Latin America Tax Developments

Call to action – 2026

February 2026

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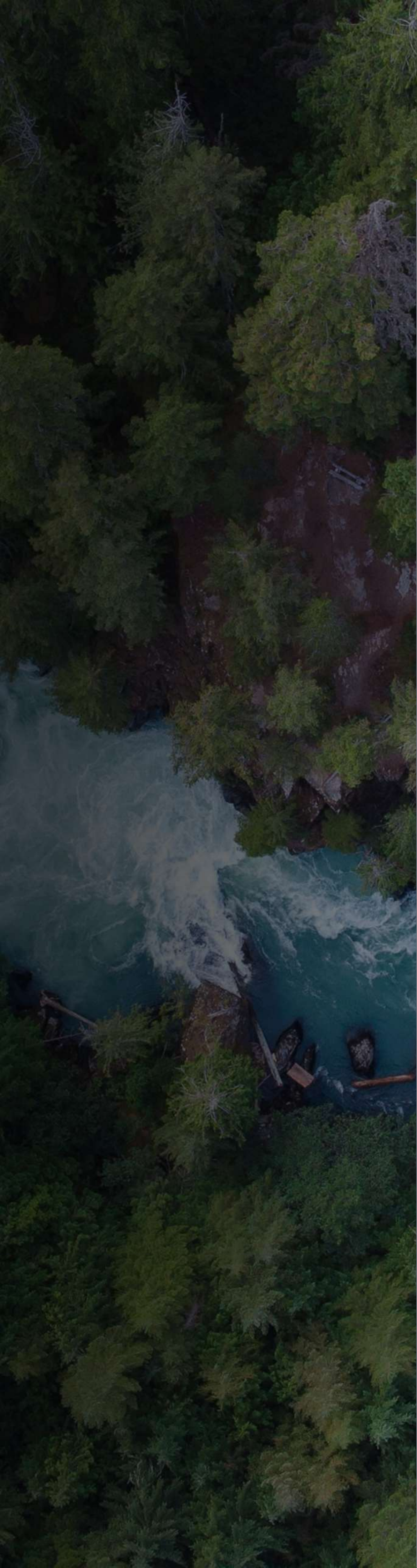

Agenda

Acronyms

CIDE	Contribution for Intervention in the Economic Domain (Brazilian tax on technology and royalties)
CIT	Corporate Income Tax
CFDI	Comprobante Fiscal Digital por Internet (Mexico's electronic invoicing system)
DTT	Double Tax Treaty
ETR	Effective Tax Rate
FX	Foreign Exchange (Forex)
GAAP	Generally Accepted Accounting Principles
INE	Interest on Net Equity (Brazilian mechanism for shareholder remuneration)
IOF	Brazilian Tax on Financial Transactions
IP	Intellectual Property
IT	Information Technology
LOB	Limitation on Benefits
MLI	Multilateral Instrument
MNE	Multinational Enterprise
OECD	Organization for Economic Cooperation and Development
OME	Operating Model Effectiveness
PE	Permanent Establishment
PPT	Principal Purpose Test
QDMTT	Qualified Domestic Minimum Top-up Tax

Acronyms

RFC	Registro Federal de Contribuyentes (Mexican taxpayer ID)
RIGI	Incentive Regime for Large Investments (Argentinian investment incentive)
TP	Transfer Pricing
VAT	Value Added Tax
WHT	Withholding Tax

Argentina

Update	Who is affected	Call to action
MLI ratification and entry into force (1 January 2026)	Multinational groups relying on Argentina's tax treaty network	▪ Map current and envisaged transactions that benefit from the Argentine tax treaty network, and assess if the MLI standards and requirements are complied with to utilize such treaties. **Priority level: Immediate actions are recommended, since changes are applicable from 1 January 2026. With the enhanced MLI requirements, the utilization of tax treaties require additional analysis and potentially bigger efforts.**
Incentive Regime for Large Investments (RIGI)	Companies and investors considering significant investments in Argentina (at least USD 200 million) in selected industries (e.g., mining, infrastructure, technology, among others)	▪ Analyse the tax, customs and foreign exchange benefits, as well as the requirements to become eligible for the incentive. **Priority level: Immediate actions are recommended. The application to the incentive will be open in principle until mid-2026, and the requirements are extensive to submit a project for eligibility.**
Flexibilization of FX control rules and impact on repatriation alternatives	Argentine companies making payments abroad for different concepts (dividends, services, royalties, goods, etc.)	▪ Identify how new FX rules and environment impact the cross-border transactions of payments of the Argentine companies. **Priority level: Close monitoring is recommended. The FX environment has been changing since December 2023 and new rules have been issued in 2025, which require companies to understand them and make informed decisions about next steps (in particular, about intercompany cross border transactions).**

