

MEMORANDUM TO CLIENTS

LAW NO. 12,814 – INCREASE IN THE LIMIT TO THE OPTION TO BE TAXED ON PRESUMED PROFIT IN 2014

Data **05/22/2013**

On May 17, Law No. 12,814 of 05.16.2013 was published, as result of the Conversion Draft of the Provisional Measure (“MP”) No. 594, dated 12.06.2012 which, among other provisions, amended the article 13 of Law No. 9,718, of 12.18.1998, to increase the annual limit of total revenue, in the previous calendar year, for companies to be taxed based on presumed profit. This limit was increased from R\$ 48,000,000.00 (forty eight million Reais) to **R\$ 78,000,000.00** (seventy-eight million Reais) – or **R\$ 6,500,000.00** (six million five hundred thousand Reais) multiplied by the number of months of activity in the previous calendar year, when less than twelve (12) months.

It is worth mentioning that this change was not in the original text of this MP, but in the MP No. 612 of 04.04.2013 (which, however, had extended such limits to R\$ 72,000,000.00 and R\$ 6,000,000 00, respectively).

Finally, it is important to mention that the new limits brought by Law No. 12.814/13 will become effective from **January, 1st, 2014**, that is, may opt to be taxed on presumed profit in 2014 the legal entities that do not exceed such limits in the current calendar year (2013).

Should you require any further information on the above matter, please feel free to contact us.

Responsible Counsel:

Igor Nascimento de Souza (igor@ssplaw.com.br)
Phone.: 55 11 3201-7553

H. Philip Schneider (philip@ssplaw.com.br)
Phone.: 55 11 3201-7551

The purpose of this memo, exclusively prepared for the clients of this Firm, is to inform them on the major legal changes and news. Should there be any questions, our attorneys will be fully available for any further clarification.