



# Brazil

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## > INTRODUCTION

Due to the global financial and economic situation, European companies are currently in need of capturing new markets. For that reason, in recent years Brazil has become an ideal destination for businessmen as a country, like others in South America, in the midst of economic growth.

Fourth aerospace power, fifth world steel power, first South American country which is an exporter of agricultural products, Brazil is a real demographic and geographic power, with economic activity carried out mainly in the south of the territory, near big cities like Sao Paulo or Rio de Janeiro.

## > INCORPORATION OF A COMPANY

The types of companies most frequently used in Brazil are the **SARL** and **SA**.

### **SARL COMPANY**

- **Two shareholders/partners required as a minimum:** No requirements on their residence or nationality.

However, any foreign shareholder/partner must necessarily use the services of a legal representative of the country (natural or legal person). It is also mandatory **to obtain a CPF No. (tax identification number) and a CNPJ No. (number from the National Register of Legal Entities).**

- **At least** one director: Foreign manager with permanent residence in Brazil or Brazilian resident in Brazil.
- Foreign shareholders and partners must compulsorily obtain an **investment visa:**
  - **Investment visa for individuals:** Any individual who invests a minimum of 102,118 BRL (recorded in the Central Bank of Brazil) can get a resident visa for 5 years, which is renewable, allowing them to move to Brazil with their family.
  - **Investment visa for legal persons:** Any foreign company that invests at least 408,327 BRL in Brazil can obtain a visa for its legal manager, who may also move there with their family.
- **No minimum capital is** required: Except in the case of the Trading Company (import-export, with a minimum capital of 500,000 BRL, fully disbursed).
- **Shares:** If the capital has been fully disbursed, the liability of partners is limited to their participation in the company's share capital.

However, if the company's capital has not been fully disbursed, all partners are jointly liable.

- **Annual General Meeting:** Must be held every year.
- **There is no obligation to appoint an auditor.**

## SA COMPANY

- **Two shareholders/partners required as a minimum:** No requirements on their residence or nationality.

However, any foreign shareholder/partner must necessarily use the services of a legal representative of the country (natural or legal person). It is also mandatory **to obtain a CPF No. (tax identification number) and a CNPJ No. (number from the National Register of Legal Entities).**

- **At least two directors:** Foreign managers with permanent residence in Brazil or Brazilian residents in Brazil.
- **Annual General Meeting:** Must be held every year.
- **No minimum capital is** required, but at least 10% must be paid at the time of the constitution.
- **It is compulsory to appoint an auditor if the gross annual income exceeds 300,000.00 BRL.**

## > TAXATION

Thanks to the numerous bilateral agreements on taxation, Brazil is an excellent option to enjoy minimum tax, please read as none.

However, all fiscal and financial rules applicable to the constituted company's legal structures must be examined since variations can be significant.

**REMEMBER THAT IMPOSITIONS ARE SUBJECT TO DEDUCTIONS THAT CAN LEAD TO TOTAL EXEMPTION. (Consult our accountants for personal advice).**

### TAXATION FOR SARL AND SA COMPANIES

- A company set up in Brazil pays **tax on profits of 15% up to 240,000 R\$** (reductions or exemptions in the case of companies set up in free zones may apply). **Tax on profits of 24% for higher amounts.**
- **VAT: ICMS (tax on movement of goods and services)** of 17% and 18% in Sao Paolo, variable depending on the state.  
Internal transactions have a state tax of 18%, transactions between states of between 7% and 12% and most imports between 18% and 25%. Communication services are taxed between 13% and 35%.
- **Federal tax (IPI):** Variable, between 10% and 15%.
- **Taxes on dividends of 0%.**
- **Royalties and interest at 15%.**
- **Compulsory to maintain and file** accounting.

## > SUMMARISED COUNTRY FACT SHEET

### COUNTRY'S FEATURES

Geographic location	Territory of South America
Political regime	Federal Republic
Population	199,321,413 (2012)
Language	Portuguese
Currency	Real (BRL)
Time zone	GMT-2 to -5

### FEATURES of the INCORPORATION of a COMPANY

Type of company	SARL	SA
Capital required	No minimum capital is required	No minimum capital is required 10% disbursed at the time of the constitution
Legal system	Complex legal system	Complex legal system
Number of directors/shareholders	At least 1 administrator/2 shareholders	At least 2 administrators/2 shareholders
Anonymity and confidentiality	The administrators' names are public. The services of an administrator by mandate can be used	The administrators' names are public. The services of an administrator by mandate can be used
Secretary service	No	No
Corporate tax	<b>0%</b>	<b>0%</b>
Wealth tax	<b>0%</b>	<b>0%</b>
Tax on dividends	<b>0%</b>	<b>0%</b>
VAT	<b>IPI + ICMS Average 17% (standard) 18% in Sao Paulo</b>	<b>IPI + ICMS Average 17% (standard) 18% in Sao Paulo</b>
Government taxes	<b>Yes: 500 BRL</b>	<b>Yes: 500 BRL</b>
Accounting requirements	Mandatory accounting and filing accounts	Mandatory accounting and filing accounts
Bearer shares	No	No
Exchange control - non-residents	Yes	Yes

➤ Please contact one of our consultants in London, Geneva and Barcelona for more information

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