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INSURANCE AND OPEN PRIVATE PENSION PLAN

1) HOUSE OF REPRESENTATIVES APPROVES MP OF EXPORT CREDIT

INSURANCE: Provisional Measure (MP) No. 701/15 amends Law No. 6704 of October 26, 1979, providing for Export Credit Insurance, Law No. 9818 of August 23, 1999, and Law No. 11281 of February 20, 2006, providing for the Export Guarantee Fund, Law No. 12712 of August 30, 2012, providing for *Agência Brasileira Gestora de Fundos Garantidores e Garantias S.A.* – ABGF and Decree-Law No. 857 of September 11, 1969, providing for the currency for payment of obligations enforceable in Brazil.

Under the terms of such MP, the Export Credit Insurance may be used by exporters and by financial institutions, export credit agencies, insurers and international organisms that finance, refinance or guarantee the manufacturing of goods and provision of services, intended for Brazilian export, and the Brazilian exports of goods and services.

The funds of the Export Guarantee Fund may be used with the Export Credit Insurance for coverage of performance bonds relating to contractual obligations provided by a financial institution as a guarantee of enforcement, guarantee of reimbursement of advancement of funds and guarantee of offering terms and conditions, in export transactions of good and services of industries of the defense sector and agricultural products the farmer of which is, at the time of contracting with the financial institution, the beneficiary of the tariff shares for preferred markets.

The conversion bill shall be now voted by the Federal Senate.

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2) SUSEP/DIFIS CIRCULAR-LETTER No. 001 of May 4, 2016: subject: PLD/CFT – GAFI’s public reports of February, 2016.

The Financial Action Group (GAFI) is the body that establishes the global standards within the scope of prevention and combating of money laundering and financing of terrorism (ALD/CFT).

In February, GAFI published two official reports identifying the jurisdictions in which they have strategic deficiencies in the systems of Prevention to Money Laundering and Combat to Terrorism Financing (PLD/CFT).

Regarding Iran, GAFI reiterates the claim made to its members, advises all jurisdictions to guide their financial institutions to pay special attention to the business relations and transactions with Iran, including Iranian companies and financial institutions, and advises Iran to treat its ALD/CFT deficiencies in a prompt and significant manner, especially in order to criminalize the financing of terrorism and implement requirements of communication of suspicious transactions.

Regarding the Democratic People’s Republic of Korea, GAFI advises it to fight its ALD/CFT deficiencies immediately in a consistent manner and requests that its members and all jurisdictions guide their financial institutions to pay greater attention to business relations and transactions with DPRK, as well as with DPRK’s companies and financial institutions.

In the letter, the Superintendence of Private Insurance (SUSEP) recommends the adoption of the due measures regarding the internal control procedures for risks assessment in the subscription of transactions, contracting of third parties or other related parties, in the development

of products, private negotiations and transactions with assets and, especially, of paragraphs 2 and 3 of article 8 of SUSEP Circular No. 445/2012.

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3) CMN RESOLUTION No. 4484 of May 6, 2016: amends the Regulations attached to Resolution No. 4444 of November 13, 2015, which provides for rules that govern the investment of funds from technical reserves, from provisions and from funds of insurers, capitalization companies, open entities of pension plans and local reinsurers, the investments of the funds required in the Country to guarantee the obligations of admitted reinsurers and the portfolio of Individual Programmed Retirement Funds (Fapi), and Resolution No. 3042 of November 28, 2002, which provides for the investment of funds from reserves, provisions and from funds of insurance companies specialized in health insurance, as well as for the acceptance of the corresponding assets as guarantees for such funds pursuant to the laws and regulations in effect.

Upon publication of the rule, there were no structural changes. The changes were basically intended to clarify the rules, facilitate the inspection by SUSEP and to establish certain standards.

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4) CNSP RESOLUTION No. 338 of May 9, 2016: provides for the Internal Regulations of the Superintendence of Private Insurance (SUSEP).

The Resolution implements the changes brought by Decree No. 8722/16, already discussed in our Newsletter of April/2016.

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5) DECREE DATED MAY 10, 2016: Mr. Flávio Girão Guimarães was removed from office and Mr. Carlos Alberto de Paula was appointed to hold the position of Officer of

SUSEP. Mr. Carlos Alberto de Paula, who is an employee of Banco do Brasil S.A., by means of MF Ordinance No. 308 of May 10, 2016, was assigned to SUSEP for one year. Mr. Carlos de Paula was previously Officer and Superintendent Officer of PREVIC (an autarchy that oversees the pension funds) and already worked for SUSEP in the past.

