

HR & Tax Alert



Brazil: Income Tax Treaty with South Africa Confirmed

August 2006

Executive Summary

The Brazilian Federal Government has enacted Legislative Decree # 301/2006, which confirms the terms of the Convention to avoid double taxation and tax evasion between the Federal Republic of Brazil and South Africa.

Enactment

The treaty was published July 14th, 2006. This action officially binds the Brazilian and South Africa Federal Governments to the terms of the Convention, which was originally drafted by both countries on November 8th, 2003. The treaty is valid as of the publication date.

In general terms, the convention was structured based on the standard model released by the OECD and enforces proceedings to avoid not only double taxation between the nations, but also tax evasion regarding income tax matters. Its articles apply to individuals and legal entities.

Income Subject to the Convention

Basically, the convention is fully applicable to all types of income that may be classified as such for Income Tax Purposes under the Tax Law systems of Brazil and/or South Africa. The types of

income include: (i) rental, (ii) interest, (iii) dividends, (iv) royalties, (v) salaries.

Next Steps

The Ernst & Young Human Capital group in Brazil is ready to assist individuals in complying with the terms of the convention and applying the terms effectively to their personal situation.

For further information, please contact your local Ernst & Young Human Capital professional, or in Brazil:

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