

GMS Flash Alert

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Brazil – Double Taxation Treaties Signed with Norway, United Kingdom

On November 4, 2022, the Federal Revenue Service of Brazil (*Receita Federal*) signed a convention with Norway to avoid double taxation and prevent tax evasion related to income tax and capital gain tax. Once the document is ratified and the corresponding decree is published by the Brazilian authorities, the new convention terms will replace the double taxation treaty (DTT) currently in force between the countries since 1981.¹

On November 29, 2022, Brazil and the U.K. signed a double taxation convention², after several rounds of negotiations in earlier months. Both countries must complete their ratification processes for the treaty to enter into force.³

WHY THIS MATTERS

The treaties' provisions on the avoidance of double taxation should help instill a sense of certainty and clarity in commercial and cross-border labor relations between the two countries party to each treaty and, consequently, should help companies and their global-mobility programs protect their cross-border workers against the risk of double taxation. The provisions on the exchange of information provide an additional incentive for international workers traveling between Brazil and Norway or the U.K. to be compliant with their tax obligations, as well as for the countries' bilateral tax rules to be aligned with the most up-to-date Organisation for Economic Co-operation and Development (OECD) standards.

More Details on the Brazil-Norway DTT

Updating the Brazil-Norway DTT provisions is expected to strengthen cooperation between the respective tax administrations by promoting the exchange of information, best international tax practices and legal certainty for the respective transnational companies, and lead to an increase in trade and investment relations between the countries.

Additionally, the signing of this convention aligns with the efforts made by Brazil to update and modernize its network of DTTs, consistent with the standards agreed in the OECD/G20 Tax Base Erosion and Profit Shifting Project (BEPS).⁴

Both the conventions will now have to follow some required procedures to come into force in Brazil. The texts will need to be approved by the Brazilian Congress and be ratified by the Brazilian President before taking effect in Brazil.

KPMG NOTE

Brazilian taxpayers and companies with global mobility programs may wish to consult with qualified tax professionals to assess the impacts of these treaties on their tax affairs in Brazil.

FOOTNOTES:

1 To see (in Portuguese) Decree n. 86.710/1981 (*Decreto Nº 86.710, de 09 de Dezembro de 1981*), with the DTT between Brazil and Norway, click [here](#); and to read (in Portuguese) the announcement from the Brazilian government on this updates (“Receita Federal assina acordo com a Noruega para a eliminação da dupla tributação”), click [here](#).

2 To see (in Portuguese) the announcement from the Brazilian government on the signing of the Brazil-U.K. DTT (“Acordo entre Brasil e Reino Unido busca ampliar fluxos bilaterais de comércio e investimento”), click [here](#).

3 For prior coverage, see GMS [Flash Alert 2022-212](#), 2 December 2022.

4 To read (in English) the “Tax Base Erosion and Profit Shifting Project” on the OECD’s website, click [here](#).

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Contact us

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