



International Tax Americas September 2016

This e-newsletter gives you an overview of international tax developments being reported globally by KPMG member firms in the Americas Region between **1 September and 30 September 2016**.

Canada	Costa Rica	Peru	Uruguay
Colombia	Mexico	US	

For a full summary of global tax developments, visit kpmg.com/TaxNewsFlash.

To contact the International Tax Team email internationaltax@kpmg.com.

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	Tax area concerned	Relevant date/Case reference	Description of measures and publication link (<i>Considerations in italic where necessary</i>)
Canada			
Tax legislation adopted and regulatory update	HST	15 Sept 2016	Many businesses need to determine that their systems have been adjusted for the Prince Edward Island harmonized sales tax (HST) rate increase to 15 percent (from 14 percent) that will be effective 1 October 2016. Read more
Tax legislation adopted and regulatory update	Corporate tax	30 Sept 2016	Owner-managers who are thinking about selling their "Canadian-controlled private corporation" need to consider the effect of new measures that will change the way "eligible capital property" (ECP) is taxed. Read more
Proposed legislation	Income tax	20 Sept 2016	New draft legislation will affect over 60 sections of the Income Tax Act. This article includes an overview of international and business tax measures. Read more

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Colombia			
Treaties	Free trade agreement	22 Sept 2016	A free trade agreement was signed by representatives of the governments of Colombia and Costa Rica in July 2016. With the free trade agreement's entry into force, measures will strengthen investments within the manufacturing, textile, agricultural and services sector. Read more

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Costa Rica			
Administrative and case law	Tax audit	2 Sept 2016	The Constitutional Court (<i>la Sala Constitucional</i>) issued a decision finding that provisions of the tax law requiring taxpayers to provide a guarantee or to pay the amount of a tax adjustment resulting from a tax audit – before the taxpayer can initiate a challenge of the adjustment before the tax administrative authorities – are unconstitutional. Read more

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Mexico			
Proposed legislation	Various tax areas	15 Sept 2016	Mexico's executive branch presented the Mexican Congress with an economic package for 2017 that includes reform proposals in various tax areas. The proposals are subject to change during the legislative process. As proposed, the measures are intended generally to be effective beginning in 2017. Read more on general provisions here and here

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Peru			
Administrative and case law	Customs	21 Sept 2016	New guidance in Peru includes measures concerning the electronic means for "rectification" information submitted on customs declaration forms. Read more

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United States			
Administrative and case law	Foreign tax credits	26 Sept 2016	<p>The IRS Large Business and International (LB&I) division publicly released a “practice unit” — part of a series of IRS examiner “job aides” and training materials intended to describe for IRS agents leading practices for specific international and transfer pricing issues and transactions—that concerns the sourcing of multi-year compensation arrangements, including stock options, with respect to the foreign tax credit limitation.</p> <p>Read more</p>
Administrative and case law	Inbound and outbound transactions	23 Sept 2016	<p>The IRS announced the release of two “practice units”—part of a series of IRS examiner “job aides” and training materials intended to describe for IRS agents leading practices for specific international and transfer pricing issues and transactions.</p> <p>Read more</p>
Administrative and case law	Foreign tax credits	15 Sept 2016	<p>The IRS added two new categories of transactions to arrangements treated as “foreign tax credit splitter arrangements”. The transactions involve distributions of earnings by, or restructurings of certain foreign corporations (“section 902 corporations”) in order to separate earnings from foreign taxes paid in a later year as a result of a foreign initiated adjustment that results in an assessment of additional tax on prior year earnings.</p> <p>Read more</p>
Other	State Aid	13 Sept 2016	<p>U.S. Treasury Secretary Jacob Lew in an “op-ed” published in today’s edition of the Wall Street Journal addressed how the European Commission’s state aid investigations present a new opportunity for the U.S. Congress to act on business tax reform and infrastructure investment.</p> <p>Read more</p>

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Uruguay			
Tax legislation adopted and regulatory update	VAT	21 Sept 2016	<p>The tax authority (DGI) issued guidance addressing the effects of an incorrect income determination in relation to a value added tax (VAT) settlement.</p> <p>Read more</p>

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