

# MEMORANDUM TO CLIENTS

07.17.2015

## **RFB/PGFN Joint Rule no. 979/15**

There was published, on July 15, 2015, Joint Rule no. 979 of the Attorney General Office of the National Treasury (“PGFN”) and of the Federal Revenue Office of Brazil (“RFB”), providing for the installment payment program and payments in cash of tax debts administered by the PGFN and by the RFB, created by Law no. 11,941/2009, and whose term was renewed by Law no. 12,996/2014 (“Crisis Refis”), in relation to legal entities that went through merger, takeover or full spin-off processes.

According to the wording of this Rule, the installment payments or the payment in cash using credits deriving from tax losses or from the negative basis of the Social Contribution on the Net Income (“CSLL”), dealt with in article 2 of Law no. 12,996/2014, will be canceled, if such payments were made on behalf of the legal entity dissolved due to takeover, merger, or full spin-off occurring on a date prior to the adhesion to the plan.

However, debts of the dissolved legal entity may still be consolidated in the name of the new legal entity, in case the latter has opted for one of the Crisis Refis types. In this case, the payments made by the dissolved legal entity, whose installment payment program or payments in cash was cancelled, may be used to amortize the debts consolidated by the new legal entity. For such, this new legal entity must submit a Request of Rectification of the Federal Revenue Collection Document (“Redarf”).

This Joint Rule also established that, for merger, takeover or full spin-off operations occurring after the adhesion to the plan, the debts of the dissolved legal entity will be consolidated in the form of the installment payment plan or payment in cash it has required, regardless of the new legal entity having opted for the Crisis Refis. Furthermore, if both the new and the former legal entities have opted for the installment payment or payment in cash, the consolidation of the companies’ debts is to occur separately.

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