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Tax News: Differentiated Tax Monitoring

Brazilian Federal Revenue (RFB) establishes new criteria to define

The differentiated tax monitoring procedure, which has been in operation since 2005 in Brazil, consists of the analysis of the tax and economic behavior of major taxpayers.

According to Ordinance 641 published by the Brazilian Revenue Service (RFB) on May 12, 2015, such analysis, which should be conducted in a systemic and regional manner, should be based on the following actions: (i) track the collection of taxes administered by the RFB; (ii) analysis of economic groups and sectors; and (iii) management of the priority treatment related to tax liabilities.

Based on the data disclosed by the RFB, the group of differentiated taxpayers (i.e. major taxpayers) currently represents 63% of the total federal tax collection, which explains the relevance of the subject.

In this context, the RFB issued Ordinances 1,754 and 1,755 on December 24, 2015, establishing new parameters to define taxpayers, both individuals and legal entities, who shall be subject to such differentiated tax monitoring.
The parameters to be considered for the definition of individual taxpayers were established in Ordinance 1,754, as follows:

(i) Total annual earnings, declared in the Annual Income Tax Return for Individuals (“DIRPF”) regarding FY2014, higher than BRL 14 million and financial transactions over BRL 5,2 million;

(ii) Total value of goods and rights declared in the DIRFP, regarding FY2014, higher than BRL 73 million and financial transactions over BRL 520 thousand;

(iii) Annual amount of rents received, informed in the Declaration of Real State Information (“Dimob”), regarding FY 2014, higher than BRL 2,6 million; or

(iv) Total value of rural property, belonging to the owner or dependents, declared in the Declaration of Rural Property Tax (“DITR”) regarding FY 2014, higher than BRL 82 million.

The parameters to be considered for the definition of legal entities were established in Ordinance 1,755, as follows:

(i) Total annual gross revenue in 2014 higher than BRL 165 million;

(ii) Annual debit amount declared in the Declaration of Federal Contributions and Taxes (“DCTF”), regarding FY2014, higher than BRL 17 million;

(iii) Annual wage bill amount, as indicated in the Guarantee Fund for Length of Service and Information to the Social Security (“GFIP”), regarding FY2014, higher than BRL 40 million; or

(iv) Total annual debit amount declared in the “GFIP”, regarding FY2014, higher than BRL 14 million.

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