

# Brazil tax reform: a comprehensive challenge on corporate and personal tax planning

## Understand the precise impact of the reform and start evaluating your options

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### Introduction: understand the sea change that the Brazilian government is willing to achieve through the 2337/2021 Bill

- The objectives: a comprehensive challenge on corporate tax planning, income tax planning and financial investments vehicles
- The political will behind the reform
- What are the most important changes for HNWIs?

### CORPORATE TAX AND WITHHOLDING TAX: HOW WILL THE CURRENT REGIME BE REFORMED? WHAT ARE YOUR OPTIONS?

#### Shareholders level

- **Reintroduction of a withholding tax on dividends** at a rate of 20% - increased rate of 30% for beneficiaries in "tax heavens" or subject to a "privileged tax regime" as defined under Brazilian law - who is targeted? what is a tax haven according to Brazilian legislation? what tax regimes are "privileged"? - what the reform would change? Examples
- **Withholding tax to apply to distributions dividend:** how would this work? will it apply to profits accumulated before the new rules become enforceable? Examples
- **Interest on Net Equity (INE)** paid or credited to shareholders no longer would be deductible: how is the INE defined/calculated? How does INE work for companies and shareholders now?
- **Assets and rights transferred to shareholders** in the context of corporate reorganisations would have to be considered at market value, triggering capital gains and losses: current tax regime applicable to transfers of assets and rights to shareholders; what the reform would change?

#### Corporate level

- **Change in the Corporate Income Tax rates:** how does it impact your company? Examples
- **Taxation of capital gains** earned on indirect transfers abroad of assets located in Brazil: what does it mean? Taxation at which rate?

#### Corporate tax planning: what are your options?

- Best options in the interest of shareholders before / after the reform
- Best options for corporate entities before and after the reform

### PERSONAL INCOME TAX: HOW WILL THE CURRENT REGIME BE REFORMED? WHAT ARE YOUR OPTIONS?

#### Option to "step-up" the values of real estate with the gain subject to a 4% tax instead of the 15%-22.5% generally applicable

- Current regime
- Who should choose to "step-up"? Who should not "step-up"?

#### Full-inclusion rule for profits earned through offshore entities in "tax heavens" or subject to "privileged tax regimes"

- Current regime applicable to profits earned through offshore entities in "tax heavens" or subject to "privileged tax regimes"
- What would be the consequence of the reform?
- Will foreign funds, trusts and foundations also be impacted?
- What are the best alternative instruments and structures? When and how to implement them?

#### A new and broadened concept of disguised distribution of profits

- What are the consequences for private clients?
- How to mitigate the negative impacts?

#### Personal income tax planning: what are your options?

- Real estate related strategies before and after the reform
- Changing the approach regarding the use of offshore entities:
  - When to give them up
  - Which ones should be kept
  - How to replace offshore entities

### FINANCIAL INVESTMENTS: HOW WILL THE CURRENT REGIME BE REFORMED? WHAT ARE YOUR OPTIONS?

#### Introduction of a single fixed rate of 15% for financial investments through multiple investment funds

- Current regime applicable to financial investments
- What is impact of the reform?
- Real estate investment funds (FII): are they in or out of the reform? Will they be taxable for individuals?

#### CRI, LCI, LCA types of investments should remain exempt

- How do CRI, LCI, LCA investments work from a tax perspective; regime and advantages
- What other investment strategies may be tax efficient?

#### Open-ended funds

- Tax free amortization and redemption transactions no longer available: current regime; what would the reform change?

#### Closed-ended funds

- Current regulatory and tax regime of closed-ended funds
- Changes brought by the reform:
  - the funds obtained from the sale of companies invested by closed-ended funds would become taxable regardless of their distribution to shareholders;
  - FIPs not classified as an "investment entity" would be regarded as corporate entities and taxed under the regime applicable to legal entities;
  - income and gains earned and not distributed to shareholders would be taxed;
  - taxation of unrealised gains: how the reform would work

#### Financial investments: what are your options?

- Open-ended funds: possible actions before the reform is passed; long term ideas
- Closed-ended funds / FIPs
  - Possible actions before the reform is passed
  - Investment entity or Corporate entity: what is best? How to avoid the qualification as investment entity?
  - Distribute income and gains to shareholders or not distribute: what is best?
  - Long term ideas

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### PRACTICAL INFORMATION

Venue  
Kameha Grand Zurich  
Dufaux-Strasse 1, Zurich

#### Visio conference on Zoom

The Zoom link and the documentation will be sent to the participants on 6 December in the afternoon. Academy & Finance provides technical assistance before and during the conference: please contact Matheus Amorim at: mamorim@academyfinance.ch

#### How to register

by phone: +41 (0) 22 849 01 11  
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#### Fees

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- 23 November refund of 100%
- after 23 November no refund will be made for cancellation.

### REGISTRATION FORM

I register for the conference on «Brazil tax reform» on tuesday 7 December 2021.

I wish to attend online on ZOOM

#### FIRST PARTICIPANT

Full name.....

Position.....

E-mail.....

#### SECOND PARTICIPANT (-50%)

Full name.....

Position.....

E-mail.....

Company.....

Address.....

Postcode..... City.....

Tel ..... Fax.....

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The organisers reserve the right to amend the programme if, despite their best efforts, circumstances oblige them to do so.

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