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6) IN CASE OF TOTAL LOSS OF THE VEHICLE, THE AMOUNT PAID BY AN INSURER SHALL BE THE AMOUNT OF THE DATE OF ACCIDENT (SUPERIOR COURT OF JUSTICE (STJ)) The 3rd Panel of the STJ, when judging Special Appeal (REsp) 1546163, decided that the insurer shall pay indemnity relating to total loss of the vehicle, corresponding to the average market value on the date of the accident, rather than on the payment date.

Said decision is in line with the provisions of article 778 of the Brazilian Civil Code, which establishes that the indemnity shall not exceed the amount of the insured interest at the time of the claim and, in any event whatsoever, the maximum guarantee limit established in the policy, except in case of delay of the insurer.

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7) DECREE No. 8768 DATED MAY 11, 2016: amends Decree No. 8634 of January 12, 2016, which provides for the Council of Resources of the National Private Insurance, Open-End Private Pension and Capitalization System – CRSNSP.

The Decree establishes that the CRSNSP shall be composed of members appointed by the public sector (instead of representatives) and of the same number of members indicated in a triple list by the market representative entities subject to SUSEP regulations, designated by the Minister of Finance (instead of representatives). The change of names is correct, to the extent that, once they are

appointed, the members no longer have any duty of representation and shall rather act as autonomous judges who are personally liable for their decisions.

Besides, in the same line previously adopt to reinforce the role of the Ministry of Finance in the management of the CRSNSP (instead of SUSEP, which was previously in charge of such duty), the Office of the Executive Secretary of the CRSNSP shall be carried out by the Ministry of Finance, and the Ministry of Finance and SUSEP shall provide technical administrative support required for the CRSNSP operation.

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8) ORDER OF THE PRESIDENT OF THE REPUBLIC ON MAY 11, 2016 (No. 251): submission to the Brazilian National Congress of the text of the bill which “Amends Decree-Law No. 73 of November 21, 1966, which provides for the National Private Insurance System and regulates the insurance and reinsurance transactions”.

This project basically entails the creation of a term of office for the SUSEP officers and is in line with the claim of sectors of the supervised market that are concerned with the political influence that has been exerted on the appointment of the Officers and Superintendent Officer of SUSEP.

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9) REJECTION OF THE VETOES OF THE PRESIDENT OF THE REPUBLIC TO PROVISIONAL MEASURE No. 682 OF JULY 10, 2015: on May, 24, the Federal Senate confirmed the understanding of the House of Representatives, ejecting the vetoes of the President to Provisional Measure No. 682/15, currently converted into Law No. 13195/15, which attributed to the Brazilian Guarantor Funds and Guarantees Manager Agency (ABGF) the duty to manage the Rural Insurance Stability Fund (FESR).

Therefore, this is the case of submission of a content previously vetoed to the Interim President of the Republic for enactment.

It shall be highlighted in the text returned to the law the requirement for submission to the client of at least two proposals of different insurers upon contracting an insurance policy as a guarantee for rural loans, the obligation to protect the free choice of the rural producers regarding the type of policy and the risks covered in the rural insurances upon granting of economic allowance by the Federal Government, and the supply of individualized historical data as a requirement for access to the economic allowance referred to by Law No. 13195/15.

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10) SUSEP ORDINANCE No. 6.523 DATED MAY 20, 2016: delegation of powers of the Superintendent Officer of SUSEP to the Officer of Organization of the Private Insurance System – DIORG.

The delegated acts include the ratification of names indicated to hold management positions in supervised companies and entities, the granting of requests for acknowledgement of ombudsman’s offices and of adhesion to collective ombudsman’s offices, the registration of admitted and occasional reinsurers, and the shelving of case records relating to the delegated acts.

The acts referred to in this ordinance may be sub-delegated by the Officer of Organization of the Private Insurance System to the General Coordinator of Authorizations and Liquidations – CGRAL.

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11) SUSEP ORDINANCE No. 007, OF MAY 19, 2016: sub-delegation of powers from SUSEP Management Officer to the Management and Finance General Coordinator – CGEAF.

The delegated acts include the capacities to approve Basic Project and Reference Instrument; to decide on the appeals brought in the bidding processes; to authorize the opening of bidding processes; to authorize the budgetary and financial transfer to the liquidating estates; and to approve the expenses of transportation indemnification, among several other acts of more operational nature.

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12) EXCERPT OF PROTOCOL OF INTENT EXECUTED BY SUSEP ON MAY 19, 2016: this is a technical, scientific, educational and cultural cooperation among SUSEP FENACOR, CNseg and FUNENSEG, which aims at the joint execution of programs and projects relating to the Brazilian Financial Education Strategy – ENEF.

