

# *Brazil : Recent Tax Developments*

---

**TTN Meeting - New York  
May 18th, 2009**

---



Consultoria Tributária | Planejamento Patrimonial e Sucessório

Intercorp do Brasil Gestão Empresarial Ltda.

Av. Luis Carlos Prestes, 180 3º andar

Barra da Tijuca 22775-055

Rio de Janeiro RJ Brasil

T 55 21 2112 4640

Av Nova Funchal 418 34º andar

04551-060 São Paulo SP Brasil

T 55 11 3521 7360

[www.intercorp.us.com](http://www.intercorp.us.com)

*REFIS*  
*Special Tax Payment Program*  
*(MP 449/08)*

# *Brazil : Recent Tax Developments*



---

- *Possibility of refinancing all tax debts*
- *Low Interest Rates – less than 1% per month*
- *Up to 180 months to pay debt*

## *Brazil : Recent Tax Developments*

---



- *Applicable to all Federal Taxes:*
  - *IRPJ + CSSL (corporate tax)*
  - *INSS (payroll tax)*
  - *PIS / COFINS (revenue taxes)*
  - *IPI ( Federal VAT – excise tax)*

## *Brazil : Recent Tax Developments*

---



- *Similar plans in the past :*
  - 2000
  - 2003
  - 2006
  
- *Consequence : taxpayers delay tax payments waiting for special installment plan*
  
- *No guarantee required*

## *Brazil : Recent Tax Developments*

---



- *Taxpayers must quit administrative disputes to include debt*
- *Taxpayers must quit legal discussions to include debt*
- *Under current regulations:*
  - *tax debts can only be financed in up to 60 months*
  - *Each taxpayer is only eligible for 1 financial plan per type of tax*

## *Brazil : Recent Tax Developments*

---



- *Taxpayers may transfer their debt from previous installment plans into the new REFIS*
- *It may take up to 12 months to consolidate the actual debt*
- *Estimated payments are mandatory while consolidation takes place*
- *Valid for both individuals and corporations*

## *Brazil : Recent Tax Developments*

---



- *Significant discounts apply to both fine and interest charges*
- *Already approved by the House of Representatives and Congress – now needs Presidential approval*
- *Should be approved by the end of the month*

## *BACEN*

# *Information Return of Foreign Assets*

## *Brazil : Recent Tax Developments*

---



- *Has been in force since 2001*
- *Important source of information for tax audits*
- *Complete list of all foreign assets held by Brazilian Resident Individuals and Companies*

## *Brazil : Recent Tax Developments*

---



- *Return includes :*
  - *Foreign entities*
  - *Real Estate Property*
  - *Foreign Receivables*
  - *Financial Investments*
  
- *Information must be provided at both cost and market value*

## *Brazil : Recent Tax Developments*

---



- *It is understood that both BACEN and SRF (Brazilian IRS) exchange information for purposes of audit*
- *Helpful tool to track offshore assets and built in gains*
- *Accrued method of taxation for corporations x cash method for individuals*

## *Brazil : Recent Tax Developments*

---



- *Advantages of holding international structures through individuals*
- *The two-tier structure – non disclosure of actual market value*
- *The search for non tax haven jurisdictions – goal – deferral of taxes*