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Advogados Associados

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"IOF/FX - FOREIGN INVESTORS"

Decree nº 7,330, dated October 18, 2010 (Published on 10.19.2010)

The Decree nº 7,330, published on October 19, 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).

According to the new regulations, IOF/FX will be levied upon settlement of FX transactions executed as of October 19, 2010, for the inflow of foreign funds in Brazil, at the following rates:

- (i) six percent (6%) for investments in financial and capital markets, including through simultaneous transactions, except for the cases mentioned in items (iii) and (iv) below;
- (ii) six percent (6%) for the payment of collateral margin required by the Stock, Futures and Commodities Exchange, including through simultaneous FX transactions.

Regarding the inflow of foreign funds in Brazil, IOF/FX due upon settlement of FX transactions executed as of October 05, 2010 was maintained at:

- (iii) 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;
- (iv) 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;
- (v) zero-rate (0%) for the outflow of funds relating to the investments mentioned in items (i), (iii) e (iv).

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

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