Such Protocol of Intent tends to help disseminating the insurance culture to the citizens, helping them to understand the products provided by the Insurance Market.

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13) SUSEP CIRCULAR No. 535, OF APRIL 28, 2016: establishes the codification of the insurance lines and provides on the classification of the coverage contained in insurance plans, for accounting purposes.

The main changes in relation to the former Circular were made to provide that the rules set forth in specific rules of the lines also apply.

In addition, the records of the endorsements and of the notices of claim of lines in runoff, the corresponding policies of which were issued before January/11 shall be migrated until the end of 2017 to the lines defined in Exhibit I, in accordance with the table of allocation of the lines in runoff.

With respect to the lines, the amendments are set forth below:

01 – Property – 12 – Assistance - Assets in General: it involves operations informed before SUSEP Circular No. 395, of 2009, in the Several Risks Line (0171). It excludes the insurance operations of extended warranty/warranty supplementation. It involves insurance operations similar to the Assistance Services.

01 – Property – 71 – Several Risks: inclusion of the former line Robbery.

05 – Automotive – 42 – Assistance and Other Coverage – Auto: it involves transactions informed before SUSEP Circular No. 395, of 2009, in the Several Risks Line (0171). It excludes the insurance transactions of extended warranty/warranty supplementation. It involves the insurance operations similar to the Assistance Services and other coverage that are directly related to the insured vehicle.

07 – Financial Risks – 11 – Several Risks – Financial: new line. Financial insurance operations previously accounted in Line 0171 – Several Risks.

09/13 – Collective Persons/Individual Persons – 29 – Funeral: change in the name of the Funeral Assistance line.

17 – Oil – 34 – Oil Risks: new group/Line, previously belonging to Group 02 – Special Risks.

18 – Nuclear – 72 – Nuclear Risks: new group/Line, previously

belonging to Group 02 - Special Risks.

19 – Health – 85 - Health – local Reinsurer: new group/Line, previously belonging to Group 12 – Others / 85 – Health - Local Reinsurer.

20 – Acceptances of risks from abroad – 79 – acceptances of risks from abroad: new group/Line, previously belonging to Group 12 – Others, line 79 – Insurances Abroad.

21 – Branches abroad – 99 – Branches abroad: new group/Line, previously belonging to Group 12 - Others, line 99 – Branches Abroad.

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14) SUSEP CIRCULAR No. 536, OF MAY 6, 2016: it provides on the Request for Review in sanctioning administrative proceeding, pursuant to the provisions of article 131 of CNSP Resolution No. 243/2011.

Pursuant to the provisions of the new Circular, the request for review shall only be admitted in the event of new facts or relevant circumstances able to justify the inadequacy of the sanction applied in an unappealable administrative decision and it does not suspend the effects of the decision and does not prevent the exercise of executive acts.

Whenever the request for review refers to the decision issued within the scope of the Council of Appeals of the National Private Insurance, Open Private Retirement Plan and Capitalization System - CRSNSP or of the Council of Appeals of the National Financial System - CRSFN, SUSEP shall send the request to the competent body without making any decision as to the admissibility thereof.

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15) SUSEP CIRCULAR No. 537, OF MAY 12, 2016: it determines additional criteria to comply with the provisions of paragraph 4 of article 14 of CNSP Resolution No. 168, of December 17, 2007.

The insurance company or the local reinsurer shall consider as “premium corresponding to each automatic or facultative contract”:

I – the assigned reinsurance/retrocession premium relating to each reinsured/retroceded risk in the case of proportional facultative reinsurance/retrocession contracts;

II - the assigned reinsurance/retrocession premium relating to each reinsured/retroceded risk per each agreed range, in the case of non-proportional facultative reinsurance/retrocession contracts;

III – the assigned reinsurance/retrocession premium relating to the risks subscribed and encompassed by each proportional automatic reinsurance/retrocession contract;

IV - the assigned reinsurance/retrocession premium per agreed range in each non-proportional automatic reinsurance/retrocession contract.

Differently from the general rule of accounting registration imposed by SUSEP itself, the reinsurance/retrocession commission shall not be deducted from the assigned reinsurance/retrocession premium.

The contracts already signed and which are not adjusted yet to the provisions of article 1 shall be deemed valid until renewal

thereof or until up to one year as from publication of this Circular, whichever is earlier. This rule expressly confirms that models and interpretations that differ from those set forth by the rule shall be accepted until the end of the effectiveness or for up to one year after publication of the rule (whichever is earlier).

