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ACTION TRSY 08

INFO ARA 19, INR 07, RSC 01, NSAE 00, COM 08, CIA 04, E 19, FRB 02, XMB 06,  
AID 30, P 04, USIA 12, L 03, H 02, RSR 01, 126 W

RIO 1532

R 311920Z AUG 67  
FM AMEMBASSY RIO DE JANEIRO  
TO SECSTATE WASHDC 7497

LIMITED OFFICIAL USE RIO DE JANEIRO 1532

SUBJECT: BRAZIL'S FOREIGN ASSETS DECLARATION  
REQUIREMENTS

REF: STATE 26401 *RC*

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

8/31/67

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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  
THAT 70 PERCENT OF THE VALUE OF ASSETS HELD ABROAD

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BE REPATRIATED BY OCTOBER 30, 1966.

3. LATEST AMNESTY, WHICH SUPERSEDES 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 RESULTING TAX LIABILITY. NO CONDITIONS, SUCH AS ASSETS REPATRIATION, ARE IMPOSED.

4. THEORETICALLY, INDIVIDUALS WHO FAILED TAKE ADVANTAGE

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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 REQUIREMENTS AND VARIOUS AMNESTIES SEE EMBASSY'S A-1115 OF MAY 6, 1966 AND A-1142 OF MAY 13, 1966. TUTHILL

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