

# Seizing opportunities



## Tax Alert Brazil

Main aspects of the newest Tax Regularization Program

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### Enactment of newest Tax Regularization Program This material is according to the Provisional Measure # 766 of January 4<sup>th</sup>, 2017

The Brazilian Government enacted on January 4<sup>th</sup>, 2017 the Provisional Measure # 766 (PM 766/2017) setting a new installment program called "Tax Regularization Program" (TRP), with cooperation of Brazilian IRS and General Attorney's Federal Office (PGFN).

#### > Legal Background

Provisional Measure # 766, of January 4, 2017

[http://www.planalto.gov.br/ccivil\\_03/ Ato2015-2018/2017/Mpv/mpv766.htm](http://www.planalto.gov.br/ccivil_03/ Ato2015-2018/2017/Mpv/mpv766.htm)

#### > Who can adhere and which debts can be settled

Both individuals and legal entities that have tax debts expired until 30 November 2016, including those which have already been included in previous installment programs, being rescinded or active, object of administrative or judicial discussion, or also

from legal postings made after the publication of the current PM.

#### > Adherence Modalities

1. Debts under the responsibility of Brazilian IRS not registered as overdue federal tax liability:
  - Prompt payment in cash of at least 20% of the debt amount, and liquidation of outstanding amount using tax losses carried forward;
  - Payment in cash of at least 24% of the debt amount in 24 installments, and liquidation of outstanding amount using tax losses carried forward;
  - Prompt payment in cash of at least 20% of the debt amount, and liquidation of outstanding amount in up to 96 installments;
  - Payment in 120 installments of the total debt amount, applying increasing fixed interest rates over the installments.
2. Debts under the responsibility of PGFN that are registered as overdue federal tax liability:
  - Prompt payment in cash of at least 20 % of the debt amount, and liquidation of outstanding amount in up to 96 installments;
  - Payment in 120 installments of the total debt amount, applying increasing fixed interest rates over the installments.

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### > Adherence implications

Following the trend of the previous installment programs, by filing the TRP, the taxpayer waives the right of discussing the tax debt and accepts the conditions set forth in the PM 766/2017 as well as further regulations, which should be published until the end of the month.

It is worth mentioning that debts registered as overdue federal tax liability up to BRL 15 million do not require warranty or guarantee-letter. Also, the taxpayer should renounce any lawsuits discussing the tax debt. The homologation of the TRP shall take place within five years from the filing period. As mentioned above, Brazilian IRS and PGFN should issue until the end of January 2017 regulations to instruct the TRP procedures and deadlines for filing.

**Rödl & Partner Brazil** has specialized professionals that are always available to support you in this matter in German, English, Spanish and Portuguese language.

Should you need further assistance, please contact our **Tax Consulting team**.

### Seizing Opportunities

*"The factors that drive Brazil's growth are well-known – strong demographics, modernised infrastructure, and richness of natural resources. Brazil still offers diverse investment opportunities. It is not without reason that the metropolis of São Paulo is one of the world's largest industrial hubs. Seize with us the opportunities this market offers!"*

*"Every hand grasped, every foot put on the shoulders of another Casteller is an opportunity for us to create a brand-new constellation of a human tower. We only have to recognise that opportunity and – what is perhaps even more important – seize it with confidence."*

*Castellers de Barcelona*



„Each and every person counts“ – to the Castellers and to us.

Human towers symbolise in a unique way the Rödl & Partner corporate culture. They personify our philosophy of solidarity, balance, courage and team spirit. They stand for the growth that is based on own resources, the growth which has made Rödl & Partner the company we are today. „Força, Equilibri, Valor i Seny“ (strength, equilibrium, valour and common sense) is the Catalan motto of all Castellers, describing their fundamental values very accurately. It is to our liking and also reflects our mentality. Therefore Rödl & Partner embarked on a collaborative journey with the representatives of this long-standing tradition of human towers – Castellers de Barcelona – in May 2011. The association from Barcelona stands, among many other things, for this intangible cultural heritage.

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