Machado Meyer

TAX

LEXPRESS TAX - 07/2015

01 JULY 2015

Provisory Law raises

Income Tax rate for capital gains earned by individuals and changes.

PRORELIT
Provisory Law No. 692, of September, 2015, amended Law No. 8,981/95 changing the current 15% Income Tax rate for individuals on capital gain to the following rates: 15% for gains until R$1 million, 20% for gains from R$1 million to R$5 million, 25% for gains from R$ 5 million to R$20 million and 30% for gains over R$20 million. This modification also applies to companies under Simples.

For companies taxed under Real, Presumed or Arbitrated Profits regime, the applicable rate remains 15%. Moreover, this law established that when portions of a good or right are sold, after the second transaction, the capital gain must be added to the gains earned in prior transactions, deducting the amount of Income Tax already paid in other stages.

This Provisory Law also postponed the deadline to register for PRORELIT and changed the conditions to pay an installment in cash. The application to register for this program can be filed until October 30th, with payment in cash corresponding to: (i) 30% of the debt, if paid in one installment, (ii) 33% of the debt, if made in two installments or (iii) 36% of the debt, if paid in three installments. For the taxpayer to choose for the payment of 33% or 36%, the amount of each installment will de added with interest at the Selic rate accrued monthly and 1% regarding the month the payment is made.

(Provisory Law No. 692, 09.22.2015, Official Gazette, extraordinary issue, 09.22.2015. Available on: <http://www.planalto.gov.br/ccivil_03/_Ato2015-2018/2015/Mpv/mpv692.htm>. Access: September, 2015).

NATIONAL CONGRESS

Senate approves increased CSLL rate for banks In the Plenary session, the Senate approved Bill of Conversion 11/2015, originated from Provisory Law No. 675/2015, which raises from 15% to 20% the CSLL rate applicable to financial institutions and from 15% to 17% the rate applicable to credit cooperatives. These rates will be effective until December 31st, 2018 and in 2019 the rate will return to the current rate of 15%.

Senator Geisi Hoffmann of PT-PR, which reported the bill, sustained that the increased rate is adequate to the sector's production capacity, since it obtained profits more than 40% higher than the profit earned in the same period in 2014. Moreover, she stated that this tax reform is relevant for the government's tax adjustment and necessary for the country to recover its financial balance.

(Bill of Conversion in the National Congress No. 11, 2015. Available on: <http://legis.senado.leg.br/mateweb/arquivos/mate-pdf/176658.pdf>. Access: September, 2015).