

Brazilian Tax Environment

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September 2016

Business considerations

▪ Choice of Entity

- Corporation (private/public)
- Branch
- Joint Venture (JV)
- Partnership
- Representative Office

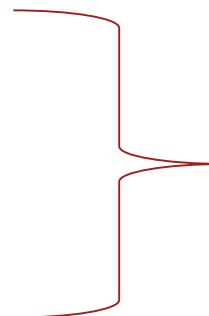
▪ Immigration Issues

- Visas

Brazilian Tax System - Hard & Fast Facts

Corporate Income Tax

- Generally 15%
- Surtax (generally 10%)
- Social contribution on net profit
- Non-resident corporations only taxed on “Brazilian - sourced income”
- Compliance: annual income tax return



≈ Overall CIT rate approx. 34%



Income Tax

Presumed Method

Brazilian Tax System – Hard & Fast Facts

General

- COFINS – Social Contribution (7.6%)
- PIS – Social Integration Program (1.65%)
- Imports are also subject to COFINS & PIS – 11.75%
- Financial transactions tax (IOF) – \leq 180 days - 6%; $<$ 180 days 0%
- Dividend repatriation – no Brazilian withholding tax

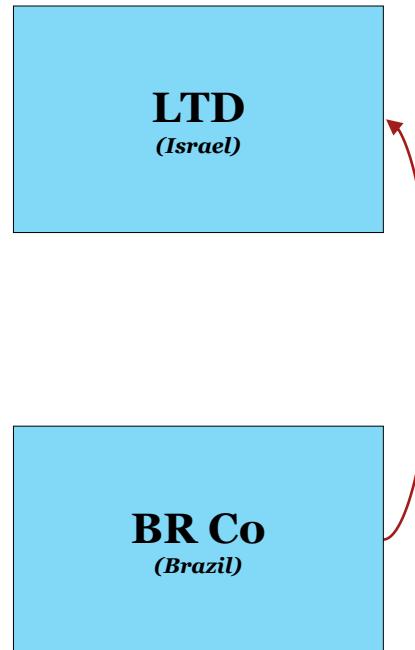
Notional Interest Deduction

- Interest paid to shareholders is generally deductible (certain requirements apply)

Brazilian Tax System – Common Structure

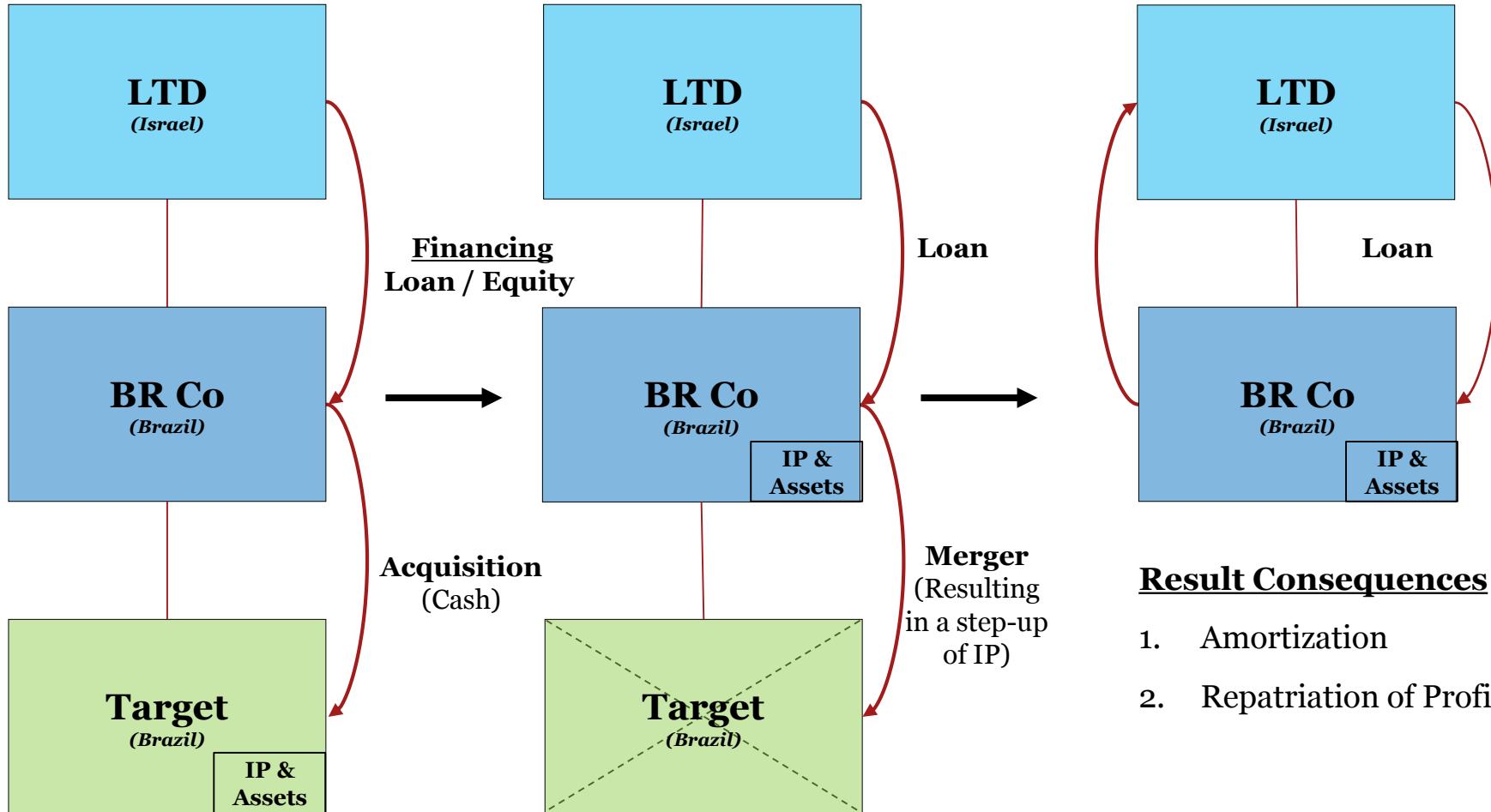
- Corporate tax - 25%
- Foreign tax credit on Brazilian corporate tax
- No incremental Israeli tax

