

Latin American Tax Newsalert

A Washington National Tax Services (WNTS)
Publication

June 15, 2012

Brazil changes IOF tax rules on cross-border loans again

On March 12, 2012, the Brazilian government changed the Tax on Financial Operations (IOF) rules on foreign currency exchange transactions for loan principal remittances to Brazil by increasing the minimum average payment term from three years (rule was in effect from March 1, 2012 to March 11, 2012) to 1,800 days. On June 14, Brazil changed the rules again to reduce the minimum average payment term for loans subject to the IOF tax. Please refer to our Newsalerts dated [April 1, 2011](#), [April 15, 2011](#), [March 1, 2012](#) and [March 14, 2012](#) for a complete history of these changes.

According to Decree 7751/2012, the 6% IOF tax levied on these transactions now applies when the minimum average payment term of the loan is up to 720 days (back to the rules that were in effect from April 7, 2011 to February 29, 2012).

Note that the '720 days' rule may be enforced on foreign exchange transactions settled on or after June 14, 2012.



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