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FEDERAL TAXES AND CONTRIBUTIONS

Chapter 1 – Federal taxes

Tax on Income and Earnings of any Nature - Individuals

Basic legislation: Laws 7,713, dated 12.22.1988; 7,739, dated 3.16.1989; 8,134, dated 12.27.1990; 8,218, dated 8.29.1991; 8,383, dated 12.30.1991; 8,541, dated 12.23.1992; 8,981, dated 1.20.1995; 9,065, dated 6.20.1995; 9,249 and 9,250, dated 12.26.1995 and 9,532, dated 12.10.1997 and 9,718, dated 11.27.1998; SRF Normative Instruction 25, dated 4.29.1996; Decree 3,000, dated 3.26.1999 (regulations).

Generating fact: available monetary resources obtained and consisting:

- a) of income (product of capital, labor or a combination of both);
- b) of earnings of any nature, understood as additions to one's worth not covered by the previous item.

Taxable income: all proceeds of capital, labor or of a combination of both, alimony payments and pensions and, furthermore, earnings of any type whatsoever, understood as additions to one's worth that do not correspond to declared earnings.

Assessment base: gross annual earnings adjusted by the legally permitted deductions.

Taxpayers: individual persons resident or domiciled in the country, as well as individual persons resident or domiciled abroad who receive taxable earnings in Brazil.

Rates: 15% for monthly earnings above R\$900.00 and up to R\$1,800.00 and 25% for earnings above R\$1,800.00. In light of exceptional circumstances, the 25% rate was increased to 27.5%, for the 1998 and 1999 fiscal years (law 9,532, dated 12.10.1997).

Payment period: the balance of tax due (tax due less monthly payments) can be paid in up to six monthly and consecutive installments of equal value, with the following conditions:

- a) no installment shall be less than R\$50.00 and taxes due in an amount of less than R\$100.00 should be paid in a single installment;
- b) the first installment or single installment is to be paid in the month in which tax returns are to be submitted;
- c) the due date for installments to be paid is the final business day of each month.

Destination: 21.5% to the State Revenue Sharing Fund (FPE); 22.5% to the FPM and 3% to the Constitutional Funds of the North, Northeast and Central-West.

Tax on Income and Earnings of any Nature - Legal Entities

Basic legislation: Laws 8,383, dated 12.30.1991; 8,541, dated 12.23.1992; 8,981, dated 1.20.1995; 9,065, dated 6.20.1995; 9,249, dated 12.26.1995; 10,431, dated 4.24.2002; 10,426, dated 4.24.2002; Provisional Measure 2,222, dated 9.4.2001; Decree 3,000, dated 3.26.1999 (regulations).

Generating fact: available monetary resources obtained and consisting:

- a) of income (product of capital, labor or a combination of both);
- b) of earnings of any nature, understood as additions to worth not covered by the previous items.

Assessment base:

- a) real profit: net profit of fiscal year adjusted by additions, exclusions or offsettings required or authorized by legislation;
- b) presumed profit: simplified system for determining the assessment base that exempts taxpayers from the obligation of maintaining accounting records at the disposal of federal tax authorities. In general, presumed profit is determined by applying the percentage of 8% to the value of monthly gross revenues. Other percentage brackets exist for specific activities (Law 9,249);
- c) arbitrated profit: determined through application to the value of gross revenues of the percentages specified for determining presumed profits plus 20%.

Taxpayers: legal entities governed by public or private law and domiciled in the country, independently of their specific objectives, nationalities or holders of capital stock; branches, agencies or representative offices located in the country of legal entities headquartered abroad.

Rates: 15% plus an additional amount of 10% for profits of more than R\$240 thousand.

Assessment period:

- a) quarterly: legal entities taxed on the basis of real, presumed or arbitrated profit are able to effect quarterly payments with maturities on March 31, June 30, September 30 and December 31 of each calendar year;

- b) monthly estimate: legal entities taxed on the basis of real profit may opt for payment and assessment of the tax based on a monthly estimate, by applying the same percentages used for presumed profits to monthly gross revenues.