This is a positive initiative, in order to render the existing rules more clear, avoiding different interpretations by the insurers and reinsurers.

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16) SUSEP CIRCULAR No. 538, OF MAY 25, 2016: it amends the term set forth in article 3 of SUSEP Circular No. 533, of March 17, 2016, which amends SUSEP Circular No. 438, of June 15, 2012, which provides on the Product Electronic Registration system applicable to the insurance, reinsurance, open supplementary retirement plan and capitalization markets, and makes other provisions.

Upon publication of this Circular, Circular No. 533/16 shall come into force on August 1st, 2016.

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PUBLIC INQUIRY

1) PUBLIC INQUIRY NOTICE No. 6, OF APRIL 28, 2016: about the draft CNSP Resolution that approves the rules for operation of the Mandatory Insurance Against Personal Damage Caused by Vessels or by their Cargo – DPEM Insurance.

SUSEP decided to reopen the public inquiry relating to the draft CNSP Resolution that approves the rules for operation of the Mandatory Insurance against Personal Damage Caused by Vessels or by their Cargo – DPEM Insurance, already discussed in a previous newsletter.

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RETIREMENT PLAN

1) PREVIC INSTRUCTION No. 28, OF MAY 12, 2016: it establishes procedures for the certification, ability and qualification of the members of the executive board, of the decision-making committee, of the fiscal council and of the other professionals set forth in CNPC Resolution No. 19, of March 30, 2015, and makes other provisions.

The rule basically organizes the procedures set forth therein.

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2) PROVISIONAL MEASURE No. 726, OF MAY 12, 2016: it amends and revokes provisions of Law No. 10683, of May 28, 2003, which provides on the organization of the Presidency of the Republic and of the Ministries.

By means of this Provisional Measure, the structure of supervision and regulation of the closed supplementary retirement plan (pension funds) was transferred to the Ministry of Treasury, thus transforming the Ministry of Labor and Social Security into Ministry of Labor. Therefore, the National Supplementary Retirement Plan Superintendence (PREVIC), the National Council of Supplementary Retirement Plan (CNPC) and the Chamber of Appeals of Supplementary Retirement Plan (CRPC) shall be part of the Ministry of Treasury, as already occurs with the Private Insurance Superintendence (SUSEP) and with the National Private Insurance Council (CNSP), which deal with insurance, reinsurance, open supplementary retirement plan and capitalization bonds.

With the change, among other impacts, the regulatory bodies of the closed and open entities will be nearer and will probably have more aligned actions.

Especially, as SUSEP benefits from the proximity of the Central Bank (which supervision practices tend to be more

advanced), PREVIC, which inspects the pension funds, may benefit from the proximity with the Central Bank itself and with the SUSEP.

This need for integration had already been discussed in the past and may benefit the market. For that purpose, other adjustments will certainly be necessary, such as, for example, in the composition of the National Private Insurance Council – CNSP – (which regulates the insurance market) and of the National Supplementary Retirement Plan Council – CNPC – (which regulates the pension funds).

In line with the change (but in a decision that had been made before the change commented above), on May 17, 2016, PREVIC inaugurated its new office in Rio de Janeiro, located in the same building in which SUSEP and the unit of the Central Bank in the city are located.

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HEALTH

1) NORMATIVE RESOLUTION No. 405, OF MAY 9, 2016: it provides on the Qualification Program of the Supplementary Health Service Providers - QUALISS, revokes RN Normative Resolution - No. 267, of August 24, 2011, except for article 44-B incorporated in RN No. 124, of March 30, 2006, and also revokes RN No. 275, of November 1st, 2011, RN No. 321, of March 21, 2013, RN No. 350, of May 19, 2014, and Normative Instruction – IN No. 52, of March 22, 2013 of the Industry Development Board, and makes other provisions.

QUALISS consists in the establishment of qualification attributes that are relevant for improvement of the assistance quality offered by the supplementary health service providers, as well as in the form in which they are obtained, in the evaluation of the qualification of the service providers

in the Supplementary Health and in the disclosure of the qualification attributes.

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2) SECOND SECTION ANALYZES VALIDITY OF THE INCREASE IN THE HEALTH PLAN PER AGE (STJ): the Second Section of the STJ will evaluate the validity of the contractual provisions set forth in healthcare plan agreements that contemplate the increase of the monthly fee according to the modification by change in the age.

The repetitive appeal was sent by justice Villas Bôas Cueva to the Second Section.

