



International Tax Americas January 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 January and 31 January**.

Argentina	Brazil	Canada	Costa Rica	Dominican Republic
Jamaica	Mexico	Panama	United States	Venezuela

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

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	Tax area concerned	Relevant date	Description of measures and publication link (<i>Considerations in italic where necessary</i>)
Argentina			
Tax legislation adopted and regulatory update	Tax compliance / Reporting	January 2016	Guidance issued by the Argentine tax authorities implements new information reporting for banks and financial institutions pursuant to the OECD's common reporting standard regime, effective January 2016. Read more
	Tax transparency / Transfer pricing	January 2016	The Argentine tax authorities posted an updated "white list" of countries, jurisdictions, and territories—that is, a list of countries and jurisdictions that are identified as cooperative for tax transparency purposes. A broader application of Argentina's transfer pricing rules will not apply to transactions involving entities located in the countries and jurisdictions identified on the "white list." Read more

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Brazil			
Tax legislation adopted and regulatory update	Anti-avoidance	January 2015	Dutch holding companies have been again included on the Brazilian government's list of "privileged tax regimes." Accordingly, this action has implications for purposes of the transfer pricing, thin capitalization, and tax deductibility rules. Read more
	Sales tax	December 2015	Guidance published in December 2015 concerns a reduction of the ICMS tax base with respect to operations involving industrial and agricultural equipment. Read more
		January 2016	Companies operating in the State of Rio de Janeiro may face immediate tax consequences concerning the state sales tax (ICMS) charged on "upstream" transactions involving oil and gas extraction in light of two legislative amendments directly affecting the oil and gas industry. Read more
	A "simplified" method with respect to ICMS-ST reimbursement has been provided for taxpayers in São Paulo. Read more		
Tax compliance	January 2016	The Brazilian tax authority has announced new criteria with respect to identifying taxpayers that are subject to Brazil's "differentiated tax monitoring" procedure. This process has been in effect since 2005, and involves the analysis of tax and economic behaviors of "large taxpayers." Beginning in 2016, there are new parameters for determining whether a legal entity is considered to be a "large taxpayer." Read more	

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Canada			
Tax legislation adopted and regulatory update	Benefits in kind	January 2016	Finance Canada announced that the limit on the deduction of tax-exempt allowances paid by employers to employees that use their personal vehicles for business purposes in 2016 decreases to 54 cents per kilometer for the first 5,000 kilometers (down from 55 cents).

			Read more
	GST / HST / QST	31 March 2016	<p>Many employers that offer taxable benefits to their employees will have to remit amounts of GST / HST and QST related to these benefits by 31 March 2016. These amounts are due each year, and are an actual cost to employers because they are not collected from the employees.</p> <p>Read more</p>
	Tax compliance	January 2016	<p>The Canada Revenue Agency announced that certain reporting requirements for labor organizations and labor trusts will be waived. These entities had faced new requirements—to file reports with the CRA disclosing detailed financial information and information on political, lobbying, and other non-labor relations activities, and to make that information publically available.</p> <p>Read more</p> <p>Financial reports of corporations and other organizations may need to reflect certain 2015 income tax changes in year-end financial statements under International Financial Reporting Standards, Accounting Standards for Private Enterprises or U.S. generally accepted accounting principles.</p> <p>Read more</p>
	Withholding tax	1 January 2016	<p>Non-Canadian resident employers with non-resident employees working in Canada can now apply to be eligible for a new exception from the withholding tax requirements. This exception is effective 1 January 2016.</p> <p>Read more</p>
Proposed legislation	Various tax areas	January 2016	<p>Canada's Department of Finance released draft legislation that would provide relief for trusts and estates affected by the "graduated rate estate" rules.</p> <p>Read more</p>
Treaties	Arbitration procedure	January 2016	<p>Canada and the United Kingdom have signed an agreement that clearly outlines procedures for the application of the arbitration provisions of the Canada-United Kingdom income tax treaty. The agreement provides for a clearly outlined process for the arbitration of tax disputes between the two nations.</p> <p>Read more</p>

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Treaties	Double tax treaties	January 2016	<p>The legislative assembly of Costa Rica approved an income tax treaty between Costa Rica and Germany. The next step in the treaty ratification process is for the president to approve the treaty, and if approved, Costa Rica would be ready for the exchange of instruments of ratification. The Costa Rica-Germany income tax treaty includes the following withholding tax rates:</p> <ul style="list-style-type: none"> — dividends – 5 percent or 15 percent — interest – 5 percent or 0 percent — royalties – 10 percent. <p>Read more</p>
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Dominican Republic			
Tax legislation adopted and regulatory update	Restructuring	7 February 2017	<p>The legislature passed a law that concerns the restructuring and liquidation of entities and merchants, and is scheduled to be effective 7 February 2017. The intention behind this new law is to revise the corporate rules in the Dominican Republic—rules that previously did not allow for corporate restructurings without putting an immediate end to business operations.</p> <p>Read more</p>
	Various tax areas	2016	<p>The Dominican tax authority has informed taxpayers of the following tax rates for 2016.</p> <ul style="list-style-type: none"> — The corporate income tax rate in the Dominican Republic for 2016 will remain at 27 percent. — The rate of value added tax will remain at 18 percent — The “reduced VAT” rate that applies for certain foods will increase to 16 percent (up from 13 percent). <p>Read more</p>

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Jamaica			
Tax legislation adopted and regulatory update	Tax compliance	15 March 2016	<p>Income tax returns for 2015 and declarations of estimated income tax for 2016 are due by 15 March 2016. Also, any income tax due for the assessment year 2015 and the first quarterly instalment of estimated income tax for 2016 must be paid by 15 March 2016.</p>

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Mexico			
Tax legislation adopted and regulatory update	Property tax	January 2016	<p>There are new procedures with respect to property tax imposed on certain real estate located in the municipality of Nuevo Leon. Under these provisions, it is now possible for joint owners to request for the property tax liability to be imposed in a proportionate manner— that is, a manner that reflects the ownership interest of each joint owner.</p> <p>Read more</p>
Treaties	Double tax treaties	17 December 2015	<p>Representatives of the governments of Mexico and Spain signed a Protocol to amend the existing Mexico-Spain income tax treaty. The Protocol includes the following new measures:</p> <ul style="list-style-type: none">— dividends: single withholding tax rate of 10 percent— interest: 4.9 percent withholding tax applies with respect to interest on a loan of any kind paid to a bank or financial institution.— capital gains: real estate clause introduced— permanent establishment for activities related to hydrocarbons <p>Read more</p>

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Panama			
Tax legislation adopted and regulatory update	WHT	January 2016	<p>The effective date of withholding tax rules has been postponed. This measure applies for certain withholding agents that are designated by the tax authorities and that had transactions for the prior year that satisfied an annual threshold amount.</p> <p>Read more</p>

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United States			
	-	-	<p>For legislative changes and regulatory updates for the US please visit below link to the TaxNewsFlash United States.</p> <p>Read TaxNewsFlash US</p>

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Venezuela			
Tax legislation adopted and regulatory update	Various tax areas	January 2016	<p>Changes to the income tax law in Venezuela are effective beginning January 2016, and include the following measures.</p> <ul style="list-style-type: none">— repeal of the “tax inflation adjustment” (used to determine the taxable income of “special taxpayers” as defined generally to include most companies and some individuals)— an increase in the income tax rate—from 34 percent to 40 percent—applicable for banks and insurance companies— repeal of investment tax credit provisions— cash basis income recognition is allowed only for salary income and windfall profits. <p>Read more</p>

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