

COUNTRY PROFILE



Brazil

Tax overview

Corporate Income Tax	34%
Personal Income Tax	27.5%, progr
Gift Tax	8%, max (State)
Inheritance Tax	8%, max (State)
Wealth Tax	None

Corporate Income Tax

Corporations incorporated in Brazil are subject to tax on worldwide income at a nominal rate of 15%; however, the tax rate is 34% with the surtax and social contribution.

Personal Income Tax

Brazilian residents are subject to tax on worldwide income on progressive rates up to 27.5%. Capital gains realized from investments in financial instruments are taxed at 15% for gains up to 5MM Reais, and for larger gains, the tax rate is progressive up to 22.5%. Certain states in Brazil impose gift and estate tax at rates up to 8%. There is no wealth tax.

Anti-Avoidance Rule

Brazil has General Anti-Avoidance Rules (GAAR). Brazil also has Transfer Pricing rules which apply to related parties and transactions with entities resident in Low tax Jurisdictions (LTJs) or Preferential Tax Regimes (PTRs). In addition, Brazil has Thin Capitalization rules, which limit the deduction of interest paid to related parties and to entities resident in LTJs or PTRs. Brazil has Controlled Foreign Corporation (CFC) rules that apply only to corporations, not individuals.

Low Tax Jurisdictions LTJ - "Black-List"

Brazil defines LTJs as jurisdictions with a tax rate of less than 20% of the Brazilian rate and which do not

exchange information with Brazil. Transactions between Brazilian residents and LTJs triggers Transfer Pricing and Thin Capitalization rules.

Foreign Trusts

The Brazilian tax authorities (Receita Federal), in a recent private ruling (No. 41/2020), determined that distributions by foreign trusts to Brazilian resident individuals are taxable as ordinary income at progressive rates, up to 27%, and are not taxable as gifts or inheritances.

Double Tax Treaties (DTTs)

Brazil has DTTs with a number of countries including Austria, Canada, Hungary, Luxembourg, Netherlands, Spain, and Trinidad & Tobago.

Tax Info. Exchange Agreements (TIEAs)

TIEAs include those with Jersey, Switzerland, the United Kingdom and the United States.

OECD Multilateral Convention

Brazil is a signatory to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The Convention requires signatories to exchange information "on request," and authorizes information exchange spontaneously and automatically. The Convention is the underlying instrument to the MCAA.

Common Reporting Standard (CRS)

Brazil is a signatory to the Multilateral Competent Authority Agreement (MCAA) to implement CRS for the automatic exchange of account information, and has adopted CRS.

FATCA

Brazil has a FATCA Model 1 Intergovernmental Agreement (IGA) with the United States for the automatic exchange of account information.

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