As informed by the STJ itself, approximately 326 actions shall be suspended until trial of the repetitive. And, according to the new CPC, after trial of the repetitive appeal, no appeals claiming contrary theses shall be admitted.

If the STJ decides unfavorably to the market, this will certainly highly impact the health costs, since these costs are exponentially increasing.

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TAX LAW

1) REPLY TO INQUIRY No. 10025, OF APRIL 27, 2016, No. 10028, OF APRIL 29, 2016 AND No. 10029, OF APRIL 29, 2016: the replies to inquiry in question establish who is liable for registration of the transaction in the SISCOSERV, in this case, import for the account and at the order of third parties, taking out of insurance and agreement on international transportation service.

“SUBJECT: Ancillary Obligations

“SYNOPSIS: SISCOSERV.
INTERNATIONAL TRANSPORTATION
SERVICE. IMPORT FOR THE
ACCOUNT AND AT THE ORDER OF
THIRD PARTIES. FREIGHT

FORWARDER. INSURANCE
CONTRACT. LIABILITY FOR THE
REGISTRATION.

The liability for registration in the Siscoserv results from the legal relationship established by the services agreement executed between persons resident and domiciled in Brazil and resident and domiciled abroad and not of the liabilities mutually assumed in the good purchase agreement, which refer only to the importer and to the exporter.

In the import of goods for the account and at the order of third parties, if the Freight Forwarder, resident or domiciled in Brazil, only represents the legal entity that purchases international transportation service from the service provider, resident or domiciled abroad, the liability for registration of this service in the Siscoserv shall be: of the purchasing legal entity, if the importer legal entity acts as intermediary, in the capacity as mere attorney-in-fact of the purchaser; of the importing legal entity, whenever it purchases this service in its own name.

Whenever the freight forwarder resident or domiciled in Brazil agrees, with a person resident or domiciled abroad, in its own name, the international cargo transportation service, it shall be liable for registration of this service in the Siscoserv.

The legal entity, domiciled in Brazil, that does not purchase international cargo transportation service (and insurance, should this be the case) from persons resident or domiciled abroad, resulting from the import of goods, shall not be

subject to registration of these services in the Siscoserv, even if the cost thereof is included in the price of the imported goods.

In the import of goods for the account and at the order of third parties, the liability for registration in the SISCOSERV of the information about the taking out of insurance with an insurance company domiciled abroad, even if the transaction is intermediated by an insurance broker domiciled in Brazil, shall be: of the purchasing legal entity, if the importer legal entity acts as intermediary, in the capacity as mere attorney-in-fact of the purchaser; of the importing legal entity, whenever it purchases these services in its own name.

If the insurer domiciled abroad is contracted by a policyholder resident or domiciled in Brazil, in favor of the importer legal entity for the account and at the order of third parties, or of the purchasing legal entity, as the case may be, the policyholder shall be deemed the purchaser of this service and, as a consequence, liable for registration of the information in the Siscoserv. REPLY TO INQUIRY LINKED TO THE REPLIES TO INQUIRY OF THE GENERAL TAXATION COORDINATION SYSTEM (COSIT) INQUIRY NO. 222, OF OCTOBER 27, 2015, AND NO. 23, OF MARCH 7, 2016.

STATUTORY PROVISIONS: Decree-Law No. 37, of 1966, article 37, paragraph 1; Law No. 10.406, of 2002 (Civil Code), articles 730 and 744; Law No. 12.546, of 2011, article 25; Joint Ordinance of the Brazilian Federal Revenue Service (RFB)/SCS No. 1.908, of 2012, No. 1.895, of 2013, and No. 43, of

2015; RFB Normative Instruction No. 800, of 2007, articles 2, II, and 3; RFB Normative Instruction No. 1.277, of 2012, article 1, paragraphs 1, II, and 4; and RFB Normative Instruction No. 1.396, of 2013, article 22.

IOLANDA MARIA BINS PERIN –
Chief”

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2) DECREE No. 8731, OF APRIL 30, 2016: amends Decree No. 6.306, of December 14, 2007, which regulates the Tax on Credit Transactions, Foreign-Exchange and Insurance, or relating to Bonds or Securities - IOF.

