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Advogados Associados

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"IOF/FX – Foreign Investors"

The Decree nº 7,323, republished on October 06, 2010, amended paragraph 1st. of article 15 of Decree nº 6,306, dated December 14, 2007, that regulates Taxes on Financial Transaction levied on foreign exchange transactions (**IOF/FX**).

Regarding the inflow of foreign funds in Brazil, according to the new regulations, IOF/FX will be levied at the settlement of FX transactions executed as of October 5, 2010, at the following rates:

(i) four percent (4%) for investments in financial and capital markets, including through simultaneous transactions, except for the cases mentioned in items (ii) and (iii) below;

(ii) two percent (2%) for variable income investments, carried out within stock exchange and/or futures and commodities exchange, according to Monetary Council ("CMN") regulations – i.e., for investments carried out through CMN Resolution 2,689/00 –, except for derivative structures with pre-established earnings;

(iii) two percent (2%) for the purchase of shares in public offerings (including IPO) and subscription of shares issued by listed companies duly registered for trading within a stock exchange.

The zero-rate of IOF/FX for the outflow of funds relating to the investments above mentioned was maintained.

The market is still waiting for the regulations regarding simultaneous FX transactions and relating to the control of investment accounts kept by foreign investors.

Decree nº 7,323, dated October 04, 2010 (Republished on 10.06.2010)

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