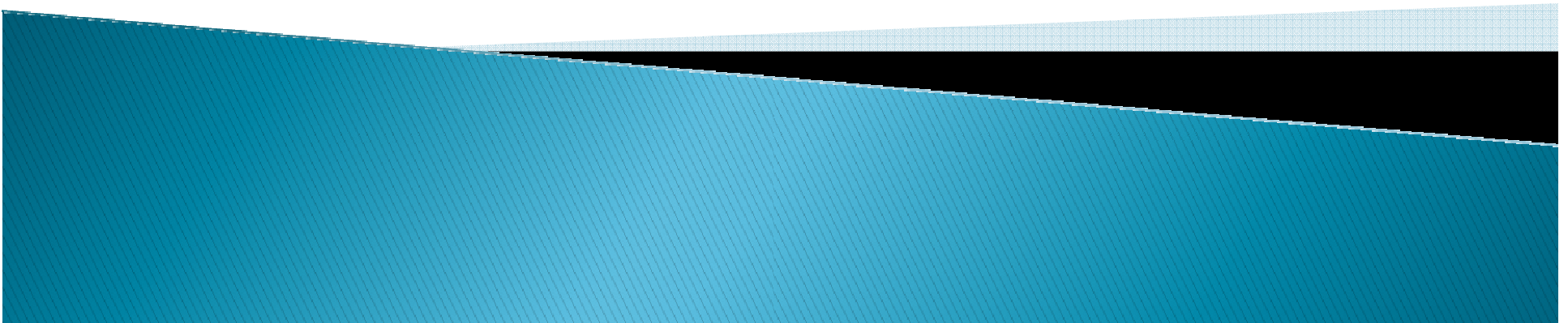


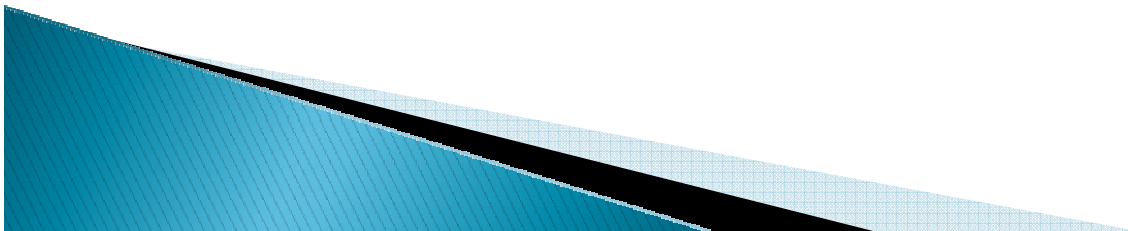
Tax Treaty Override

Brazil

Councilor Alexandre Alkmim Teixeira

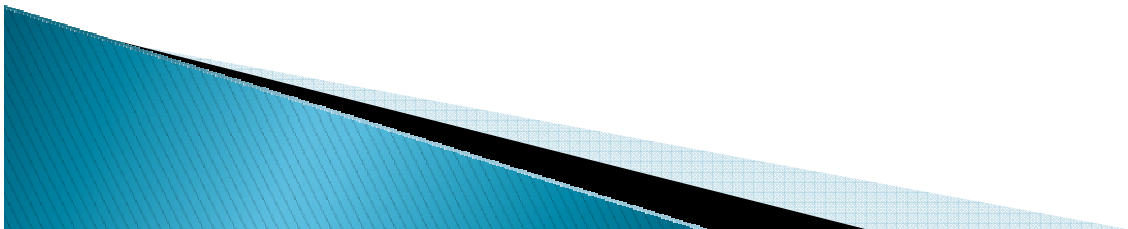


- ▶ Case 1) CSLL Case – contribution on net profits
- ▶ Case 2) CIDE-Royalties Case – contribution on payment of royalties abroad



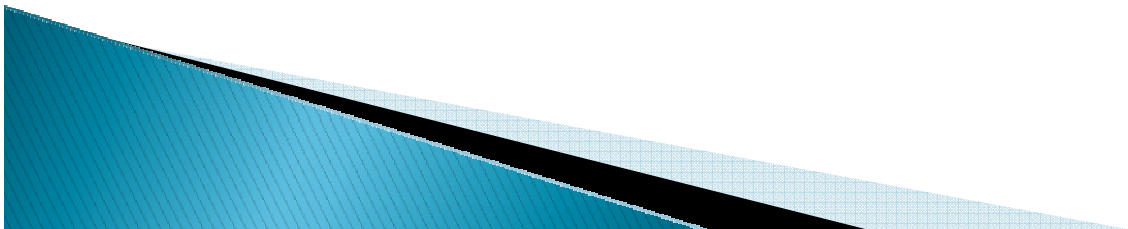
CSLL – Contribution on Net Profit

- ▶ CSLL created on 1988
 - Tax Payers: all companies
- ▶ Would the conventions apply to CSLL?
- ▶ Brazil–Austria Convention (1975)
- ▶ Brazil–Spain Convention (1976)



