

# TELEGRAM

Foreign Service of the  
United States of America

OUTGOING AMEMBASSY RIO DE JANEIRO 8/31/67 FN 16

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ACTION: SECSTATE WASHDC 7497

RIO DE JANEIRO 1532

SUBJECT: BRAZILS FOREIGN ASSETS DECLARATION  
REQUIREMENTS

REF : STATE 26401

31 Aug 1967  
1500  
**SUBJECT**

1. BRAZIL LEVIES INCOME TAX AT STANDARD RATES ON INCOME FROM FOREIGN ASSETS (NOT ON ASSETS THEMSELVES) AND GRANTS FOREIGN TAX CREDITS AGAINST ITS TAX BURDEN ON SUCH INCOME. FOREIGN ASSETS HELD BY LOCAL RESIDENTS MUST BE DECLARED EACH YEAR BOTH TO CENTRAL BANK AND TO INCOME TAX DEPARTMENT OF FINANCE MINISTRY.

2. A SERIES OF AMNESTIES HAVE PERMITTED HOLDERS OF FOREIGN ASSETS TO RECTIFY PREVIOUSLY OMITTED OR FALSIFIED FOREIGN ASSETS DECLARATIONS WITHOUT FINE OR MONETARY CORRECTION OF RESULTING TAX LIABILITY. PENULTIMATE AMNESTY WAS UNUSUAL IN THAT IT PERMITTED RECTIFICATION WITHOUT PENALTY BUT ONLY ON CONDITION

70 THAT 70 PERCENT OF THE VALUE OF ASSETS HELD ABROAD BE REPATRIATED BY OCTOBER 30, 1966.

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3. LATEST AMNESTY, WHICH ~~REPLACES~~ ALL PREVIOUS ONES,

IS PROVIDED BY DECREE LAW 94 OF DECEMBER 30, 1966. IT

STATES THAT ALL PREVIOUSLY UNDECLARED FOREIGN ASSETS

MAY BE INCLUDED IN 1967 DECLARATION DUE APRIL 30, 1967

WITHOUT INCURRING FINE OR MONETARY CORRECTION OF RE-

SULTING TAX LIABILITY. NO CONDITIONS, SUCH AS ASSETS

REPATRIATION, ARE IMPOSED.

4. THEORETICALLY, INDIVIDUALS WHO FAILED TAKE ADVANTAGE

OF LATEST AMNESTY ARE SUBJECT TO FINE AND MONETARY

CORRECTION OF TAX LIABILITY ON INCOME FROM ANY NON-

DECLARED FOREIGN HELD ASSETS. IN VIEW OF WIDESPREAD

DISREGARD OF ASSETS DECLARATION REQUIREMENT, HOWEVER,

IT IS LIKELY THAT ANOTHER AMNESTY WILL BE GRANTED IN 1968.

5. FOR DETAILED ANALYSIS OF ASSETS DECLARATION REQUIRE-

MENTS AND VARIOUS AMNESTIES SEE EMBASSY'S A-1115 OF

MAY 6, 1966 AND A-1142 OF MAY 13, 1966.

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