Payment period:

- a) quarterly assessment: to be paid in a single installment up to the final business day of the month subsequent to that in which the assessment period terminated. The taxpayer may opt for payment in up to three monthly and consecutive installments in equal amounts;
- b) monthly assessment: up to the final business day of the month subsequent to that to which the tax refers;
- c) balance of the tax assessed on December 31 (annual tax return):
- c.1) paid in a single installment up to the final business day of the month of March of the subsequent year, if the balance is positive, indexed according to the Selic interest rate as of February 1 up to the final day of the month prior to that of payment and 1% in the month of payment;
- c.2) offset with taxes to be paid as of the month of April of the subsequent year, in the case of a negative balance, while the taxpayer is ensured the alternative of requesting a tax refund.

Destination: 21.5% to the State Revenue Sharing Fund; 22.5% to the Municipal Revenue Sharing Fund and 3% to the Constitutional Funds of the North, Northeast and Central-West.

Tax on Income and Earnings of any Nature - Withholdings

Basic legislation: Laws 7,713, dated 12.22.1988; 7,739, dated 3.16.1989; 8,134, dated 12.27.1990; 8,218, dated 8.29.1991; 8,383, dated 12.30.1991; 8,541, dated 12.23.1992; 8,981, dated 1.20.1995; 9,065, dated 6.20.1995; 9,249 and 9,250, dated 12.26.1995; 9,532, dated 12.10.1997 and 9,887, dated 12.7.1999; SRF Normative Instruction 25, dated 4.29.1996; Decree 3,000, dated 3.26.1999 (regulations) and Provisional Measure 1,924, dated 10.7.1999 (converted into Law 9,959, dated 1.27.2000).

Earnings subject to withholding: earnings on salaried labor paid by individual persons or legal entities and other earnings paid by legal entities to individual persons, such as: income for work without a contractual labor bond, retirement benefits, payments to members of the military reserve and civilian and military pensions; earnings on rentals, royalties and leases involving goods and/or

rights; outlays on charges that are the responsibility of the employee but are paid by the employer in the benefit of that employee, such as rent, social security contributions, income tax, life insurance; fines and other benefits consequent upon contract rescission; earnings effectively paid to partners or proprietors of microbusinesses, etc.

Assessment base:

- a) earnings on labor: gross monthly income adjusted by legally permitted deductions;
- b) capital earnings (financial investments): positive difference between sale value and acquisition value;
- c) remittances abroad; gross value of interest/commissions and earnings paid, credited, delivered or remitted abroad;
- d) other income:
 - d.1) prizes and drawings in general: value of the cash prize obtained in lotteries, sports contests (horse racing) or sports lotteries;
 - d.2) advertising services rendered by a legal entity: value of the earnings obtained for the services of advertising and publicity provided;
 - d.3) earnings on services rendered by legal entities; value of earnings received as a result of the rendering of services of an evidently professional nature.

Rates:

- a) earnings on labor: 15% for monthly earnings of more than R\$900.00 and up to R\$1.800,00; 25% for earnings of more than R\$1,800.00. By way of exception, the 25% rate was raised to 27.5% for the 1998 and 1999 fiscal years, as a result of approval of Law 9,532, dated 12.10.1998. With issue of Law 9,887, dated 12.7.1999, the rate of 27.5% was extended to 12.31.2002;
- b) capital earnings: 20% for fixed income investments and 10% for variable income investments;
- c) remittances of interest on loans contracted abroad: 15% (with the exception of export-related loans and those contracted up to 12.31.1999);
- d) other earnings: 30% (prizes and drawings), 1.5% (advertising services) and 1.5% (earnings on professional services).

Assessment period: weekly

Payment period: up to the third business day of the week subsequent to that in which the generating fact occurred.

Destination: 21.5% to the State Revenue Sharing Fund; 22.5% to the Municipal Revenue Sharing Fund and 3% to the Constitutional Funds of the North, Northeast and Central-West.

