

memorandum to clients

04.20.2016

The Brazilian Pathway to Tax Transparency

Over the past few days, measures that indicate the disposition of Brazilian authorities to aim for broader tax transparency were taken: **(i)** a public consultation of the draft of the normative ruling about the regulatory aspects of the Corporate Taxpayer's Registry; and **(ii)** the approval, by the Brazilian National Congress, of the Convention on Mutual Administrative Assistance in Tax Matters.

Public Consultation of the Draft of the Normative Ruling about the Regulatory Aspects of the Corporate Taxpayer's Registry

The Brazilian Internal Revenue Service made available on its web-site the draft of the Normative Rule that may revoke the Normative Rule nº 1.470/2015 in order to regulate the Brazilian Corporate Taxpayer's Registry ("CNPJ"). The draft is under public consultation until the 22nd of April 2016.

Within the modifications provided by the draft regarding the existent rules set forth by the Normative Rule nº 1.470/2015, we can highlight the need to point out a "final beneficiary" in each CNPJ registry, and the integration of the registers made through the Central Bank and the Brazilian Securities and Exchange Commission ("CVM"). According to the Brazilian Internal Revenue Service, such measures will strengthen the fight against corruption and money laundering.

Besides, the certificate of enrollment and registration status will demonstrate, for the granted entities, the Legal Entity Identifier (LEI), the international registry used by multiple countries that assure more safety to financial international operations and structures.

Approval of the Convention on Mutual Administrative Assistance in Tax Matters

In April 15th, 2016, it was published the Legislative Decree nº 105/2016, that approves the Convention on Mutual Administrative Assistance in Tax Matters. Such act represents the publicity of the approval, by the Brazilian National Congress of the Convention. However, the binding effect of the Convention upon the Brazilian tax administration relies on the publication of a Decree signed by the Brazilian President.

The referred convention include rules for the sharing of information between the signing parties and other cooperative measures among the adhering states in tax matters, inspection and collection of tax debts.

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