Brazil

Update	Who is affected	Call to action
10% WHT on Dividend remittances to non-residents (with grandfathering mechanism for distributions declared before 2026)	Multinationals with investments in Brazilian companies that remit results abroad	▪ Determine the impact in view of the holding structure and consider the opportunity to restructure – possible benefit under the Brazil-Netherlands treaty. ▪ Find the ideal balance between debt and equity financing. ▪ Explore incentivized financing options, such as Export Pre-Payment (PPE), debentures, etc. ▪ Consider the possibility of utilizing investment funds within the structure. ▪ Certain Investment Funds allow for tax-free repatriation. ▪ Evaluate OME alternatives, including IP restructuring options (e.g., usufruct, consortium). **Priority level: Changes are already in place and immediate actions should be evaluated.**
Increase on IOF Tax rates (transactional tax applicable to FX, credit, and others)	All companies in Brazil that do any business abroad / with a foreign company	▪ Review outbound payments (such as services and royalties) and study alternatives (usufruct of IP, cost sharing, consortium, among others). ▪ Review any loans in place or to be enacted and ensure proper planning. ▪ Keep track of changes in rates (as four changes happened between May and July of 2025). **Priority level: Changes are already in place and may be already increasing client's tax cost.**
Signed Multilateral BEPS Convention (MLI) – pending domestic ratification	All companies in covered jurisdictions (with a DTT in force with Brazil)	▪ Map potential changes on treaties applied by the groups, mostly on LOB and PPT provisions and planning ahead with new framework. **Priority level: Close monitoring on the domestic ratification process status is recommended.**
Increased taxation for online betting operations from 12% to 15%	Betting operators'	▪ Consider overall structure to plan alternatives for tax optimization. **Priority level: Changes are already in place and immediate actions should be evaluated.**

Brazil

Update	Who is affected	Call to action
Comprehensive VAT Reform (replacing 5 taxes for 3 new ones, shifting methodology for destination-based collection rules, introducing new compliance obligations, and many other changes)	All companies in Brazil	▪ There is the need to review overall business structure and assess readiness asap, considering also impacts beyond tax (procurement, sales, IT, logistics, pricing, logistics, etc.). ▪ Modelling effects and ensuring system readiness (for the company, its providers and its clients) is of the essence. **Priority level: The transition period started in January 2026; companies that do not prepare risk having to halt operations. Readiness will require time, as this impacts more than just the tax department.**
Increase in the WHT rate on INE payments from 15% to 17.5%	Companies in BR that remunerate shareholders via INE payments	▪ Review outbound payments and capital structure for planning going forward. ▪ Consider potential use of DTT to ensure a cap on WHT rate for INE remittances. ▪ Consider recent favourable ruling on Superior Court to ensure retroactive INE payments. ▪ Consider recent tax authorities' interpretation on INE calculation methodology. **Priority level: Changes are already in place and immediate actions should be evaluated.**
Pillar 2	MNE groups with presence in Brazil that are subject to Pillar 2 (revenue of EUR 750mi)	▪ Map the structure in Brazil to confirm entities under scope (special attention should be given to funds, consortiums, and PEs specially for oil and gas industry). ▪ Map future transactions that may affect ETR (e.g. M&A). ▪ Calculate potential top-up tax in accordance with local requirements (for instance, use of Brazilian GAAP) to ensure compliance and possibility of considering the Brazilian tax as a Safe Harbour QDMTT up the chain. **Priority level: The Brazilian QDMTT is in force from January 2025, and failure to comply may have implications for the overall Pillar 2 Group structure.**
Comprehensive TP reform, aligning Brazil to OECD standards	All companies in Brazil	▪ Review Brazilian profile overall (e.g. existing structures that may have been designed on prior framework requirements), assess suitability of current operations model and plan opportunities on new framework (e.g. IP models, financing structures, etc). **Priority level: The new TP legislation is in effect since 2024, and lack of adaptation may be affecting tax cost and competitiveness.**

