

GMS Flash Alert

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Brazil - eSocial Obligations to Start in 2018

The eSocial Steering Committee of Brazil has issued Resolution 2¹ which determines that the employer's and taxpayer's obligations to start using eSocial are as follows:

I - as of January 1, 2018, for employers and taxpayers that have posted revenue above BRL 78,000,000.00 (seventy-eight million reais) in the year 2016; and

II - as of July 1, 2018, for all other employers and taxpayers.

eSocial is a digital initiative on the part of Brazil's government to help enhance the enforcement of and compliance with Brazilian labor laws. The creation of this government-built digital reporting platform aims to facilitate the reporting by organizations of various employee-related data, e.g., social security contributions and payroll information.

[BRL 1 = USD 0.30 | BRL 1 = EUR 0.27 | BRL 1 = CAN 0.397 | BRL 1 = GBP 0.23]

WHY THIS MATTERS

While many organizations and taxpayers have been preparing for the launch of the eSocial platform, there have been some delays to the commencement of eSocial due to technical and other issues. However, the Resolution makes clear that the days of submitting employee-related data on paper and to a variety of government departments and agencies will soon end. In due course, organizations and taxpayers will have to submit all data through the single electronic platform of eSocial, and they should therefore take steps to better coordinate their employee data collection and reporting accordingly.

Key Aspects of the Rules under Resolution 2 of 30 August 2016

- The new resolution provides that data on workers' occupational safety and health (*Segurança e Saúde no Trabalho* or SST) conditions and procedures must be submitted to the Labor Ministry within the first six weeks subsequent to the commencement date of eSocial obligations.

- In the period leading up to six months before the deadline to submit data, i.e., up to July 1, 2017, employers and taxpayers will have access to a 'best testing' platform for eSocial, which is aimed at refining the system.
- In the case of certain taxpayers (e.g., small-sized companies, individual entrepreneurs (known as "MEI") with employees, small farmers, etc.), a discrete and streamlined system will be established.
- In addition, the Resolution also establishes that employers and taxpayers obliged to use eSocial who fail to submit data on the set deadline, or who submit information which includes inaccuracies or omissions, will be subject to fines (as set forth in the related legislation).
- Article 6 of the regulatory rule establishes that the submission of data via eSocial will supersede the submission of such data by other means, as regulated by the bodies and entities comprising the eSocial Managing Committee.

KPMG NOTE

If organizations and taxpayers have not yet adopted systems and procedures for submitting data through eSocial, they should consider discussing such matters with their professional services providers with minimal delay.

FOOTNOTE:

1 The eSocial's Steering Committee's Resolution 2, of 30 August 2016, revokes Resolution 1, of 24 June 2015.

COMITÊ DIRETIVO DO ESOCIAL RESOLUÇÃO N° 2, de 30 de Agosto de 2016: Dispõe sobre o Sistema de Escrituração Digital das Obrigações Fiscais, Previdenciárias e Trabalhistas (eSocial).

See the [eSocial website](#).

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We Invite You to Watch This New Video from KPMG's Global Mobility Services Practice: "U.S. Social Security for International Assignees: Impact of Social Security Totalization Agreements"

Employees, prior to accepting an international assignment, frequently have questions about the impact of taking an assignment on their social security contributions and entitlement to future benefits. In this new video the spotlight is on:

- the impact an international assignment may have on an assignee's Social Security contributions and benefits; and
- how totalization agreements work in the context of international assignments and cross-border workers as well as their impact on the employer's international-assignment-related costs.

Please watch our new video: "[U.S. Social Security for International Assignees: Impact of Social Security Totalization Agreements](#)" – app. 7 minutes, 22 seconds)

Contact us

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* Please note that KPMG LLP (U.S.) does not provide labor law services.

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