

Taxes

In Brazil, the major tax guidelines are defined by the Federal Constitution, which sets down general principles, the limits of taxing authority, jurisdictions and the question of sharing of tax revenues.

Consequently, our National Tax System was instituted by the Constitution itself, which determines that the Union, States, Federal District and Municipalities can institute taxes, considering the power to tax as one of the inherent qualities of the State. Political-administrative autonomy, considered an essential characteristic of our federative system, grants each level of government the right to institute taxes, fees (corresponding to utilization of public services and police power) and contributions targeted at improvements (resulting from public works).

According to the 1988 Constitution (with the alterations introduced by Constitutional Amendment no. 3, dated 03/17/93), the taxes under the specific jurisdiction of the Union, States and Federal District and Municipalities are as follows, classified by their nature:

TAXES	JURISDICTION
Foreign Trade Taxes	
- Import Tax – II	Union
- Export Tax - IE	Union
Taxes on Assets and Income	
- Income Tax - IR	Union
- Rural Land Tax - ITR	Union
- Tax on Automotive Vehicles - IPVA	States
- Tax on Property Transmission <i>Causa Mortis</i> – ITCD	States
- Urban Building and Land Tax – IPTU	Municipalities
- Transmission Tax <i>Inter Vivos</i> - ITBI	Municipalities
Taxes on Production and Circulation :	
- Industrialized Products Tax - IPI	Union

- Tax on Credit Operations, Exchange and Insurance – IOF	Union
- Tax on the Circulation of Merchandise and Interstate and Intermunicipal Transportation Services and Communications – ICMS	States
- Tax on Services of Any Nature - ISS	Municipalities

Note: The Federal District has both state and municipal taxing authority.

Aside from the taxes listed above, the Federal Constitution reserves exclusive authority to the Union to institute social contributions, contributions on intervention in the economic domain and those of interest to professional or economic categories. In the case of social contributions, one should stress that the States, Federal District and Municipalities may levy contributions on their civil servants in order to cover the costs of their Social Security and social assistance systems targeted to those workers.

Among social contributions, the following deserve mention:

- Contribution to Social Security Financing – COFINS
- Contribution to the Social Integration Program and Civil Service Asset Formation Program – PIS/PASEP
- Social Contribution on Net Corporate Profits – CSLL
- Provisional Contribution on Financial Operations – CPMF; and
- Social Security Contribution on payroll (employee/employer) and the self-employed.

Tax Table – 2007					
Tax (Acronym)	Income Tax – IR				
	IRPF	IRPJ	IRF		
			Labor	Capital	Outros
Type / Nature	Income	Income	Income	Income	Income
Calculation Base	Wages and earnings	Profits	Wages and earnings	Difference between purchase and sale value	Awards and lotteries; earnings on professional services
Subject Liable	Individuals	Corporate entities	Individuals	Individuals or corporate entities	Individuals or corporate entities
Rates	Zero, 15% to 27.5%	15% and 25%	15% and 27.5%	10%, 15% and 20%	30% and 1.5%
Taxing Authority	Union	Union	Union	Union	Union
Tax Table – 2007					

Tax (Acronym)	COFINS	PIS	PASEP	IPI	FGTS
Type / Nature	Production	Produção	Produção	Produção	Produção
Calculation base	Gross Revenues (including financial)	Gross Revenues (including financial)	Gross revenues	Industrialized products sold (aggregate value)	Payroll
Subject Liable	Corporate entity	Corporate entity	Corporate entity governed by public law	Corporate entity	Corporate entity: or individual (domestic employer doméstico)
Rates	3% 7.6	0.65% 1.65	1%	From 0% to 365.63%, according to TIPI	8%
Taxing Authority	Union	Union	Union	Union	Union

Tax Table – 2007					
Taxes (acronym)	CSLL	ITR	IE	II	CPMF
Type / Nature	Income	Assets	Production	Production / Consumption	Production / Consumption
Calculation Base	profits	Value of rural real estate	Value of exported product or service	Value of imported product or service	Debited to bank accounts
Subject Liable	Corporate entity	Individual or corporate entity	Corporate entity	Individual or corporate entity	Individual or corporate entity
Rates	8%	0.03% to 20%	from 0% to 150%	from 0% to 35%, according to the TEC	0.38%
Taxing Authority	Union	Union	Union	Union	Union

Tax Table – 2007

Tax (Acronym)	Contribution to Social Security (INSS)			Contribution to Civil Service Social Security	
	Self- employed	Employee	Employer	Union	States and Municipalities
Type / Nature	Income	Income	Production	Income	Income
Calculation Base	Earnings	Wages	Payroll	Earnings	Earnings
Subject Liable	Individual	Individual	Corporate entity; or individual (domestic employer)	individual (federal civil servant)	Individual (state or municipal civil servant)
Rates	20%	from 8% to 11%	15%, 17.5%, 20% and 22.5%; or 12% (empr. dom.)	11%	Varies by State or Municipality
Taxing capital Authority	Union	Union	Union	Union	States and Municipalities

Tax Table – 2007

Tax (Acronym)	ICMS	IPVA	ITCD	ISS	IPTU	ITBI
Type / Nature	Production / Consumption	Assets	Assets	Production / Consumption	Patrimônio	Patrimônio
Generating Fact	Circulation of merchandise	Proprietor- ship	Donations or transmission of properties – <i>causa mortis</i>	Services rendered	Proprietorship or possession	Donations or transmission of goods – <i>inter vivos</i>
Calculation Base	Value of Merchandise and Services Sold (aggregate value)	Value of automotive vehicle	Value of good, movable or not, donated or transmitted	Value of the Service Rendered	Value of Urban Real Estate	Value of Real Estate Sold