Decree No. 8.731/2016 amended Decree No. 6.306/2007, which regulates the Tax on Credit Transactions, Foreign-Exchange and Insurance, or relating to Bonds or Securities – IOF, to define the tax rate as:

- a) zero in the settlement of simultaneous foreign-exchange transactions for the entry of funds in Brazil, originating from the change in the regime of the foreign investor, from direct investment to investment in shares that may be traded on the stock exchange, in the form regulated by the National Monetary Board;
- b) 1.10% in the settlement of foreign-exchange transactions, settled as from May 3, 2016, for acquisition of foreign currency, in cash. Said act has also provided: a) on the tax rate in case the average minimum term of amortization of foreign-exchange transactions for the entry of funds in the Country, on the date of early settlement of loan, is lower than the average minimum term of the transaction originally agreed, and provided compliance with the average minimum term of 180 days; b) on the foreign-exchange transactions relating to the entry in Brazil of revenue from the export of services subject to the zero tax rate; c) with respect to the transactions relating to bonds or securities, on the collection at the tax rate of 1% per day on

the amount of the redemption, assignment or renegotiation, limited to the revenue of the transaction, in view of the term, in the committed transactions carried out by financial institutions and by other institutions authorized to operate by the Central Bank of Brazil with debentures, issued by institutions that are part of the same economic group.

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3) RFB NORMATIVE INSTRUCTION NO. 1633, OF MAY 3, 2016: it amends RFB Normative Instruction No. 1.422, of December 19, 2013, which provides on Tax Accounting (ECF).

By means of RFB Normative Instruction No. 1.633/2016, RFB Normative Instruction No. 1.422/2013 was amended in order to change the delivery date of the Tax Accounting (ECF). Such amendment establishes that the ECF shall be annually transmitted to the Digital Accounting Public System (Sped) by the last business day of the month of July of the calendar year following the year of the bookkeeping. In the events of dissolution, partial spin-off, total spin-off, consolidation or merger, in turn, the accounting shall be delivered by the last business day of the third month following the month of the event, except when they occur from January to April of the calendar year, it being understood that, for these cases, the term shall be up to the last business day of the month of July of said year, the same term of the ECF for normal situations relating to the preceding calendar year.

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4) REPLY TO INQUIRY No. 6019, OF MAY 3, 2016: SUBJECT: Withholding Income Tax– IRRF.

The Reply to Inquiry analyses the levy of IRRF at the rate of 1.5% on the payments made to the medical labor cooperatives or private healthcare plan operators, whenever the price for the service is

previously established and on the co-participation.

“SUBJECT: Withholding Income Tax - IRRF

SUMMARY: PRIVATE HEALTHCARE PLANS. PRICE PREVIOUSLY ESTABLISHED PLUS CO-PARTICIPATION. PRICE SUBSEQUENTLY ESTABLISHED. TAX WITHHELD AT SOURCE.

The withholding at source of the income tax set forth in article 652 do Decree No. 3.000, of 1999 - RIR/99, in the payments made by the legal entities to medical labor cooperatives, or to the other legal entities that are operators of private healthcare plan at a price subsequently established, i.e., when the principal transfers to the plan operator the total amount of the assistance expenses, i.e., paid exactly for the medical services actually provided.

Also in case the healthcare assistance agreement contemplates a form of payment at a pre-established price plus amounts by way of co-participation (subsequently established), the withholding of income tax shall apply, pursuant to the provisions of article 652 of RIR/99, on the total amount of the share of co-participation, and the invoice shall permit the identification of these amounts, i.e., the portion subsequently established paid for the services actually provided.

REPLY TO INQUIRY LINKED TO REPLY TO INQUIRY COSIT No. 61, OF DECEMBER 30, 2013.

STATUTORY PROVISIONS: Article 45 of Law No. 8.541, of 1992; Article 652 of Decree No. 3.000, of 1999; Annex II, item 11 of ANS Normative Resolution No. 100, of 2005”.

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5) CGSN RESOLUTION No. 127, OF MAY 5, 2016: it amends CGSN Resolution No. 94, of November 29, 2011, which provides on the National Simplified Tax System (Simples).

CGSN Resolution No. 127/2016 amended CGSN Resolution No. 94/2011, which provides on the consolidation of the rules of the National Simples. From among the amendments, we note the following: a) the provision that for purposes of grant of the linked ICMS and ISS benefits, the revenue gross revenue accrued in the domestic and foreign markets shall be taken into consideration; b) the determination that the debits assessed in the form of the National Simples until the calendar year 2013, registered as overdue federal tax liability, may be paid in installments by means of other rules; c) institution of the communication system named Electronic Tax Domicile of the National Simples (DTE-SN), as from June 15, 2016, which shall be used by the companies that opt for the National Simples, except for Individuals who are Very Small Businesspersons, noting that: c.1) consultation in the system shall be made within up to 45 days as from the date on which the communication is made available; c.2) the communication shall be deemed personal for all legal purposes; c.3) the knowledge shall be deemed valid if the digital certification or access code is used.

