

GMS Flash Alert

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Brazil - Central Bank Has New Thresholds and Reporting Requirements

On July 30, 2020, Brazil's National Monetary Council ("CMN") published Normative Resolution (NR) n. 4841¹, which changes the requirements to complete the Brazilian Capital Abroad Reports ("CBE"), regulated by NR n. 3854/2010.

As from September 1, 2020, the Annual CBE Report will be mandatory for individuals or legal entities resident in Brazil who hold assets and/or investments outside Brazil greater than or equal to USD 1 million (or the equivalent in other currencies), as of December 31, 2020. Previously, the Annual CBE Report's requirement threshold was USD 100,000.

The deadline to submit the 2020 Annual CBE Report (related to the assets held on December 31, 2020), is expected to be around April 5, 2021 – to be confirmed later by the Central Bank of Brazil.

WHY THIS MATTERS

By increasing the assets value threshold to USD 1 million (on December 31), the Central Bank of Brazil is in effect exempting many tax residents in Brazil from this additional obligation. This will mean less administrative burden and less time spent by asset-holding tax resident individuals than was previously the case.

As noted above, the new rules are mandatory for individuals or legal entities resident in Brazil – this means they apply to Brazilian nationals and foreign assignees who are deemed to be residents for tax purposes in Brazil on December 31.

Although the CBE Reports (annual and/or quarterly) have no tax implications, the late submission, negligence in reporting, or the report of false, inaccurate, or incomplete information, can subject the violator to the imposition of a fine by the Central Bank of Brazil of up to BRL 250,000.

Quarterly CBE Reports

In addition to the Annual CBE Report mentioned above, it is also mandatory for individuals or legal entities resident in Brazil to present Quarterly CBE Reports if they hold assets and/or investments outside Brazil equal to or greater than USD 100,000,000.00 (or the equivalent in other currencies, as of March 31 (1st quarter), June 30 (2nd quarter), and September 30 (3rd quarter) of each year. The Normative Resolution has not changed these thresholds.

Bank Transfers Registration Threshold

On July 30, 2020, the CMN also changed the registration requirement threshold for monetary deposits into the bank accounts in Brazilian Reais of individuals or legal entities resident, domiciled, or headquartered outside Brazil. As per the new NR n. 4844², from September 1, 2020, transactions equal to or greater than BRL 100,000 must be reported to the Central Bank of Brazil via their electronic system ("SISBACEN"). Previously, this limit was BRL 10,000.

KPMG NOTE

Brazilian taxpayers may wish to consult with their qualified tax professional or usual professional services provider to make the necessary arrangements for fulfilling their Central Bank of Brazil obligations as per the new requirements.

Non-compliance can incur penalties and/or other sanctions.

FOOTNOTES:

1 To see (in Portuguese), National Monetary Council, Normative Resolution (NR) n. 4841 (*Resolução CMN n° 4.841 de 30/7/2020*) as published, click [here](#) .

2 To see (in Portuguese), National Monetary Council, Normative Resolution (NR) n. 4844 (*Resolução CMN n° 4.844 de 30 de Julho de 2020*) as published, click [here](#) .

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BRL 1 = EUR 0.158
BRL 1 = USD 0.185
BRL 1 = ARS 13.56
BRL 1 = CAD 0.25
BRL 1 = GBP 0.142

Contact us

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