



# BRAZIL

Brazil - Civil Law (Portuguese)



Incorporate Now



Consultation

Click request a call for a free, no obligation consultation.  
In a hurry? Click incorporate now, and startup your company immediately.

## Incorporating a company in Brazil

# Brazil taxes

If you are willing to do business in Brazil, you have to know about taxation for a LLC which is the most common company structure in Brazil.

Brazil taxes corporate income on a worldwide basis. The usual rate for offshore income, from our research, and this is not personal tax advice, is 34%. The country does not have known exemptions to bring in offshore income remitted back. Corporate Income standard tax rate is 15%. A surtax of 10% is applied on income exceeding BRL 240,000. In addition, there is a 9% social contribution tax, being 20% for financial institutions. Resulting in a 34% effective tax rate. This ranks Brazil as 162nd overall with regards to corporate tax rate worldwide.

The valued added tax rate in Brazil is 20.00%, that ranks Brazil as 133rd overall with regards to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 28.00% to the equivalent of a social security fund and an employee will contribute 11.00%. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 490hours. Contributing to this is the number of yearly labor tax payments, which is 6 in BR.

Thin cap laws are officially enacted. This refers to any type of requirements on given company with respect to debt-to-asset ratios. Dividends received from resident entities are tax-exempted. Dividends received from foreign companies are included in taxable income. Dividends are distributions of company profits, established by the board, to a class of its shareholders. Dividends can be issued as stock, cash, or property. Capital Gains are considered business ordinary income and subject to CIT standard rates. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

Dividends are not subject to withholding tax. This means that payments on dividends to non-residents are not taxed. The interest withholding tax rate is estimated at 15%. Which means that the relevant tax authorities expects LLCs to automatically withhold 15% of payments abroad for interest payments. Royalties are subject to a withholding tax of 15%. This means that resident entities should pay 15% tax on payments on royalties to non-residents. Royalty and interest payments will be taxed at a 25% wht rate when are made to residents of considered low-tax jurisdictions. Withholding taxes may be reduced on payments to residents of jurisdictions where Brazil has concluded a tax treaty with. There is no known tax on wealth in Brazil. There are inheritance, real property and transfer taxes in Brazil. We are aware of frequently implemented credits for innovation that include tax incentives in this country.

The above is not tax or legal advice for your company situation. We can refer you to a tax advisor in Brazil who can give you an answer. Want to work together? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Brazil is 20% which ranks 134 in the world.

- ✗ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 40 **Tax treaties**
- 34% **Offshore Tax**
- 34% **Corp rate**
- **Loss carryback years**
- 736 **Corporate time**
- 20% **VAT rate**
- 34% **Capital gains**
- 2018 **AEOI planned**

# Brazil Legalese

The underlying legal code in Brazil is civil law (portuguese) law. You will want to get some local advice as to how to best structure a company in Brazil. E-signatures are allowed.

The country code BR is for Brazil and the most common company type structure in Brazil is a LLC.

You should expect a wait time of 152 Days to incorporate a LLC in BR. The types of consideration you can use to fund your business is most commonly any legal tender.

Yes, one is allowed to re-domicile a LLC from BR. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LLC in Brazil as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is permitted, up to 49% of the ownership of the legal entity.

A legal entity is only required to have one director. Speaking of shareholders, corporate directors are permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for an agent which can receive any official legal correspondance on behalf of the business. Furthermore, a company secretary is not required in BR, which can save the company money if you can perform basic corporate governance internally.

There is an obligation to file yearly tax returns. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Brazil is a ok option and have given it a score of 61 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 1 Directors required**
- 152 Days to form**



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## Country Info



🏴󠁧󠁢󠁥󠁮󠁧󠁿 National Flag of

**República Federativa  
do Brasil (por)**

\$ Currency

**BRL**

☎ Area Code

**+55**

🏛 Capital

**Brasília**

✈ Region

**South America**

🌿 Native Languages

**Portuguese**