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6) REPLY TO INQUIRY No. 52, of May 5, 2016: in this reply to inquiry, it was decided that the foreign companies, international transport service providers, with CNPJ, are not required to declare the services provided on Siscoserv.

“SUBJECT: ANCILLARY OBLIGATIONS

SUMMARY: SISCOSERV. AIR TRANSPORT SERVICE PROVISION FOREIGN AIRLINE. NO

REQUIREMENT FOR REGISTRATION.

Foreign airlines, either resident or domiciled abroad, so registered with the National Corporate Taxpayers Register pursuant to art. 4, item XV, of Normative Instruction No. 1470, of May 30, 2014, with headquarters in foreign countries and operating in Brazil upon authorization issued by the Executive Branch, are not required to record on SISCOSERV the air transport services they provide to those resident or domiciled in Brazil.

STATUTORY PROVISIONS: Law No. 9779, of 1999, art. 16; Law No. 10406, of 2002, art. 75; Law No. 12546, of 2011, arts. 24 to 27; RFB/SCS Joint Ordinance No. 1908, of 2013; RFB/SCS Joint Ordinance No. 219, of 2016; RFB Normative Instruction No. 1277, of 2012, art. 1, paragraph 4; RFB Normative Instruction No. 1470, of 2014”.

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7) RFB NORMATIVE INSTRUCTION No. 1634, OF MAY 6, 2016 – AMENDMENTS TO THE CNPJ HELP COMBATING CORRUPTION AND MONEY LAUNDERING:

RFB Normative Instruction No. 1634/2016, consolidated the rules regarding the National Corporate Taxpayers Register (CNPJ) and revoked RFB Normative Instructions No. 1470/2014, No. 1511/2014, and No. 1551/2015, on the subject.

Such act brought new rules related to the CNPJ, among which are: a) the express obligation of Silent Partnerships (SCPs) bonded to ostensible partners to register with the CNPJ; b) the possibility of registration unification, provided that it is located in the same city, of the following entities: b.1) the bank branch and its units

or sub-branches; b.2) the establishment of public utilities concessionaire or permissionaire and its service units; c) the determination that the registration information concerning business entities and other entities required to register with the CNPJ should cover the persons authorized to represent them, as well as the chain of ownership interest, until reaching individuals characterized as final beneficiaries; d) the determination that the entities domiciled abroad, acting exclusively with financial market or capital market investments, have a period of 90 days as from its registration to provide information and submit the documents required in the form of digital service dossier in any RFB service unit. In the event the corporate documents are written in a foreign language, they should be translated by a certified translator and certified by a Brazilian consular division, except for those issued by a public agent, notaries and notary offices, as well as the official certificates of the foreign State.

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8) RFB NORMATIVE INSTRUCTION No. 1.637, OF MAY 9, 2016: amends RFB Normative Instruction No. 1585, of August 31, 2015, which provides for tax on the income levied on net earnings and gains in the financial and capital markets.

This normative instruction amended Normative Instruction No. 1585/2015, which provides for tax on the income levied on net earnings and gains in the financial and capital markets. Among the changes are: a) the average maturity of the Fixed Income Index Fund shares shall be considered by the renegotiation average term of the Fixed Income Index Fund portfolio; b) the exclusion of securities or transactions with maturity or indeterminate settlement date of the medium-term calculation of the fund's portfolio, except for shares of Fixed Income Index Funds; c) the withholding and payment of tax is the responsibility of the

investment fund administrator, regarding the tax events that occurred in the period related to their administration, and they are also liable together with the broker institution in the event of a change to the form of distribution of the fund shares, for distribution by account or to the order of third parties or vice versa; d) the investment fund declassification does not imply termination of the original count of the investment period when the distribution of any amount by the Fixed Income Index Fund or shares redemption of the Fixed Income Index Fund. In the case of sale of shares in the secondary market, the rate corresponding to the renegotiation average term in which the Fixed Income Index Fund portfolio is classified on the date the sale occurs shall be considered for tax income purposes; e) the determination that when there is no financial settlement of the certificate, it shall be up to the investor to previously make available to the indirect taxpayer the required funds for payment of the income tax due; f) the transactions carried out by individuals residing abroad, including in a country with favored taxation, are exempt from income tax relating to the following earnings: f.1) real estate investment funds whose shares are admitted to trading only in the stock exchanges or in the OTC market; f.2) savings deposit accounts; f.3) mortgage notes, real estate receivable certificates and real estate notes; f.4) Agricultural Deposit Certificate (CDA), Agricultural Warrant (WA), Agribusiness Credit Rights Certificate (CDCA), Agribusiness Credit Notes (LCA), and Agribusiness Receivable Certificate (CRA) and Agricultural Note (CPR); g) no levy of Income Tax at a zero rate in the case of shares of investment funds exclusive for non-resident investors holding less than 98% of its composition in government bonds.

