



memorandum to clients

12.28.2017

The offset of income tax paid abroad with income tax due in Brazil and the list of countries or jurisdictions with favorable taxation and privileged tax regimes – Rulings no. 1,772 and 1,773

Rulings no. 1,772 and 1,773, issued by the Brazilian Federal Revenue and published on December 26th, 2017, govern, respectively, the offset of income tax paid abroad with income tax due in Brazil and the list of countries or jurisdictions with favorable taxation and privileged tax regimes.

The Ruling no. 1,772 amends the Rulings no. 213/2002 and 1,520/2014. It establishes that, for offsetting purposes, the proof of the income tax paid must be made through a document issued by the local Revenue Service and validated by the Brazilian Consulate of the country where the tax is due.

However, the validation of the document by the Brazilian Consulate can be replaced by the apostille, set forth in articles 3 to 6 of Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents, enacted by the Decree no. 8,660/2016.

The apostille, which can be issued only by the members of the Hague Convention, shall be stamped on the document issued by the local Revenue Service or attached to it, accompanied by a sworn translation to Portuguese.

Nevertheless, it is exempt from presenting the mentioned document the legal entity that submits to the RFB its financial statements containing the income taxed abroad and demonstrates that the legislation of the foreign country determines the taxation of incomes, earnings and capital gains.

The Ruling no. 1,773, on its turn, amends the list of countries or jurisdictions with favorable taxation and privileged tax regimes contained in Ruling no. 1,037/2010, to remove Singapore, Republic of Costa Rica and Madeira Island from the list of countries or jurisdictions with favorable taxation (tax heavens) and add certain tax regimes of these countries among the privileged tax regimes.

Therefore, will be considered privileged tax regime for Brazilian purposes: (i) regarding the legislation of the Republic of Costa Rica, the Free Trade Zone Regime; (ii) regarding the legislation of Portugal, the Regime of the International Business Centre of Madeira; and (iii) regarding the legislation of Singapore, the following regimes:

- Special rate of tax for non-resident ship owner or charterer or air transport undertaking;
- Exemption and concessionary rate of tax for insurance business;
- Concessionary rate of tax for Finance and Treasury Centre;
- Concessionary rate of tax for trustee company;
- Concessionary rate of tax for income derived from debt securities;
- Concessionary rate of tax for trust income to which beneficiary is entitled;
- Concessionary rate of tax for leasing of aircraft engines;
- Concessionary rate of tax for aircraft investment manager;
- Concessionary rate of tax for container investment enterprise;
- Concessionary rate of tax for container investment manager;



memorandum to clients

12.28.2017

- Concessionary rate of tax for approved insurance brokers;
- Concessionary rate of tax for income derived from managing qualifying registered business trust or company;
- Concessionary rate of tax for ship broking and forward freight agreement trading;
- Concessionary rate tax for shipping-related support services;
- Concessionary rate tax for income derived from managing approved venture company; and
- Concessionary rate of tax for international growth company.

These Rulings entered into force on the date of its publication, but Ruling no. 1.773 will take effect only from January 1st, 2018.

Schneider, Pugliese team is at total disposal for any further clarification concerning this matter.

The Schneider, Pugliese, Sztokfisz, Figueiredo e Carvalho Advogados Team (contato@schneiderpugliese.com.br)



r. Cincinato Braga 340 , 9º andar
São Paulo , SP , Brasil , 01333-010
tel +55 11 3201 7550 , fax +55 11 3201 7558

Brasília Shopping , SCN quadra 5
bloco A , Torre Sul , 14º andar , sala 1406
Brasília , DF , Brasil , 70715-900
tel +55 61 3251 9400 , fax +55 61 3251 9429

schneiderpugliese.com.br

