

GMS Flash Alert

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Brazil – COVID-19: Income Tax Return Filing 1-Month Extension

On April 12, 2021, the “Receita Federal do Brasil,” the Brazilian Revenue, announced¹ that the filing deadline for all taxpayers subject to Brazilian tax law in respect of the 2020 tax year has been extended to May 31, 2021. The original due date was April 30, 2021.

WHY THIS MATTERS

The extended deadlines provide relief to taxpayers who may be unable to meet the original filing/reporting deadline due to the ongoing COVID-19 crisis and disruption to normal business routines and processes. Taxpayers and tax service providers should be aware of the relaxation of the filing deadline and take action to meet the new deadline as appropriate.

There was a similar measure last year, when the authorities decided to extend the filling deadline for 60 days due to the pandemic. Before that, tax return filing deadline extensions had not been granted since the late 1990’s.

2020 Brazil Income Tax Returns

Filing Extension

Taxpayers had the period from March 1, 2021 to April 30, 2021, to complete their 2020 Brazilian income tax returns and pay the related tax due. As a result of the disruptions caused by the COVID-19 pandemic, Revenue has confirmed that the filing deadline has been extended to May 31, 2021, in respect of the following returns:

- 2020 Annual Income Tax Return – applicable to individuals who remained tax resident in Brazil during the entire 2020 calendar year, or individuals who became tax resident during the 2020 tax year.
- 2020 Final Income Tax Return – applicable to individuals who became nonresidents in Brazil throughout the 2020 calendar year and remained in this situation on December 31, 2020.

Late-filed tax returns are subject to penalties of 1 percent per month, limited to 20 percent, on the total tax amount due (even if already paid), with a minimum applicable amount of BRL 165.74.

Payment Extension and Refunds Schedule

The Revenue has also extended until May 31, 2021 the deadline for the payment of income tax due in respect of 2020 income tax returns.

The tax due amounts can be paid by a tax bill ("DARF") or via direct debits from a bank account selected by the taxpayer. However, individuals opting for direct debit payments have until May 10, 2021, to submit their 2020 tax returns in order to be able to pay the total tax amount due via direct debit.

With regards to tax refunds, the Revenue decided to keep the previous schedule for the authorities' payments. The 2020 tax refunds are scheduled to be paid in five monthly installments, from end-May 2021 until end-September 2021, based on the taxpayer's filing date.

KPMG NOTE

In addition to this Revenue decision, Brazil's Lower House is currently discussing Bill n.639/2021² to extend the 2020 income tax filing deadline until July 31, 2021. Should the authorities pass this Bill, their decision would override the current filing deadline.

Brazilian taxpayers may wish to consult with their qualified tax professionals to make the necessary arrangements for completing their 2020 returns by the new deadlines.

FOOTNOTES:

1 To see (in Portuguese) the Brazilian Revenue Normative Ruling n. 2.020 with new guidelines for the 2020 Brazil Income Tax Return filling and payment (*Instrução Normativa RFB N° 2020, de 09 de Abril de 2021 (Publicado(a) no DOU de 12/04/2021, seção 1, página 60)*), click [here](#) .

To see (in Portuguese) Bill n. 639/2021 (*Projeto de Lei: PL 639/2021*) and follow its updates, click [here](#) .

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Contact us

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