



# Brazil – Tax Considerations

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# Agenda

- 1) Overview of Taxation Regime
- 2) Common Structures
- 3) Repatriation


*This presentation is meant to highlight and illustrate key tax considerations only.*

# Overview of Brazil's taxation regime


# Summary of Rates

		Brazil	
<b>Corporate Income Tax (CIT)</b>			
<b>Top rate of CIT</b>		34%	Corporate Income Tax - 15% Surplus Tax - 10% Social Contribution on Taxable Profit - 9%
<b>Depreciation Rates</b>	<b>Ore assets</b>		Life of Mine (LOM)
	<b>Lands/ Improvements</b>		LOM
	<b>Buildings</b>		4%
	<b>Plant and Machinery</b>		10%
	<b>Tailings</b>		useful life of mine
	<b>Work/Construction in progress</b>		LOM / license agreement
<b>Restriction on use of tax losses</b>		30% taxable income indefinite carry forward no loss carryback	
<b>Mineral Taxes</b>			
<b>Mineral tax</b>			CFEM - Compensation for the Exploitation of Mineral Resources

# Summary of Rates

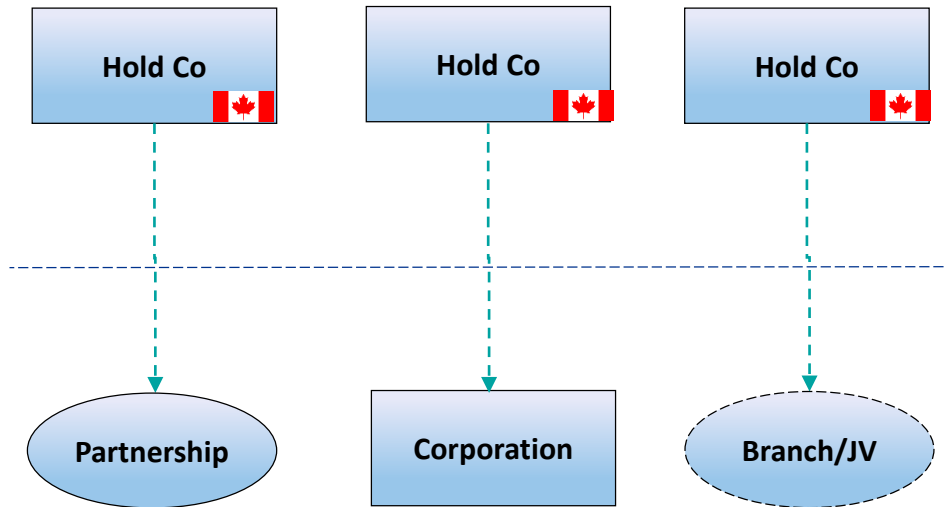
		Brazil 
<b>Mineral Taxes (continued)</b>		
Rates	Copper/Silver/Gold	0%- 2%
	Coal/Iron ore	0% - 4%
Deductible in CIT calculation		YES
<b>Other taxes and payments</b>		
PIS / COFINS (social integration / social security)		3.65% - 9.25% levied on gross revenue Federal tax
CIDE (contribution for intervention on economic domain)		10% Based on gross amount remitted abroad
Value added tax: - IPI (Federal) - ICMS (State)		Varies depending on nature 17% applicable in most states
Tax on Services (ISS)		2% - 5% Municipal tax
Tax on Financial Operations (IOF)		0% - 25% - Credit transactions - Currency exchange transactions - Insurance transactions - Securities transactions

# Summary of Rates

		Brazil 
<b>Other taxes and payments (continued)</b>		
<b>Withholding tax</b>	<b>Dividends</b>	0%
	<b>Interest</b>	15% - 25%
	<b>Royalties</b>	15% - 25%
	<b>Services fees</b>	15% - 25%
	<b>Capital Gains</b>	0.05% - 25%

# Common Structures

# Common Structures




## BRAZIL



- Limited liability company (sociedade limitada)
- Public corporation (sociedade anônima)
- Partnership (sociedade em nome coletivo, sociedade em comandita simples or sociedade em conta de participação).
- Foreign corporation branch or Joint Venture