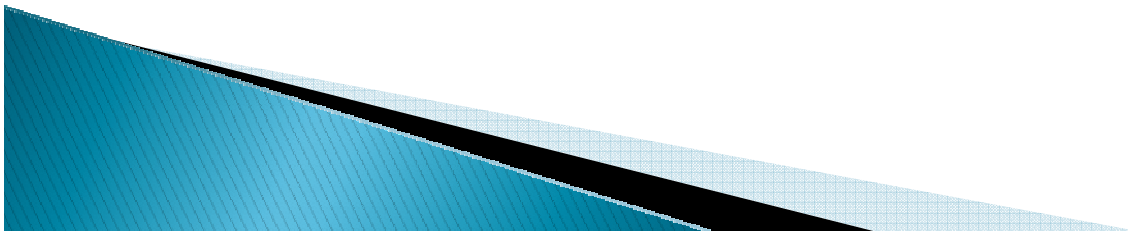
Article 2 – OECD Model Convention

- “4. The Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws”.

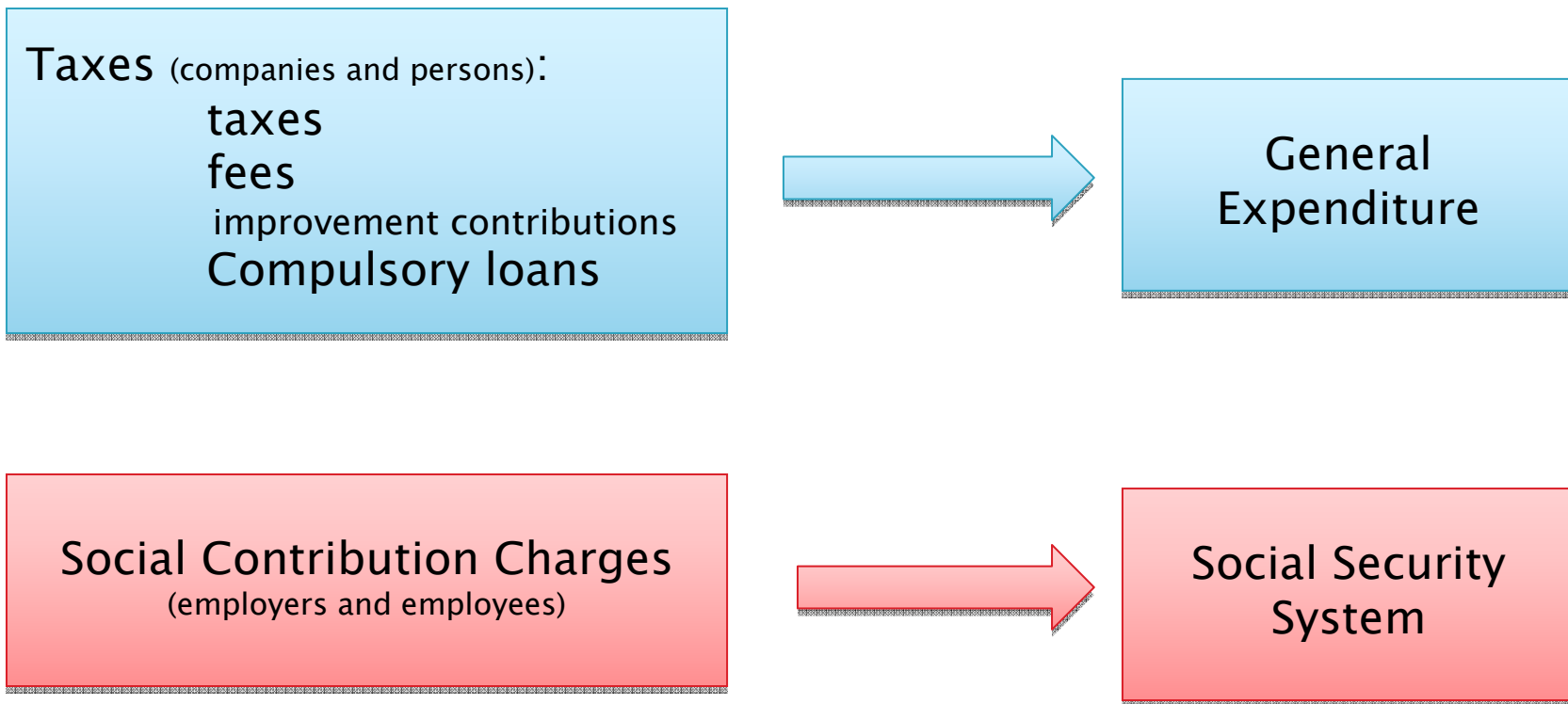


OECD: Taxes x Contributions

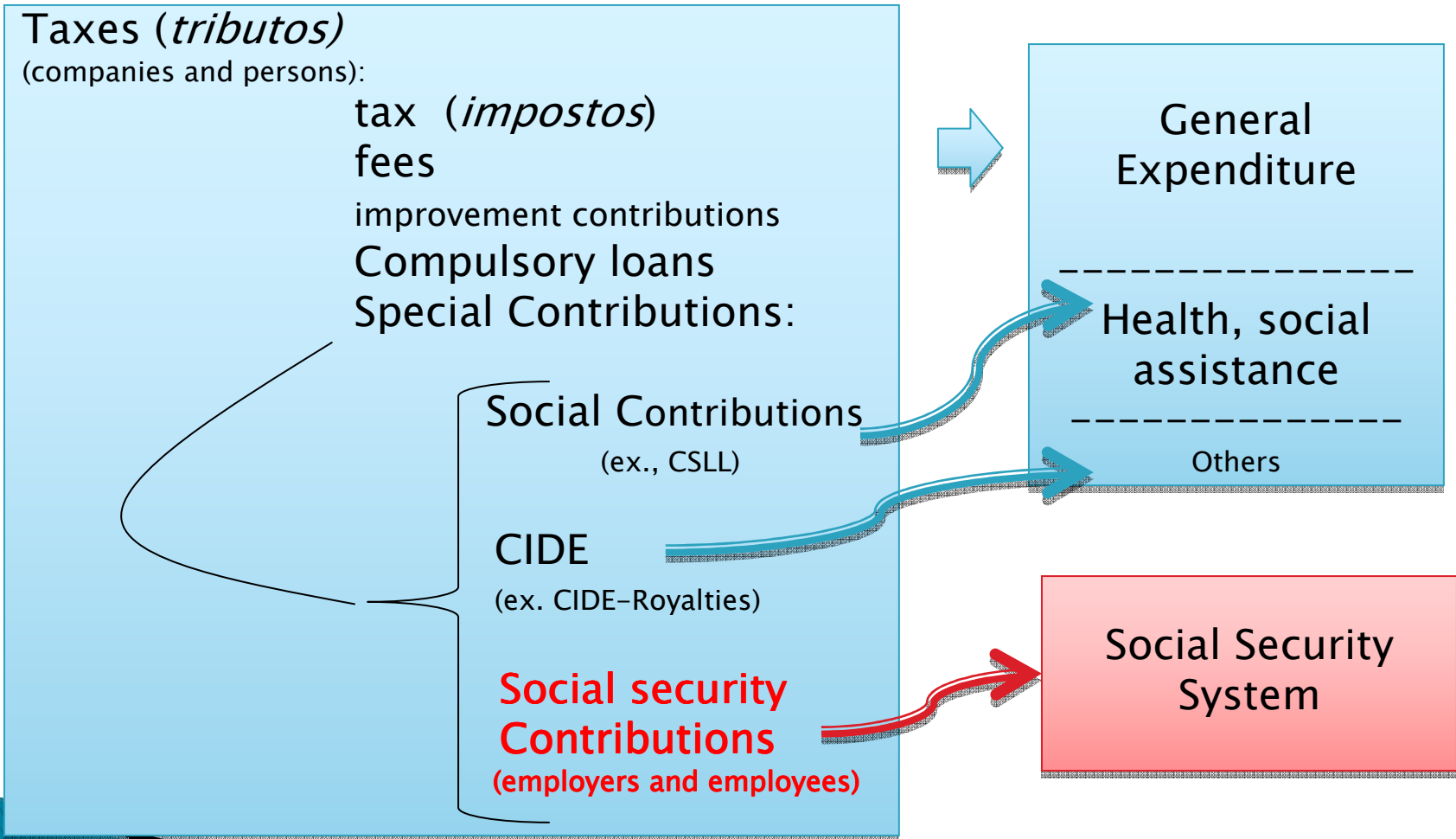
- ▶ *“social security charges paid where there is a direct connection between the levy and the individual benefits to be received, shall not be regarded as “taxes on the total amount of wages”*



Taxes x Contributions in Brazil 1964-1987



Taxes x Contributions in Brazil after 1988



- ▶ Brazil–Portugal Convention (1991) and Brazil Belgium–Convention (1997) explicitly refer to CSLL
- ▶ CIDE–Royalties has still not been submitted to judgment before the Tax Courts of Brazil