- \approx Corporate tax - 34%



Dividend - No withholding tax

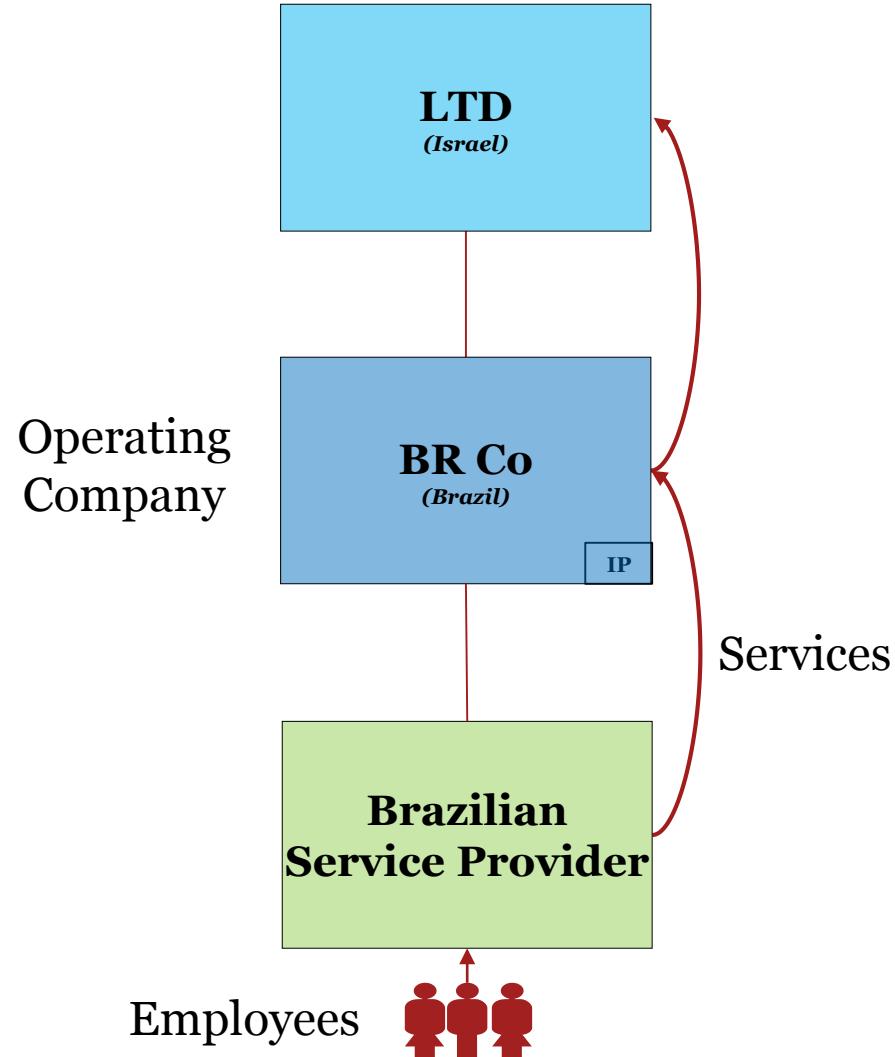
Brazilian Acquisitions



Result Consequences

1. Amortization
2. Repatriation of Profits

Operating Structures



Recent Updates

- Grey Listed Countries - Luxembourg, Malta, Switzerland, Spain, Uruguay + Ireland
- Black Listed Countries - Gibraltar, Belize, Cayman, Bermuda
- Goodwill Amortization - post acquisition clarification (ruling)

Thank You



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