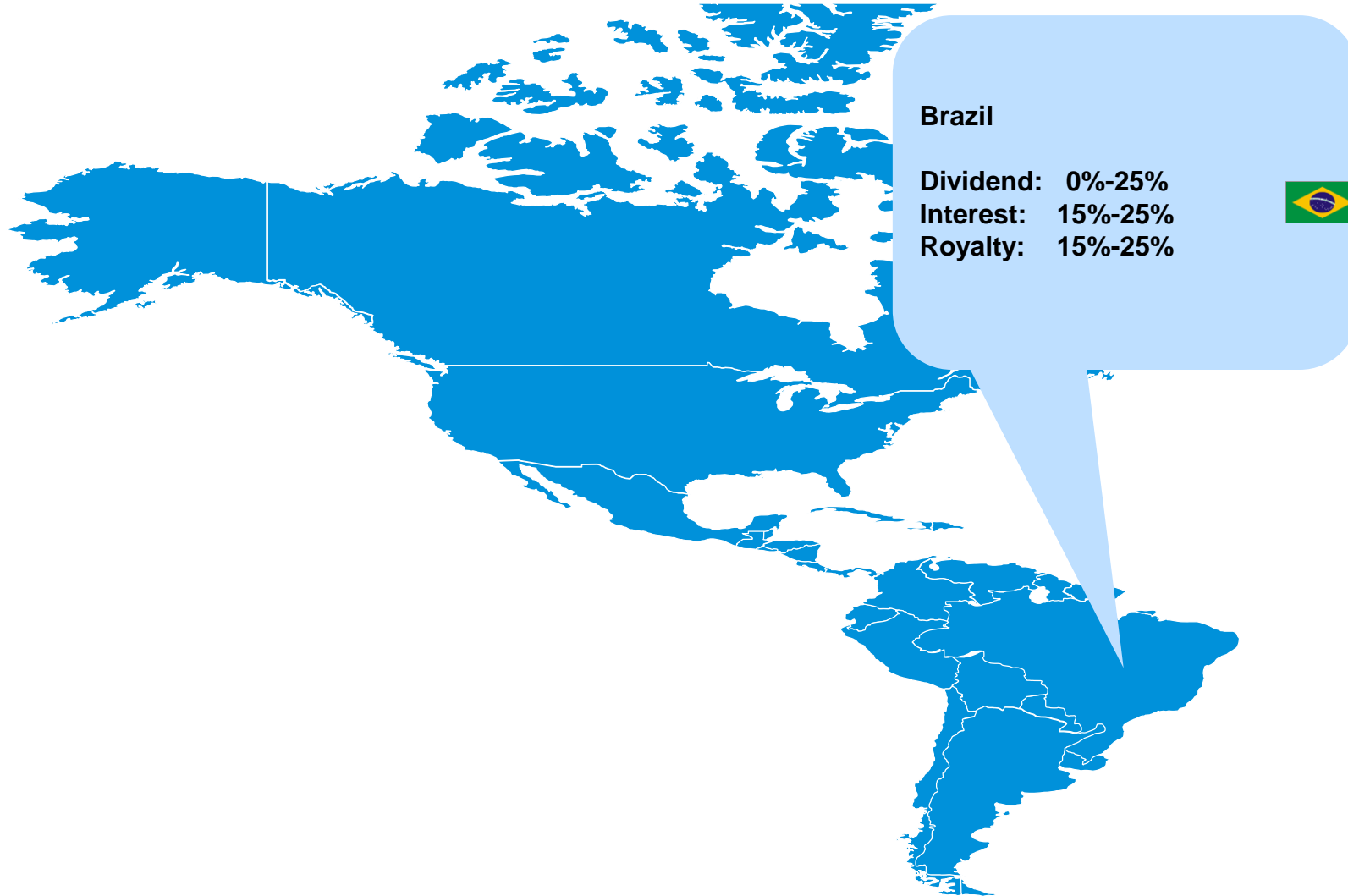


# Financing Considerations

	Brazil 
Thin Capitalization	<ul style="list-style-type: none"><li>• Debt-to-net equity ratio of 2:1</li><li>• Interest expense in LTJ or PTR subject to reduced ratio of 0.3:1</li><li>• Excess interest not deductible for CIT and no re-characterization</li></ul>
Debt vs Equity	<ul style="list-style-type: none"><li>• Foreign exchange considerations</li><li>• Interest deductibility</li><li>• Transfer pricing</li><li>• Financial transaction tax (IOF) 0%-25%</li></ul>

# Repatriation Taxes

# Withholding Taxes on Repatriation





# Thank you

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