



# VELLOZA, GIROTTO E LINDENBOJM

*Advogados Associados*

## VGL NEWS

Special Edition No. 21 - April 14, 2010

### "Incentive Installment Plan ('PPI') – Term Reopening"

Pursuant to express legal authorization, the term to formalize the request to adhere to the Incentive Installment Plan ("PPI"), created by the Administration of the City of São Paulo through Law no. 14,129/06, was reopened through Decree 51.362, dated March 26, 2010.

Similarly to the original PPI, such Plan aims at regularizing tax or non-tax debits with the São Paulo Administration, officialized or not, including those recorded as Collectible, already filed or to be filed, due to tax-triggering events taken place until December 31, 2006, for which the following discounts will be granted:

I – Payment of consolidated tax debits in a single installment:

- (i) 100% (one hundred percent) of default interest;
- (ii) 75% (seventy-five percent) of the fine; and
- (iii) 75% (seventy-five percent) of the legal fees.

II – Installments of consolidated tax debits:

- (i) 100% (one hundred percent) of default interest;
- (ii) 50% (fifty percent) of the fine; and
- (ii) 50% (fifty percent) of legal fees.

III – Payment of non-tax debits in a single installment:

- (i) 100% (one hundred percent) of default interest; and
- (ii) 75% (seventy-five percent) of the fine.

IV – Installment payment of non-tax debits:

- (i) 100% (one hundred percent) of default interest; and
- (ii) 50% (fifty percent) of the fine.

It should be pointed out that the settlement of the single installment will result in the amnesty of the debt, and other settlements or breaches will be recorded into the Collectible Debts System, within 60 (sixty) days.

#### **Payment and Charge Terms**

Pursuant to the Decree, the debtor may pay the consolidated debt included in the PPI in (i) a single installment; (ii) up to 12 (twelve) monthly, equal and successive installments, at a 1% (one percent) monthly interest rate 1%; and (iii) up to 120 (one hundred and twenty) monthly, equal and successive installments, and the amount of each installment, at the time of payment, is to include interests equivalent to the SELIC (Special Settlement and Custody System of) rate, accrued monthly, calculated from the month subsequent to the formalization until that of the payment, and 1% (one percent) related to the month in which the payment is being made, observing the minimum limits of R\$ 50.00 (fifty Reais), for individuals, and R\$ 500.00 (five hundred Reais), for legal entities.

Furthermore, the late payment will subject the taxpayer to a daily default fine of 0.33% (zero point three three percent) on the amount of the due and unpaid installment, up to the limit of 20% (twenty percent), plus interest

equivalent to the SELIC rate.

### **Form of Adhesion**

To join the Plan, the rules applied previously prevail, to wit:

The adhesion to the Plan shall be made at "<http://www.prefeitura.sp.gov.br>", upon the taxpayer's request, until 12/17/2010, except for the inclusion into the PPI of remaining tax debits of previous scheduled payments, whose requests for adhesion are to be formalized by 12/10/2010.

### **Another form of Adhesion**

The Administration may forward installment options to IPTU (municipal real estate tax) taxpayers that have debts not superior to R\$ 50,000.00 (fifty thousand Reais), the taxpayer having only to decide whether to join the plan this way or by own initiative, including other different debts into the installment plan. However, taxpayers that have IPTU debts and are parties to lawsuits, stays of execution or previous installment plans can only join the plan by their own initiative.

### **Direct Debit**

The debtor joining the PPI is to authorize the direct debit of the installments from their bank accounts, with a Bank registered by the Municipality (such determination may be ruled out by the Office of Finance, in case it is impossible for the debtor to have a bank account).

### **Due Date of Installments**

After adhering to the PPI, the first or single installment will be due on the last business day of the fifteen-day period subsequent to the formalization of the request and is to be paid through the Collection Document of the Municipality of São Paulo – DAMSP, printed at the time the request is formalized; the other installments will be due on the last business day of the subsequent months, and will be debited directly from the stated bank account.

### **Action Waiver**

Joining the PPI implies the withdrawal from any and all judicial or administrative proceedings examining the debt. Said withdrawal is to be proved through a petition within 60 (sixty) days as of the formalization of the request.

### **Monetary Adjustment**

There will be monetary adjustment and default interest on the consolidated debits until the date the request of adhesion is formalized, in addition to due costs and fees arising from the collection of the Collectible Debt.

### **Approval**

The approval of the PPI will be granted at the time of payment of the single or first installment.

### **Exclusion from the PPI**

Among other events, the late payment of the installments exceeding 60 (sixty) days, the failure to prove the withdrawal from judicial proceedings and to collect costs, as well as the adjudication of bankruptcy or termination of a legal entity shall result in the exclusion of the debtor from the PPI.

### **Offsetting**

It is possible to offset the consolidated debt against credits the debtor may have with the Municipality, including installments of government debt securities, except for those related to court-ordered debt payments (precatórios).

We also stress that such installment plan no longer deals with the type of installment that was calculated in relation to the gross revenue, provided for in the former PPI, through the posting of bank guarantees or mortgages corresponding to the amount of the consolidated debt.

Lastly, it is worth mentioning that any installment balance in progress can be consolidated in the PPI, except for debts previously included in such Plan.

**CLARIFICATIONS ON THE MATTERS CONTAINED HEREIN SHOULD BE ADDRESSED TO OUR OFFICE.**

São Paulo	Rio de Janeiro	Brasília
> Av. Paulista, 901 17º e 18º andares Bela Vista - São Paulo - SP CEP 01311-100 Tel.: (55-11) 3145.0055 Fax: (55-11) 3145.0050	> Rua da Assembléia, 10 Sala 1601 Rio de Janeiro - RJ CEP 20011-901 Tel.: (55-21) 2509.0055 Fax: (55-21) 2509.1566	> SRTV Sul, Quadra 710 Cj. D, nº 100 Sala 234 Brasília - DF CEP 70340-000 Tel.: (55-61) 323-8848 Fax: (55-61) 426-7306

To unsubscribe from this Newsletter, please reply to this e-mail and type "remove" in the subject line