

EXPATRIATES

Brazil

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE

An individual departing Brazil is subject to tax under two possible approaches. The taxation varies based on the specific characteristics of the situation.

Temporary Departure

Occurs when the individual departs Brazil for a period of less than 12 months. In this situation, the tax residency is maintained during the absence from Brazil.

Definitive Departure

Occurs when the individual departs Brazil for a period of more than 12 months. In this situation, the tax residence in Brazil should be broken. A tax non-resident is only taxable on Brazilian sourced income at a fixed tax rate of 25%, with some exceptions (example: rental income/capital gains, are subject to a tax rate of 15%).

Failure to comply with the requirements for breaking tax residency in Brazil, will keep the individual as a tax resident for the first 12 months from the departure date. Additionally, during this time, he/she will be liable for income tax as per the same tax rules applied to tax residents.

BREAKING RESIDENCY - EXIT PROCEDURES

The Exit income tax clearance process is indicated for departures of more than 12 months and represents a departure from Brazil with the intention to live abroad for a long-term period or on a definitive basis.

The Exit procedures are composed of three different steps which are summarized below:

Notice of Departure

This part of the process can be filed by the day of departure and until the end of February of the year after your departure from Brazil. It is done online via the Brazilian tax authority's website.

Exit Income Tax Return

Similar to filing the Annual Brazilian Income Tax return, you would file a final tax return covering the period of tax residency in the year of departure. You are required to provide some specific items like nominating a power of attorney, provide your date of departure, etc. The Exit Income Tax return must be filed between March and April of the year after your departure from Brazil.

Issuance of a Tax Clearance Certificate

To be completed after the two steps above, as confirmation that you have no open tax payments or filing obligations with the Brazilian tax authorities. This effectively ceases your tax residency in Brazil.

INCOME TAX RATES AND SOCIAL

Applicable during non residence period (Definitive Departure)

Type of Income	Tax rate	Type of taxation
General income in Brazil (includes employment)	25%	At source
Rental Income in Brazil	15%	Payable by taxpayer through a separate calculation and tax voucher
General income from abroad	0	Not taxable in Brazil during non residence period

SOCIAL SECURITY CONTRIBUTIONS

Generally, a tax non-resident in Brazil is not liable to contribute to social security system. However, in the case he/she receives some residual local employment income during the period of non-residency, the employer will withhold the social security contribution at the source according to the social tax table in place. Currently the individual contribution is capped at BRL 828,38/month.

For Brazilian citizens leaving the country, it is optional to continue to contribute to the social security system in order to keep their social rights in Brazil. The contribution should be done through a separate voucher named "GPS".

For further information and to register for future updates contact expat@bdo.global

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