

VGL NEWS

AUGUST/04

SPECIAL EDITION

LEGISLATION

Decree No. 5164/04 – PIS and COFINS on Financial Revenue

Decree No. 5164, published in the Federal Official Gazette's special edition, dated July 30, 2004, reduced to zero, as of August 2, 2004, the PIS/PASEP (Social Integration Program/Public Workers Fund) and COFINS (Tax for Social Security Financing) tax rates levied on the financial revenues earned by the legal entities subject to non cumulative charge of such contributions, even if the non cumulative charge reaches only part of their revenues.

Such tax rate reduction does not apply to the financial revenues deriving from interest on equity neither those arising from hedge transactions, which remain taxed by the non cumulative PIS and COFINS at the 1.65% and 7.6% tax rates, respectively.

The possibility of reduction of the tax rates for the non cumulative PIS and COFINS is provided for in paragraph 2, article 27 of Law No. 10.865, dated April 30, 2004. The same legal provision provides for the re-establishment of such tax rates, at the Federal Government's discretion.

THIS IS MERELY NA INFORMATIVE NEWSLETTER, RESTRICTED TO VGL CLIENTS. QUESTIONS AND CLARIFICATIONS ON THE MATTERS CONTAINED HEREIN SHOULD BE ADDRESSED TO OUR OFFICE.

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