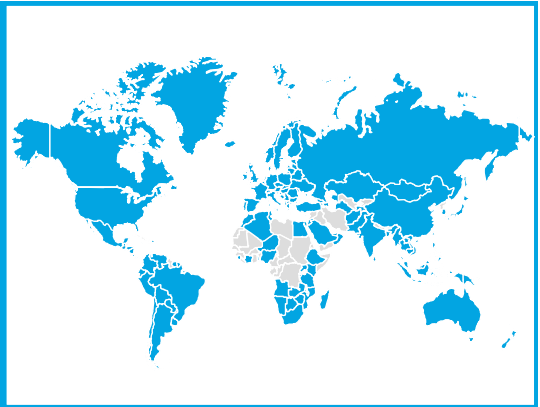


INPATRIATES

Brazil

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

Generally, a foreign national's tax residency in Brazil is linked to the type of visa held.

Below are individuals who are considered tax resident in Brazil:

- A person living regularly in Brazil.
- A person who is providing services to Brazilian government entities located abroad.
- A person who enters Brazil holding:
 - A permanent visa - tax resident from the entry date.
 - A temporary visa with local employment contract - tax resident from the entry date.
 - A temporary visa without a local labor contract (technical service assistance visa / trainee visa) - tax resident after 183 days of physical presence in Brazil within a 12 months period.

Brazilian Tax Obligations

Tax obligations in Brazil can be divided in two main blocks, monthly and annual.

Monthly obligations

General income received worldwide is subject to monthly taxation in Brazil.

The monthly taxation can occur through a payroll system (if paid by a company in Brazil - like the local salary), or through a separate monthly tax calculation named "carnê-leão" (for the income received abroad - like salary, dividends, etc. - and some other specific cases). In this latter situation, the income tax calculated should be paid by the last business day of the subsequent month. Payments not done timely are subject to penalties and interest.

Capital Gains from the sale of assets and rights in Brazil or abroad are also subject to the monthly taxation, subject to a 15% tax rate in most cases. An exemption is granted to assets held outside of Brazil but acquired before Brazilian tax residency. The income tax calculated should be paid by the last business

day of the subsequent month. Payments not done timely are subject to penalties and interest.

Annual obligations

1. Annual Income Tax Return

The deadline to prepare and file this income tax return starts on March 1st and ends in the last business day of April of the following year. The Brazilian tax deadline cannot be extended. Therefore, if your income tax return is filed after the deadline, this income tax return will be subject to penalties and interest.

The penalty for the late filing is 1% on the tax liability resulted from the annual income tax return per month of delay, the minimum penalty is BRL 165,74 and the maximum is 20% of the tax liability. In addition, penalties and interest are applied on any residual tax due resulting on the income tax return. Interest are charged at a monthly rate published by the government (SELIC) and a daily penalty of 0,33% on the tax due, up to a maximum penalty of 20%.

2. Central Bank Report

Additionally, a tax resident in Brazil that on December 31st of each year maintains assets/rights abroad with a fair market value that is equal or higher than USD 100,000.00, must deliver a report to the Brazilian Central Bank.

This report is only informative, the obligation is to report: description of the assets/rights, acquisition date, location, fair market value, income obtained on the assets/rights.

There is no tax due on this report but there is a penalty that can go up to BRL 250.000,00 if the report is not filed within the deadline or if it is filed with false or incorrect information. The annual deadline for this obligation, according to the Brazilian tax laws, starts on in February 15th and goes to April 05th.

INCOME TAX RATES

Income (BRL)	Rate (%)	Standard deduction (BRL)
From 0 to 1.903,98	-	-
From 1.903,99 to 2.826,65	7,5	142,8
From 2.826,66 to 3.751,05	15	354,8
From 3.751,06 to 4.664,68	22,5	636,13
Above 4.664,68	27,5	869,36

SOCIAL SECURITY CONTRIBUTIONS

Income (BRL)	Rate %
From 0 to 1.693,72	8
From 1.693,73 to 2.822,90	9
From 2.822,91 to 5.645,80 or more	11

REGISTRATION/FORMALITIES

The individual becoming a tax resident in Brazil will be required to obtain a Brazilian taxpayer ID "CPF". This number will be needed to start paying the taxes in Brazil, and this number is also requested for almost all financial transactions in Brazil, open a bank account, buying a car, etc..

Other Brazilian documents will also be needed to be obtained, like: foreigner registration ID "RNE", labor booklet "CTPS" and the Brazilian license driver.

There is no formality within the Brazilian tax authorities to start/ open tax residence in Brazil. Once the "CPF" is obtained it is possible to pay the income taxes or have them withheld by other payers sources (company, banks, etc.).

For further information and to register for future updates contact expat@bdo.global

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