the inputs and additives, destined to the improvement of the quality of gasoline, carried out by the State directly, or by companies of its exclusive property, or by mixed companies with participation of State and private capital in any portion and by private companies.

The maximum term of the exoneration benefit established in the Decree is one year from publication in the Official Gazette.

- ▶ On 23 February 23, 2023, an Exoneration Decree of the **Tax on Large Financial Transactions (TLFT)** was published which establishes the exoneration from payment of the TLFT on bank debits.

Among the most relevant aspects of the Decree is the exoneration from the payment of the tax in the following cases:

- I. Debits generated by the purchase, sale, and transfer of custody in securities issued or guaranteed by the Republic or the Central Bank of Venezuela.
- II. The debits or withdrawals related to the liquidation of the capital or interest.
- III. Securities traded through the stock exchanges and agricultural exchange, made in other currency than that of legal tender in the country or in cryptocurrencies or cryptoactives other than those issued by Venezuela.

In accordance with the Tax Law on Large Financial Transactions, the following operations, among others, are not subject to payment of the tax:

- I. Foreign exchange operations carried out by Individuals and Corporations.
- II. Payments in bolivars with national and international debit or credit cards from foreign currency accounts, through payment points duly authorized by the competent authorities, except those made by Special Taxpayers.
- III. Payments in currency other than that of legal tender in the country or in cryptocurrencies or cryptoactives other than those issued by the Republic, made to Individuals, Corporations and economic entities without legal personality that are not classified as Special Taxpayers.
- IV. Remittances sent from abroad, through institutions authorized for this purpose.

The Decree will be valid for one year, counted from its publication in the Official Gazette.

- ▶ On 14 March 2023, an Administrative Order which establishes the rules under which the National Tax Administration may **designate certain taxpayers as special taxpayers** was published.

Among the most relevant aspects of the Administrative Order are the following:

- I. The following taxpayers may be qualified as special taxpayers, subject to the control and administration of the respective Regional Internal Taxes Management of their tax domicile:
 - a) Individuals who have obtained gross income equal to or greater than equivalent of 7,500 times the Foreign Exchange Currency of the Highest Value published by the Central Bank of Venezuela. Likewise, individuals who work exclusively under a labor relationship and have obtained net income equal or higher than 7,500 Tax Units, as indicated in their last income tax return filed, may also be designated as special.
 - b) Legal entities that have obtained gross income equal or higher than the equivalent of 30,000 times the Foreign Exchange Currency of the Highest Value published by the Central Bank of Venezuela, in the case of taxes that are assessed in annual periods, or that have made sales or rendered services for amounts equal or higher than the equivalent of 2,500 times the Foreign Exchange Currency of the Highest Value published by the Central Bank per month.
- II. The following taxpayers, with fiscal domicile in the jurisdiction of the Capital Region, may be designated as special taxpayers, subject to the control and administration of the Regional Internal Tax Management of Special Taxpayers of the Capital Region:
 - a) Individuals who have obtained gross income equal to or greater than equivalent of 15,000 times the Foreign Exchange Currency of the Highest Value published by the Central Bank of Venezuela, or who have made sales or rendered services for amounts equal or higher than the equivalent of 1,250 times the Foreign Exchange Currency of the Highest Value published by the Central Bank per month. Likewise, individuals who work exclusively under a labor relationship and have obtained net income equal or higher than 15,000 Tax Units, as indicated in their last income tax return filed, may also be designated as special.
 - b) Legal entities that have obtained gross income equal or higher than the equivalent of 120,000 the Foreign Exchange Currency of the Highest Value published by the Central Bank of Venezuela, in the case of taxes that are assessed in annual periods, or that

have made sales or rendered services for amounts equal or higher than the equivalent of 10,000 times the Foreign Exchange Currency of the Highest Value published by the Central Bank.

- III. The Regional Internal Tax Management and Internal Tax Sector that had designated as special taxpayers the taxpayers indicated in Article 5, prior to the entry into force of the Administrative Order, shall proceed to revoke such designation, prior authorization of the National Internal Tax Intendency, without prejudice to the verification and audit powers of this Tax Administration, for the purpose of verifying the compliance with the conditions for the exclusion of such designation.

Finally, the previous Administrative Order published on February 08, 2022 was repealed. The Administrative Order became effective as of the day following its publication in the Official Gazette.

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