



TTN Seminar – São Paulo
December 3rd, 2009

**Brazilian Tax Implications resulting from the use of
black listed jurisdictions**

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Main Aspects

1. Higher chance of being audited
2. Higher tax rates
3. Transactions may be viewed as “not real” – lack of substance
4. General perception that illegal activity is being performed
5. Fear of becoming part of “black list” of taxpayers
6. A different perspective

Higher chance of tax audit

1. Clear Identification of tax haven transactions in both individual and corporate tax returns

2. Negative Media on the subject

1. Abuse from both advisors and taxpayers

2. Desperate attempt to pay zero tax at minimum cost

Higher Tax Rates

Jurisdiction	Dividend	Interest	Capital Gains	Stock Market	Bareboat Charter
Non Black List	0%	15%	15%	0%	0%
Black List	0%	25%	25%	15%	25%

Lack of Substance

1.No corporate presence

2.No employees

1.Unclear corporate purpose

2.Shelf Structures

3.Attempt to use tax haven address for lower tax implications and transfer of profits out of the Brazilian Tax System

Irregular Transactions

1. Actual reason for attempting to hide ownership
2. Abuse of simplified system to commit tax fraud
3. Money Laundering Activities
4. Shelf Structures
5. Attempt to use tax haven address for lower tax implications and transfer of profits out of the Brazilian Tax System

Black List of Taxpayers

1. Perception that the use of a tax haven is illegal
2. Fear that permanent audit process may be implemented

A different Perspective

1. Mechanism of tax deferral and not tax avoidance
2. Less bureaucratic environment to operate
3. Simplified legal system
4. Good strategy for succession planning – faster process
5. Asset Protection against abusive actions taken in certain circumstances
6. Ability to be tax efficient and fully compliant with tax law.