Export Tax

Basic legislation: Decrees 660 and 661, dated 9.25.1992; 846, dated 6.25.1993; 949, dated 10.5.1993; Law 9,004, dated 3.16.1995 and Law 9,716, dated 11.26.1998.

Generating fact: the outflow of a national or nationalized product from Brazilian territory to the international market.

Assessment base: the normal sales price that the product or a similar product would obtain at the time of export, in conditions of free international market competition².

Taxpayers: exporters, understood as any person responsible for outflows of products from national territory.

Rates: vary according to the product and its destination.

Destination: the total inflow consists of ordinary government resources.

Import Tax

Basic legislation: Decree 1,343, dated 12.23.1994 (Common External Tariff – TEC) and Decree 2,376, dated 11.12.1997.

Generating fact: inflow of products of foreign origin to Brazilian territory, independently of the system of access.

Assessment base: when there is a specific rate, the quantity of the merchandise expressed in the unit of measurement indicated in the TEC; when an ad valorem rate is utilized, the customs value is assessed according to the norms set down in the General Agreement on Tariffs and Trade (GATT).

Taxpayers: the importer; the addressee of international postal remittances as indicated by the remitting party; the successful bidder in auctions of seized or abandoned products.

Rate: those specified in the TEC.

Destination: the total inflow consists of ordinary government resources.

^{2/} Law 9,716, dated 11.26.1998 (conversion of Provisional Measure 1,725, dated 10.29.1998) redefined the assessment base of the export tax, raising the maximum rate from 10% to 30%.

Tax on Credit, Exchange and Insurance Operations, or Stock or Security Operations (IOF)

Basic legislation: Laws 5,143/1966; 7,766, dated 5.11.1989; 8,894, dated 6.21.1994 and 9,718, dated 11.27.1998; Decrees 2,219, dated 5.2.1997 (regulations); 2,452, dated 1.6.1998 and 2,913, dated 12.29.1998; and Minifaz Directive 341-a, dated 12.19.1997 and 5, dated 1.21.1999.

Generating fact:

- a) in credit operations: delivery of the amount or value that is representative of the liability or the placing of that amount or value at the disposal of the interested party;
- b) in exchange operations: delivery of national or foreign currency or of documentation representative of such or the placing of the same at the disposal of the interested party;
- c) in insurance operations: reception of the premium;
- d) in operations involving stocks or securities: acquisitions, assigns, redemptions, recontracting operations or payment for liquidation of stocks and securities.

Assessment base:

- a) value of the credit operation;
- b) amount in national currency received, delivered or placed at the disposal of the interested party and corresponding to the foreign currency value of the exchange operation;
- c) value of the premium paid;
- d) value of the acquisition, redemption, assign or recontracting of stocks and securities; value of the financing operation performed on stock, futures, commodity exchanges and the like; acquisition or redemption value of investment fund and investment club quotas; value of payment for liquidation of operations involving acquisitions, redemptions, assigns or recontracting of stocks and securities, when the said amount is less than 95% of the initial value of the operation and the corresponding redemption or assign value.

Taxpayers:

- a) in credit operations: individuals or legal entities taking such credits;
- b) in exchange operations: the buyers or sellers of foreign currency in operations involving financial transfers to or from abroad, respectively;
- c) in insurance operations: the insured individual persons or legal entities;
- d) in operations involving stocks and securities: the parties acquiring the stocks or securities and those holding title to financial investments, financial institutions and other institutions authorized to operate by Banco Central, in the case

specified in indent IV of article 27, of Decree 2,219, dated 5.2.1997.

Rates:

- a) on credit operations: various, depending on the maturity period and type of operation;
- b) on exchange operations: 25%, with the exception of operations consequent upon funding transfers abroad, in which case the rate is reduced to 2%;
- c) on insurance operations: 25%;
- d) on operations involving stocks and securities: maximum rate of 1.5% per day.

Destination: IOF-gold: 30% for the states and 70% for the municipalities; IOF-others: consists of ordinary government resources.

