

memorandum to clients

8/2/2017

Provisional Measure no. 793/2017 – Rural Tax Regularization Program – PRR

On August 1, 2017, there was published Provisional Measure no. 793, of July 31, 2017 (“MP no. 793/2017”), that creates the Rural Tax Regularization Program (“PRR”) before the Brazilian Internal Revenue Service (“RFB”) and the Office of the Attorney-General of the Treasury (“PGFN”).

PRR allows for the payment of Social Security Contributions, due by natural persons who are rural producers and by purchasers of produce, set forth in article 25 of Law no. 8,212 of July 24, 1991. The program comprises tax debts due for payment by April 30, 2017, whether notified to the tax authorities or not, whether their collection is being enforced or not, including those previously included in an installment agreement, as well as those under administrative or judicial litigation and those which are the object of notices of tax infractions issued after August 1, 2017.

For produce purchasers and natural persons who are rural producers, the payment of tax debts under PRR can be made:

- (i) By paying at least 4% of the consolidated tax debt upfront, without any reductions, in up to 4 consecutive installments; and
- (ii) By paying the remainder in up to 176 monthly installments, with 100% reduction of interest and 25% reduction of late payment and tax infraction penalties and other legal fees, including attorney fees.

For natural persons, the installments under (ii) must be in an amount corresponding to 0.8% of the average gross revenue of the commercialization of the produce in the previous year. This rule also applies, optionally, to produce purchasers with total debts under BRL 15,000,000.00, which, in this case, must pay the first 4 installments in cash.

Before PGFN, there is no need to offer any collaterals if the consolidated tax debt is not in excess of BRL 15,000,000.00.

Applications for PRR must be submitted by September 29, 2017. Applying implies the acceptance of the duty to pay all installments in due schedule, as well as Social Security contributions of natural persons who are rural producers and of produce purchasers due after April 30, 2017.

Our firm is entirely at your service if you should require any further information about PRR as well as to provide assistance regarding the election of debts for inclusion in PRR.

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