Brazil

Update	Who is affected	Call to action
CIDE tax ruling adopting a broader view of CIDE-Tecnologia, confirming its applicability to remittances with or without technology transfer	Brazilian companies that use / distribute any type of IP from abroad (either if they currently remit royalties or not)	▪ Potential increase in tax burden on remittances for services and royalties demands that companies reassess their contracts and payment structures to ensure compliance and mitigate risks (for example, unbundling remittances by nature). ▪ Alternative IP structures such as usufruct, consortium, may also be options. **Priority level: The broader interpretation is in effect and may impact tax cost and competitiveness.**
Reduction by 10% in several tax incentives	MNE groups with presence in Brazil that benefit of federal tax incentives	▪ Map tax incentives affected by the change in legislation and evaluate financial impacts ▪ Evaluate and discuss alternative opportunities, given the fact that the new legislation does not impact all available tax incentives. **Priority level: The legislation is in force from January 2026, and reduction in tax benefits will be implemented over the next few years.**
Increase in the percentage of presumed profit margins for purposes of the Presumed Profit Method (PPM) for calculation of CIT	All companies in Brazil with annual revenue of less than BRL 78mi	▪ Calculate financial impact deriving from the increase in ETR and evaluate alternatives. **Priority level: The legislation is in force from January 2026, and the option for application of the Presumed Profit Method must be made in the first quarter of the year.**
Increase CIT taxation for fintechs from 34% to 40% or 45% depending on regulatory classification	Fintechs in operation in Brazil	▪ Calculate financial impact deriving from the increase in ETR and evaluate alternatives. **Priority level: The legislation is in force from January 2026.**

Chile

Update	Who is affected	Call to action

A new government has been elected and is starting in office in March of this year	All companies carrying out business or investing in Chile	▪ The appointed new finance minister has stated that they expect to introduce a tax reform bill in April 2026. It has been stated that this bill would include:
		  ▪ A reduction in CIT from the current 27% to get to 23% to be completed in 4 years.
		  ▪ Some form of tax invariability contracts for foreign investments.
		  ▪ Other details are yet to be revealed.
		▪ Remain attentive to the details of the proposed bill and be aware that some opportunities may arise.
		
		Priority level: Close monitoring of status is recommended.

Foreign companies selling low-value goods (less than USD500) on a B2C basis must register and pay VAT	E-commerce selling directly to Chilean consumers without a Chilean entity conducting the sale	▪ Review registration and recurring VAT compliance services. ▪ Evaluate indirect taxes systems. **Priority level: Monitor the details is recommended, since changes are already in place from 2025 and immediate actions should be evaluated.**
Tax-free reorganization provisions have been amended to provide flexibility	Foreign and local clients carrying out reorganizations (mergers, demergers, contributions and others), which may be able to do so in a tax neutral manner	▪ Review directly or indirectly investments in Chile and possible reorganization, carve-outs, or others that did not go forward since they produced an adverse tax effect in Chile. **Priority level: Changes are already in place and immediate actions should be evaluated. International reorganization may be conducted in a tax neutral manner in Chile.**

Colombia

Update	Who is affected	Call to action
Local Tax Authorities clarified that, the national tax on single-use plastic products used for packaging applies to all imports, including imports of goods in such packaging, effective 25 July 2025	Importers and businesses importing goods into Colombia that are packaged/packed using single-use plastic (consumer goods, retail, manufacturing, pharma)	▪ Perform a targeted impact assessment (product mapping, packaging composition, affected SKUs/incoterms) and quantify potential cost exposure. ▪ Assess customs/import documentation and data readiness (supplier declarations, packaging weight/material tracking) in anticipation of DIAN implementation guidance. **Priority level:** Close monitoring of DIAN (Colombian tax authority) implementation guidance and related enforcement developments is recommended.
Decree 1474 of 2025 introduced temporary emergency tax measures under the Economic Emergency and is currently suspended following the Court's suspension of the Emergency Decree	All taxpayers with Colombia exposure, particularly those impacted by temporary tax measures	▪ Considering Decree 1474's cross-border measures – (i) VAT on online gambling operated from abroad and (ii) the temporary 1% tax on the first sale/export of hydrocarbons and coal, monitor the Constitutional Court process and be prepared to implement the measures if they are upheld. **Priority level:** Close monitoring of the Constitutional Court's final decision is recommended.
Draft Decree: As from 1 March 2026, debit/credit card payments would be subject to a 0% WHT (currently 1.5%), except where special WHT rates (>0%) apply irrespective of the payment method	Merchants receiving card payments and card issuers/withholding agents	▪ Monitor the final decree and prepare for implementation. For nonresident merchants, confirm whether any WHT is currently deducted from card payment settlements—this will determine whether the reduction from 1.5% to 0% has a real cash impact. **Priority level:** Close monitoring of the final decree is recommended.