Industrialized Products Tax (IPI)

Basic legislation: articles 153 and 159 of the Federal Constitution; Provisional Measure 2,202, dated 6.28.2001; Decrees 97,410, dated 12.23.1988; 2,637, dated 6.25.1998 (Regulations) and 4,067, dated 12.28.2001.

Generating fact: customs clearance of products of foreign origin; outflow of the product from the industrial facility or equivalent installations. In the case of cigarette marketing operations, the generating fact is the outflow of the product from installations designated by the company in each state of the federation.

Assessment base:

- a) internal operations: the value of the operation on leaving the industrial facility or installation considered equivalent to the industrial facility;
- b) external operations: value used as the assessment base of the import tax at the time of issue of the Import Declaration, plus the amount of this tax and of the exchange charges effectively paid by the importer or required of same.

Taxpayers: the industrialist, in relation to generating facts consequent upon the outflow of the product industrialized by that party at that party's facilities; the importer, in relation to generating facts consequent upon customs clearance of products of foreign origin.

Rates: those determined in Decree 97,410, dated 12.23.1988 (Industrialized Products Tax Levying Table (TIPI), with alterations introduced in acts issued by the executive branch).

Assessment periods: every ten days.

Payment period:

- a) cigarettes and beverages: up to the third business day of the ten day period subsequent to that on which the generating facts occur;
- b) other products: up to the final business day of the ten day period subsequent to that in which the generating facts occur.

Destination: 21.5% to the State Revenue Sharing Fund; 22.5% to the Municipal Revenue Sharing Fund and 3% to the Constitutional Funds of the North, Northeast and Central-West; 10% to the Industrialized Products Export Compensation Fund. The remaining 43% consist of ordinary government resources.

Rural Land Tax (ITR)

Basic legislation: Law 9,393, dated 12.19.1996.

Generating fact: proprietorship, domain or possession of real estate located outside the urban area of the municipality on January 1 of each year.

Assessment base: the value of the taxable undeveloped land (value of undeveloped land, excluding areas set aside for permanent preservation and legal reserves as foreseen in Law 7,803, dated 7.18.1989).

Taxpayers: proprietor of rural real estate, holder of domain or party in possession of the land in any form whatsoever.

Rates: vary from 0.03% to as much as 20%. The smaller the area of the property and the more intense its level of utilization, the lower the tax rate. In the opposite sense, the greater the area of the land and the less intense its level of utilization, the higher the rate will be.

Destination: 50% of the amount collected is transferred to the states and 50% consists of ordinary federal government resources.

Chapter II – Federal contributions

Contribution on Intervention in the Economic Domain (Cide)

Basic legislation: Constitutional Amendment 33, dated 12.11.2001, Law 10,336, dated 12.19.2001, and Decree 4,066, dated 12.27.2001.

Generating fact: operations carried out by the taxpayers listed below involving imports and internal market sales of the following:

- a) gasoline and its product stream;
- b) diesel and its product stream;
- c) aviation kerosene and other kerosenes;
- d) fuel oils;
- e) liquefied petroleum gas, including that derived from natural gas and naphtha;
- f) ethyl fuel alcohol.

Calculation base: unit of measure foreseen in Law 10,336/2001 for the products listed under the item generating fact, in imports and internal market sales.

Taxpayers: producer, formulator and importer, whether an individual or legal entity, of the liquid fuels listed under the item generating fact.

Rates:

- a) gasoline: R\$501,10 per m³;
- b) diesel: R\$157,80 per m³;
- c) aviation kerosene: R\$21,40 m³;
- d) other kerosenes: R\$25,90 per m³;
- e) fuel oils: R\$11,40 per ton;
- f) liquefied petroleum gas, including that derived from natural gas and naphtha: R\$104,60 per ton;
- g) ethyl fuel alcohol: R\$22,54 per m³.

Purpose:

- a) payment of price and transportation subsidies for fuel alcohol, natural gas and its derivatives and petroleum derivatives;
- b) financing of environmental projects related to the petroleum and gas industries;
- c) financing of transportation infrastructure programs.

Exemptions: petrochemical naphtha imported or acquired on the internal market and destined for use by petrochemical centers in the elaboration of petrochemical products not included among the items listed under generating fact.

