

GMS Flash Alert

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Brazil - COVID-19: Income Tax Return and Central Bank Report Filing Extensions

On April 1, 2020, the “Receita Federal do Brasil,” the Brazilian Revenue, announced¹ that the filing deadline for all taxpayers subject to Brazilian tax law in respect of the 2019 tax year has been extended to June 30, 2020. The original due date was April 30, 2020.

Additionally, on March 24, 2020, the Brazil Central Bank announced² filing extensions to the Brazilian Capital Abroad Reports in respect of the 2019 calendar year (new deadline is June 1, 2020) and for the 2020 first quarter report (new filing period is from June 15, 2020 to July 15, 2020).

WHY THIS MATTERS

The extended deadlines provide relief to taxpayers who may be unable to meet the original filing/reporting deadline due to the ongoing COVID-19 crisis and disruption to normal business routines and processes. Taxpayers and tax service providers should be aware of the relaxation of the filing deadline and take action to meet the new deadline as appropriate.

The tax returns filing deadlines were common in Brazil until the 1990s. However, after the Law 9.250/1995 came into effect establishing rules for the filing of tax returns, the deadline was set as end of April every year.

2019 Brazil Income Tax Returns

Filing Extension

Taxpayers had the period from March 1, 2020 to April 30, 2020 to complete their 2019 Brazilian Income Tax Returns and pay the related tax due. As a result of the disruption caused by the COVID-19 emergency, Revenue confirmed that the filing deadline has been extended to June 30, 2020, in respect of the following returns:

- 2019 Annual Income Tax Return – applicable to individuals who remained tax resident in Brazil during the entire 2019 calendar year, or individuals who became tax resident during the 2019 tax year.

— 2019 Final Income Tax Return – applicable to individuals who became nonresidents in Brazil throughout the 2019 calendar year and continued to be nonresidents on December 31, 2019.

Late-filed tax returns are subject to penalties of 1 percent per month, limited to 20 percent, on the total tax amount due (even if already paid), with a minimum applicable amount of BRL 165.74.

Payment Extension and Refunds Schedule

The Revenue has also extended the deadline for the payment of income tax due in respect of 2019 Income Tax Returns until June 30, 2020.

The tax amounts due can be paid by a tax bill (“DARF”) or via direct debits from a bank account selected by the taxpayer. However, individuals opting for direct debit payments have until June 10, 2020, to submit their 2019 tax returns in order to be able to pay the total tax amount due via direct debit.

With regard to tax refunds, the Revenue has decided to maintain the previous schedule for the authorities’ payments. Tax refunds for 2019 are scheduled to be paid in five monthly installments, from end-May 2020 until end-September 2020, based on the taxpayers’ filing date.

2019 Brazilian Capital Abroad Reports

Due to the difficulties created by the coronavirus pandemic, the Brazil Central Bank decided to postpone the filing schedule for the Brazilian Capitals Abroad Reports (“CBE”).

The Annual Report, related to positions on December 31, 2019, must now be submitted by 6:00pm on June 1, 2020. The Quarterly Report, related to positions on March 31, 2020, must now be submitted between June 15 and July 15, 2020.

The CBE Report is mandatory for individuals or legal entities resident in Brazil who hold assets and or investments outside Brazil greater than or equal to:

- USD 100,000, or the equivalent in other currencies, as of December 31 of each year – Annual CBE Report;
- USD 100 million, or the equivalent in other currencies, as of March 31 (1st Quarter), June 30 (2nd Quarter), and September 30 (3rd Quarter) of each year – Quarterly CBE Reports.

Late submission, negligence in reporting, or the report of false, inaccurate, or incomplete information, subjects the violator to the imposition of a fine by the Central Bank of up to BRL 250,000.

KPMG NOTE

Brazilian taxpayers may wish to consult with their qualified tax professionals to make the necessary arrangements for completing their 2019 returns by the new deadlines.

FOOTNOTES:

1 To see (in Portuguese) the Brazilian Revenue Normative Ruling n. 1930 with new guidelines for the 2019 Brazil Income Tax Return filling and payment, click [here](#) .

2 See (in Portuguese) the Central Bank extension decision (*Circular n° 3.995 de 24/3/2020*) [here](#) and the Central Bank's press alert (*BC adia prazo para entrega da declaração de Capitais Brasileiros no Exterior (CBE)*) [here](#). .

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Contact us

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