Mexico

Update	Who is affected	Call to action
Electronic invoice (CFDI) reform: strengthened authenticity rules, real-time evidence requests, and increased risk of CSD suspension (effective 1 January 2026)	All companies operating and issuing CFDIs in Mexico	▪ Review the 2026 CFDI reform, which empowers the SAT to request digital evidence (photos, videos, delivery proofs) and accelerates determinations of presumed false invoices. ▪ Update ERP controls, documentation protocols, and traceability to withstand real-time verification. ▪ Prepare for stricter enforcement, including more frequent suspensions of digital seal certificates (CSDs), and map business processes that depend on continuous CFDI issuance. ▪ Consider filing an amparo before 13 February 2026 and conduct a CFDI health check to evaluate exposure **Priority**: Immediate review is recommended given the SAT's expanded real-time verification powers. ***Note**: alternatively, the amparo can be filed 15 business days after the tax authorities applied the new requirements in analysis. Quick turnaround will be required in this case.*
New withholding obligations for digital platforms	Digital platforms	▪ Update seller onboarding processes to collect RFCs. ▪ Implement or enhance withholding and CFDI issuance systems. ▪ Prepare for real-time data-sharing requirements once the Mexican tax authority publishes technical guidelines. **Priority level: Close monitoring is recommended to ensure compliance with the new requirements.**
SAT Master Fiscalization Plan 2026: heightened audit targeting and sector-wide scrutiny	All Mexican entities, especially those with complex supply chains or recurring deductions	▪ The SAT's 2026 Master Plan prioritizes aggressive audit programming focused on taxpayers showing irregular patterns (e.g., recurring losses, unexplained deposits, inconsistencies between purchases and sales, use of tax havens, links to high-risk counterparties). ▪ Expect increased requests for evidence, onsite visits, and coordinated intelligence-based reviews across VAT, CIT, customs and payroll withholding. ▪ Proactively identify exposures in areas highlighted by the SAT (materiality, import pricing, non-tariff compliance, marketing expenses, and refund claims) and strengthen documentation. ▪ Perform a readiness assessment to anticipate potential audits and align processes with the SAT's uniform national audit criteria. **Priority level:** Immediate actions are recommended – authorities are expanding data-driven audit selection and applying consistent enforcement across all regions.
Capital repatriation incentive	Mexican tax residents holding resources abroad and seeking to repatriate capital	▪ Assess eligibility for the incentive and review offshore holdings. ▪ Identify productive investment opportunities that meet the three-year requirement. **Priority level: The deadline to apply the benefit is 31 December 2026.**

Peru

Update	Who is affected	Call to action
MLI to come into effect in 2026	All companies in covered jurisdictions	▪ Evaluate the changes in covered DTTs ▪ Review the Principal Purpose Test to be implemented in covered DTTs **Priority level: Immediate actions are recommended, as the changes in covered DTTs are coming into effect soon.**
Peru-UK DTT enters into effect on 1 January 2027 regarding Income generated in Peru	All individuals or companies in UK with operations in Peru or planning to do business with Peruvian companies	▪ Review the DTT text and evaluate the possible benefits regarding the DTT. ▪ Review the Principal Purpose Test implemented in the DTT. **Priority level: Act promptly, as the benefits entered into effect on 1 January 2027.**

High chance of tax reforms being implemented, depending on the election results	All companies in Peru and abroad that have operations in Peru	▪ Review the most recent economic report of the Peruvian Ministry of Economics and Finance (2025), as the following changes/modifications to fiscal policy are expected:
		  ▪ Revision of personal income tax: the aim is to reduce the high exemption limit in order to achieve greater progressivity and fairness.
		  ▪ Reform of regulations for small businesses: the aim is to prevent the fragmentation of businesses and encourage formalization.
		  ▪ Measures by the Peruvian tax authority: digitization of accounting books, dissemination of tax returns online, cross-checking of information, and strengthening of controls to combat tax evasion and fraud.
		  ▪ Reduction of tax advantages and expenses: rationalization of tax exemptions and special regulations.
		  ▪ Strengthening of value-added tax, with a focus on digital services and low-value imports.
		  ▪ Support Peru's ongoing process of accession to the OECD.
		
		Priority level: Close monitoring on the election outcome in 2026.