Payment: in cases of imports, payment of the Cide should be effected on the date on which the Import Declaration is registered. In cases of internal market sales, the Cide due will be calculated monthly and paid by the final business day of the first half of the month subsequent to the month in which the generating fact occurred.

Deductions: the taxpayer may deduct the value of the Cide paid on imports or internal market sales from the value of the PIS/Pasep and Cofins due on internal market sales of the products listed under generating fact, up to the following respective ceilings:

- a) R\$39,40 and R\$181,70 per m³, in the case of gasolines;
- b) R\$15,60 and R\$72,20 per m³, in the case of diesel;
- c) R\$3,81 and R\$17,59 per m³, in the case of aviation kerosene;
- d) R\$4,60 and R\$21,30 per m³, in the case of other kerosenes;
- e) R\$2,00 and R\$9,40 per ton, in the case of fuel oils;
- f) R\$18,63 and R\$85,97 per ton, in the case of liquefied petroleum gas, including that derived from natural gas and naphtha;
- g) R\$4,01 and R\$18,53 per m³, in the case ethyl fuel alcohol.

At the level of the National Treasury, the shares deducted will be registered in accounting as contribution credits to PIS/Pasep and Cofins and debits against Cide, according to rules defined by the Secretariat of Federal Revenue.

Contribution to Programs of Social Integration and Formation of Civil Service Assets (PIS/Pasep)

Basic legislation: Complementary Laws 7, dated 9.7.1970 and 8, dated 12.3.1970; Laws 7,859, dated 10.25.1989; 8,398, dated 1.7.1992; 9,701, dated 11.17.1998 and 9,718, dated 11.27.1998; and Provisional Measures 597, dated 8.26.1994; 1,807-2, dated 3.25.1999; and 2,202, dated 6.28.2001.

Generating fact:

- a) operating revenues of private profit-oriented or nonprofit companies;
- b) utilization of salaried labor or any other type of labor that characterizes a labor relationship;
- c) effective inflow of current revenues of the federal government, states, Federal District and municipalities;
- d) current and capital transfers effected to entities of the public administration.

Assessment base (PIS):

- a) monthly revenues: legal entities governed by private law and others considered equivalent to them;
- b) gross operating revenues: financial institutions;

- c) monthly payroll; nonprofit entities defined as employers by labor legislation, including foundations and cooperatives.

Assessment base (Pasep):

- a) current revenues collected and current and capital transfers received: legal entities governed by internal public law and their semi-autonomous agencies;
 b) monthly revenues: public companies, joint capital corporations and their subsidiaries.

Contributors: legal entities governed by private law and nonprofit entities; federal government states, Federal District and municipalities; semi-autonomous agencies in general, public companies, joint capital corporations, foundations instituted and maintained by the public authority³.

Rates (PIS)⁴:

- a) financial entities: 0.65%;
 b) other legal entities: 0.65%;
 c) nonprofit entities (payroll): 1%.

Rates (Pasep):

- a) legal entities governed by public law/semi-autonomous agencies: 1%;
 b) public companies (revenues): 0.65%;
 c) payroll: 1%.

Destination: full coverage of the requirements of the Worker Support Fund (Social Security Budget).

Provisional Contribution on the Operation or Transmission of Values, Credits and Rights of a Financial Nature (CPMF)⁵

3/ Financial entities classified as public companies are PIS contributors.

4/ The PIS rate charged to financial institutions was raised to 0.75% in the period in which the Emergency Social Fund and its successor the Fiscal Stability Fund were in effect (1.1.1994 to 12.31.1995 and 1.1.1996 to 12.31.1999, respectively). However, with issue of Provisional Measure 1,807-2, dated 3.25.1999, the rate returned to the level of 0.65% in relation to the generating facts that occurred as of 2.1.1999.

