



International Tax Americas January 2017

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 2017**.

Brazil	Colombia	United States
Canada	Peru	

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	Tax area concerned	Relevant date	Description of measures and publication link
Brazil			
Administrative and case law	Privileged tax regime	11 Jan 2017	Austrian holding companies that do not have substantial economic activities have been identified as a "privileged tax regime" by Brazil. Accordingly, there are transfer pricing implications for such Austrian holding companies. Read more

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Canada			
Treaties	Anti-treaty shopping	17 Jan 2017	The new Canada-Israel tax treaty entered into force on 21 December 2016. Among other provisions, the new treaty adds a "one of the main purposes" test as an anti-treaty shopping measure to the treaty articles on dividends, interest, royalties and capital gains. Read more
Treaties	Corporate tax	17 Jan 2017	Finance recently announced that the new Canada-Taiwan tax treaty has entered into force. The treaty, which was signed on 15 January 2016, will limit certain withholding tax rates. Read more

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Colombia			
Tax legislation adopted and regulatory update	Various	6 Jan 2017	A new tax reform law — Act 1819 of 2016 — has been enacted in Colombia. The legislation includes significant changes to certain corporate income tax and individual income tax provisions, including rate reductions and the repeal of certain corporate-level taxes. It also increases VAT. Read more

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Peru			
Tax legislation adopted and regulatory update	Various	14 Jan 2017	Tax reform enacted in Peru in December 2016 includes, among other items, an increase to corporate taxation. The tax reform measures — including changes to the corporate tax law, to the provisions regarding the exchange of information, and concerning transfer pricing measures — are effective beginning 1 January 2017. Read more

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United States			
Tax legislation adopted and regulatory update	Foreign branches	31 Jan 2017	Section 987 regulations, issued in December 2017, can significantly change how a company measures taxable income of a foreign branch with a functional currency different from its owner. Read more
Tax legislation adopted and regulatory update	Foreign financial institution agreement	25 Jan 2017	The US Treasury Department and IRS released final and temporary regulations under Chapter 4 of the Internal Revenue Code and updates to the foreign financial institution agreement under Rev. Proc. 2017-16. The regulations incorporate transitional guidance including updates with respect to the date of withholding on gross proceeds and foreign pass thru payments to reflect the delayed timelines, and updates to the definition of a grandfathered obligation. Read more
Tax legislation adopted and regulatory update	Tax structuring	13 Jan 2017	The US Treasury Department and IRS released a package of regulations including final and temporary regulations and by cross-reference proposed regulations that address certain corporate inversions and transactions that are structured to avoid the purposes of section 7874. Read more

Administrative and case law	CBC reporting	19 Jan 2017	The IRS released Rev. Proc. 2017-23 describing the process for filing Form 8975, Country-by-Country report, and accompanying Schedules A, Tax Jurisdiction and Constituent Entity Information, by ultimate parent entities of US multinational enterprise (MNE) groups for reporting periods beginning on or after 1 January 2017, but before the applicability date of Reg. section 1.6038-4 (early reporting periods). Read more
Administrative and case law	Withholding and reporting requirements	19 Jan 2017	The IRS released Rev. Proc. 2017-21 which contains the final withholding foreign partnership agreement (WP agreement) and withholding foreign trust agreement (WT agreement). It also provides guidance to foreign partnerships and foreign trusts for how to apply to enter into, or renew, the WP or WT agreement. Read more
Administrative and case law	Cost sharing agreements	4 Jan 2017	The IRS 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 — addressing section 367(d) transactions in conjunction with cost sharing arrangements. Read more

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