Central America

Update	Who is affected	Call to action
Dominican Republic: Tax reform proposal for the application of ITBIS/VAT to Electronic/Digital Services	All foreign providers of digital services delivered via the internet that are used, consumed, or exploited in the country and provided by non-domiciled or non-resident entities	▪ Foreign digital service providers must register with the DGII as taxpayers and obtain a National Taxpayer Registry (RNC). They will become ITBIS/VAT withholding agents, responsible for collecting, reporting, and paying the tax monthly through the DGII's virtual platform. ▪ Registration does not imply the establishment of a permanent establishment in the Dominican Republic nor additional tax obligations. **Priority level: Close monitoring of status is recommended. Non-compliance may result in sanctions under the Dominican Tax Code and applicable laws.**
El Salvador: Amendments to the Law on Industrial and Commercial Free Zones	Developers, free zone users, and DPA entities	▪ Review compliance with local provisions, considering two-year grace period with full maintenance of tax benefits to meet requirements to extend exemptions for an additional 10 years. **Priority level: Close monitoring of status is recommended.**
El Salvador: Amendments to the International Services Law	Individuals or legal entities applying for the benefits under the law	▪ Review compliance with local provisions. **Priority level: Close monitoring of status is recommended.**
El Salvador: Law for the Promotion of Investment Expansion	Companies with at least 10 years of operation in the country that carry out expansions in strategic sectors such as textiles, agribusiness, food, auto parts, electronics, plastics, footwear, chemical-pharmaceutical, construction, and paper	▪ Review compliance with local provisions. **Priority level: Immediate actions are recommended.**
Honduras: Five-Year Extension of the Temporary Importation Regime (RIT)	Exporting or industrial companies that use the Temporary Importation Regime as a key component of their operations and tax-customs planning	▪ Monitor the official publication in the Official Gazette (La Gaceta), as this publication will grant legal validity to the extension. ▪ Review the guidelines that will be issued to ensure the continuity of the benefit once the regulation is published. ▪ Update internal compliance calendars considering the new five-year term. **Priority level: Close monitoring of status is recommended. Although the extension has already been approved, it does not yet have legal effect until it is published in La Gaceta.**

Central America

Update	Who is affected	Call to action
Honduras: Proposal for Municipal and Tax Amnesty	Any individual or legal entity with outstanding debts owed to public institutions, who may benefit from the waiver of penalties and surcharges	▪ Identify and quantify outstanding liabilities that may be covered by the amnesty. ▪ Monitor the approval of the bill and its final conditions (deadlines, requirements, and covered entities). ▪ Prepare the necessary documentation and funds to take advantage of the amnesty once it enters into force. ▪ Regularize tax and municipal obligations by filing and paying outstanding amounts without penalties or surcharges. **Priority level: Close monitoring of status is recommended. It is currently a bill under discussion; therefore, it is not yet in force.**
Nicaragua: Free Trade Agreement between Nicaragua with China	All companies in covered jurisdictions	▪ Countries considering investments in Central America now could negotiate more favourable terms with a potential Chinese market. **Priority level: Close monitoring of status is recommended.**
Nicaragua: Law No. 1264, Law on Special Economic Zones of the Belt and Road, published in La Gaceta No. 203 on 31 October 2025, and in force as of that date	Investors and companies within Special Economic Zones (SEZs) engaged in processing, transformation, and value-added activities for export of goods and services	▪ Evaluate the feasibility of establishing operations within SEZs to benefit from tax and customs incentives. ▪ Review operational, tax, and supply-chain implications to determine eligibility and potential advantages under the new regime. **Priority level: Immediate actions for investors are recommended, as the law has been in force since 31 October 2025.**
Panamá: Resolution No. MEF-RES-2025-3287 of 21 November 2025, issued by the General Directorate of Revenue of the Ministry of Economy and Finance of the Republic of Panama	Large taxpayers and companies that may be classified as such under DGI criteria	▪ Assess whether the company qualifies as a large taxpayer based on the DGI's parameters. ▪ Anticipate increased scrutiny, including enhanced information requests and potential audit focus—particularly relevant for multinational groups with significant operations. ▪ Review internal processes and documentation to ensure readiness for possible compliance obligations once the classification list is published. **Priority level: Close monitoring is recommended, as no immediate deadline has been announced.**
Panamá: Draft Bill No. 321 of 13 January 2026, submitted to the Economy and Finance Committee of the National Assembly of the Republic of Panama.	Electronic payment service providers, taxpayers who use them, consumers, companies, accountants, and citizen participation in fiscal oversight	▪ Payment service providers must implement mechanisms to report monthly to the DGI the minimum required information: provider identification, recipient taxpayer identification, total monthly processed amount, and breakdown by type of payment method. **Priority level: Close monitoring of status of the draft bill is recommended.**

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