



International Tax Americas

December 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 December and 31 December 2016**.

Canada	Uruguay	United States
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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	Description of measures and publication link
Canada			
Administrative and case law	Filing deadlines	13 Dec 2016	Canadian corporations seeking relief from the upstream loan and paid up capital (PUC) offset rules, as provided for in recently proposed measures, should file the applicable election by the end of the year even though the draft legislation introducing these measures is not yet tabled in a bill or enacted into law. Read more
Treaties	WHT	8 Dec 2016	Finance announced that Canada signed a Tax Convention with Madagascar on 24 November 2016. Read more
KPMG publication	Asset management	16 Dec 2016	Asset managers' round-up of 2016 Canadian tax developments. KPMG in Canada has prepared a summary of developments including: cost of partnership interest and dividend stop-loss rules; negative partnership adjusted cost base; offshore investment fund property; new compliance issues; FX methodology for convertible securities; investment management fees paid outside registered plans and more. Read more

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Uruguay			
Tax legislation adopted and regulatory update	Dividends	2 Dec 2016	Recently enacted legislation in Uruguay introduces a deemed-dividend regime and new rules imposing limitations on loss carryforwards. Multinational companies operating in Uruguay must now plan for possible deemed dividends if there are undistributed earnings and plan for the limitations that will affect their ability to carry forward losses. Read more
Proposed legislation	Beneficial owners	19 Dec 2016	Proposed legislation, currently pending before the Uruguayan Parliament, would require certain resident and nonresident entities to disclose the identity of their ultimate beneficial owners to the Central Bank of Uruguay. The bill would also require the owners of nominative shares of Uruguayan entities to register with the central bank. Read more

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United States			
Tax legislation adopted and regulatory update	Goodwill and going concern	15 Dec 2016	The US Treasury Department and IRS released for publication in the Federal Register final regulations (T.D. 9803) addressing the tax treatment of transfers by US persons of property — including goodwill and going-concern value — to foreign corporations in non-recognition transactions pursuant to section 367. The final regulations are not intended to be interpreted as making substantive changes. Read more
Tax legislation adopted and regulatory update	Disregarded entity reporting requirements	12 Dec 2016	The US Treasury Department and IRS released for publication in the Federal Register final regulations (T.D. 9796) that treat a domestic disregarded entity, wholly owned by a foreign person, as a domestic corporation for the limited purposes of the reporting and recordkeeping requirements under section 6038A. Read more
Proposed legislation	Triangular reorganizations	2 Dec 2016	The IRS today released a notice that announces that the IRS and Treasury Department intend to issue regulations under section 367 to modify the rules relating to the treatment of property used to acquire parent stock or securities in certain triangular reorganizations involving one or more foreign corporations, and the consequences to persons that receive parent stock or securities pursuant to such triangular reorganizations. Read more
Administrative and case law	Various	30 Dec 2016	The Treasury Department and IRS released several packages of regulations concerning withholding of tax on certain US source income paid to foreign persons;

			information reporting and backup withholding with respect to payments made to certain US persons and portfolio interest paid to nonresident alien individuals and foreign corporations. Read more
Administrative and case law	Foreign currency	22 Dec 2016	The IRS released Notice 2017-07, which revises the effective date of temporary regulations (issued in early December 2016) concerning the recognition and deferral of foreign currency gain or loss under section 987 with respect to a 'qualified business unit' (QBU) in connection with certain QBU terminations and other transactions involving partnerships. Read more
Administrative and case law	Economic substance	19 Dec 2016	The US Court of Appeals for the First Circuit reversed a federal district court and concluded that the government was entitled to summary judgment in a case concerning the economic substance of certain transactions that involved the taxpayer's claim for foreign tax credits. Read more
Administrative and case law	Foreign tax credits	6 Dec 2016	The Treasury Department and IRS issued guidance in the form of comprehensive proposed regulations interpreting the statutory rules, and temporary regulations that primarily incorporate guidance provided in prior IRS notices addressing dispositions of assets subject to section 901(m). The proposed regulations would also modify the creditable foreign tax expenditure rules in Reg. section 1.704-1(b) so that foreign income taxes paid by a hybrid partnership are adjusted to take into account section 901(m). Read more

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