



memorandum to clients

03.15.2017

Brazilian Senate passes bill reopening the Tax Regularization Program

The floor of the Brazilian Senate passed a bill late Tuesday, March 14, which reopens the application period for the Special Tax and Currency Exchange Regularization Program ("RERCT").

The bill shall be submitted to the approval of the president. Afterwards, the Brazilian Federal Revenue ("RFB") will have up to 30 days to issue new regulations regarding the application for RERCT. The new application period will be of 120 days after the issuance of such regulation.

Applicants will receive amnesty for tax crimes and offenses against currency exchange controls upon paying a combined rate of 35.25%, which is composed of tax and penalty. The tax basis will be the amount of assets held abroad converted into BRL at the June 30, 2016, with an exchange rate of BRL 3.2098.

Taxpayers who applied for the first edition of RERCT, which ended on October 31, 2016, will be allowed to complement the previous statement by adding new assets, observing the new combined rate and exchange rate and paying the additional difference.

The bill approved on the Senate floor has not altered the restrictions for application. As in the first edition, politicians, public servants and their relatives may not join the second edition of RERCT. All other provisions granting immunity from prosecution for crimes in connection with the assets being declared remain in place. The regime is only available for persons who were Brazilian residents on June 30, 2016.

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