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9) RFB NORMATIVE INSTRUCTION No. 1638, OF MAY 9, 2016: amends RFB

Normative Instruction No. 1515, of November 24, 2014, which provides for the determination and payment of income tax and social contribution on net income of legal entities, regulates the tax treatment of PIS/PASEP Contribution and Cofins with regard to the changes introduced by Law No. 12973, of May 13, 2014, and provides for other matters.

Said amendment is to revoke the obligation to transfer to SPED the Supporting Ledger of Subaccounts (RAS) required by paragraph 5 of art. 33 and paragraph 7 of art. 169 of the Normative Instruction changed. In addition, through this act the Brazilian Federal Revenue Office reports that a new form of submission of the supporting ledgers shall be regulated.

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10) REPLY TO INQUIRY No. 56, of MAY 12, 2016: the reply to inquiry reaffirms the applicability of the rules provided for by RFB Normative Instruction No. 1515/2016 to the calculation of CSLL payable by insurers as from September 2015.

“SUBJECT: SOCIAL CONTRIBUTION ON NET PROFITS – CSLL TAX EVENTS OCCURRING AS FROM SEP/2015. MANNER OF CALCULATION. APPLICABLE RATE.

The corporate private insurance, opting for CSLL contribution on an estimated payment regime, shall comply with the provisions of arts. 3 and 4 of RFB Normative Instruction No. 1591, of November 5, 2015, as to the manner of calculation and CSLL rate applicable to the tax events occurring as from September 1, 2015.

STATUTORY PROVISIONS: Law No. 7689, of 1988, art. 3, I; Law No. 13169, of 2015, art. 1, RFB Normative Instruction No. 1591, of 2015, arts. 1, I, 3 and 4”.

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11) CGSN RESOLUTION No. 128, OF MAY 16, 2016: amends CGSN Resolution No. 94, of November 29, 2011, which provides for the National Simplified Taxation System.

The amendment provides that the DAS (National Simplified Taxation System Collection Document) generated by the Individual Microentrepreneur (MEI) may also be issued through mobile application, which will be provided by the Brazilian Federal Revenue Office.

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12) REPLY TO INQUIRY No. 54, OF OCTOBER 03, 2008: contributions transferred to the Supplementary Pension Plan Entities.

It is a reply to inquiry edited in 2008 and only now published. It concludes that the exemption contemplated by paragraph 1 of art. 69 of Supplementary Law No. 109 of 2001, which excludes the taxation and contributions of any kind on the contributions transferred to the supplementary pension plan entities, does not relate to such entities, but rather to those entities making contributions to them, that is, the sponsor and the participants/beneficiaries

“SUBJECT: SOCIAL SECURITY FINANCING TAX – COFINS

SUMMARY: CONTRIBUTIONS MADE TO SUPPLEMENTARY PENSION PLAN ENTITIES.

Summary: COFINS will be levied on the income from the typical operating activities of supplementary pension plan entities subject to the exclusions and deductions legally provided for. The provisions of paragraph 1 of art. 69 of Supplementary Law No. 109 of 2001, which excludes the taxation and contributions of any kind on the contributions

transferred to the supplementary pension plan entities, do not relate to such entities, but rather to those entities making contributions to them, that is, the sponsor and the participants/beneficiaries.

STATUTORY PROVISIONS: Supplementary Law No. 109, of 2001, art. 69, paragraph 1; Law No. 9718, of 1998, arts. 2 and 3, "main section" and paragraphs 5 to 7; RFB Normative Instruction No. 1285, of 2012.

SUBJECT: PIS/PASEP CONTRIBUTION

SUMMARY: CONTRIBUTIONS MADE TO SUPPLEMENTARY PENSION PLAN ENTITIES.

SUMMARY: PIS/Pasep Contributions will levy on income from the typical operating activities of supplementary pension plan private entities subject to the exclusions and deductions legally provided for. The provisions of paragraph 1 of art. 69 of Supplementary Law No. 109 of 2001, which excludes the taxation and contributions of any kind on the contributions transferred to the supplementary pension plan entities, do not relate to such entities, but rather to those entities making contributions to them, that is, the sponsor and the participants/beneficiaries.

STATUTORY PROVISIONS: Supplementary Law No. 109, of 2001, art. 69, § 1”.

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