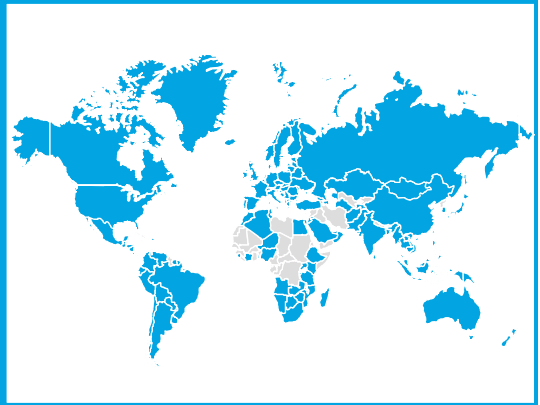


EXPATRIATES

Brazil

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

An individual leaving Brazil is subject to tax under two possible approaches. Taxation varies based on the specific characteristics of each situation:

Temporary Departure

Occurs when the individual leaves Brazil for a period of less than 12 months. In this situation, the tax residence is kept during the absence from Brazil.

Definitive Departure

Occurs when the individual leaves Brazil for a period of more than 12 months. In this situation the tax residence in Brazil should be broken. A non-tax resident individual is only taxable on Brazilian sourced income at a fixed tax rate of 25%, with some exceptions (example: rental income/ capital gain, which tax rate for non tax residents is 15%).

Failure in following the requirements to break tax residency in Brazil will keep the individual as a tax resident for the first 12 months period from the departure date and, during this time, he/she is liable for income tax as per the same tax rules applied to tax residents.

BREAKING RESIDENCY - EXIT PROCEDURES

The Exit income tax clearance process is indicated for departures of more than 12 months and represents a departure from Brazil with the intention to live abroad for a long term period or on a definitive basis.

The Exit procedures are composed of three different steps which are summarized below:

Notice of Departure

This part of the process can be filed by the day of departure and until the end of February of the year subsequent to your departure from Brazil. It is done online on the Brazilian tax authorities website.

Exit Income Tax Return

Similar to the Annual Brazilian Income Tax return, you would file the final tax return covering the period of tax residency in the year of departure. You are required to provide some specific items like nominating a power of attorney, inform date of departure, etc. The Exit Income Tax return must be filed between March and April of the year subsequent to your departure from Brazil.

Issuance of a Tax Clearance Certificate

To be done after the conclusion of the two steps above, as prove that you have no open tax payments or filing obligations with the Brazilian tax authorities. This effectively ceases your tax residency in Brazil.

INCOME TAX RATES AND SOCIAL

Applicable during non residence period (Definitive Departure)

Type of Income	Tax rate	Type of taxation
General income in Brazil (includes employment)	25%	At source
Rental Income in Brazil	15%	Payable by taxpayer through a separate calculation and tax voucher
General income from abroad	0	Not taxable in Brazil during non residence period

SOCIAL SECURITY CONTRIBUTIONS

Generally speaking, a non-tax resident in Brazil is not liable to contribute to social security system. However, in the case he receives some residual local employment income during the period of non-residency, the employer will withhold the social security contribution at the source according to the social tax table in place. Currently the individual contribution is capped at BRL 621,04/month.

For Brazilian citizens leaving the country, it is optional to continue to contribute to the social security system in order to keep their social rights in Brazil. The contribution should be done through a separate voucher named "GPS".

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

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