5/ The CPMF is the successor of the IPMF which was instituted by Constitutional Amendment 3, dated 3.17.1993, and regulated by Complementary Law 77, dated 7.13.1993. It first went into effect in the period from 1.1.1994 to 12.31.1994 at the rate of 0.25%. Constitutional Amendment 12, dated 8.15.1996, introduced article 74 into the Transitory Constitutional Provisions (ADCT), permitting the federal government to levy the CPMF for a period of not more than two years at a rate no higher than 0.25%. Initially, Law 9,311, dated 10.24.1996, determined that the contribution in question would be charged for a period of thirteen months (from 1.23.1997 up to 2.23.1998), at a rate of 0.20%. Following that, Law 9,539, dated 12.12.1997, was approved, extending the period of validity for an additional eleven months or, in other words, up to 1.22.1999. With passage of Constitutional Amendment 21, dated 3.18.1999, article 75 was added to the ADCT and permitted reinstatement of the CPMF for an additional three years. The amendment set the rate at 0.38% for the first twelve months (6.17.1999 to 6.16.2000) and at 0.30% for the following twenty four months (6.17.2000 up to 6.16.2002). It should be stressed that, when the Fund for Combating and Eradicating Poverty was instituted, Constitutional Amendment 31, dated 12.14.2000, determined that one of the sources of funding for the program would be the gain generated by the increase in the CPMF rate from 0.30% to 0.38%. With this, the rate rose once again to 0.38%, effective as of 3.19.2001.

Basic legislation: Constitutional Amendments 12, dated 8.15.1996 and 21, dated 3.18.1999; Laws 9,311, dated 10.24.1996; 9,539, dated 12.12.1997; and 10,306, dated 11.8.2001; Minifaz Directive 6, dated 1.10.1997, and Banco Central Circular 2,733, dated 1.2.1997.

Generating facts:

- a) debits effected by financial institutions against current deposit accounts, current loan accounts, savings deposit accounts, judicial deposits and deposits effected in consignment for payment purposes;
- b) credits effected by financial institutions in current accounts with negative balances, up to the maximum value of the reduction in the debt balance;
- c) liquidation or payment by financial institutions of any credits, rights or amounts on the account and at the orders of third parties that have not been credited in the name of the beneficiary in the accounts referred to in the previous indents;
- d) any other forms of transactions or transmission of values and credits and rights of a financial nature not referred to in the previous items, and effected by commercial banks, multiple banks with commercial portfolios and savings banks;
- e) liquidation of operations contracted in organized markets for future liquidation;
- f) any other movement or transmission of amounts and credits and rights of a financial nature that, in light of their objective, possess characteristics that make it possible to presume the existence of organized systems of operation that produce the same effects as specified in the previous indents.

Assessment base: value of the operation and of any other form of operation or transmission.

Contributors: the holders of such accounts, the beneficiary, the financial institutions and the principals of the operations referred to above (itemization of the generating facts).

Rate: 0.38%.

Principal exemptions: withdrawals of the FGTS, PIS/Pasep, unemployment compensation, social security benefits of up to ten times the minimum monthly wage, worker wages in amounts of up to three times the minimum monthly wage and savings deposits for individual persons, when such resources remain on deposit for a period equal to or greater than ninety days.

Destination: National Health Fund, for the financing of health activities and services (Social Security Budget).

Social Contribution to Social Security System Financing (Cofins)⁶

Basic legislation: Complementary Law 70, dated 12.30.1991; Laws 8,696, dated 8.27.1993; 8,850, dated 1.28.1994; Complementary Law 85, dated 2.15.1996; Minifaz Directive 38, dated 2.27.1997 and Law 9,718, dated 11.27.1998; Provisional Measures 1,807, dated 1.28.1999 and 2,202, dated 6.28.2001.

Generating fact: sales of merchandise and/or services of any nature.

Assessment base: monthly revenues, understood as the gross revenues on sales of merchandise and services of any nature whatsoever.

Contributors: legal entities, including others considered by income tax legislation as equivalent to such entities.

Rate: 3%.

Destination: social security budget to cover the end activities of the areas of health, social security and social assistance.

Social Contribution on Corporate Net Profits (CSLL)

Basic legislation: Laws 7,689, dated 12.15.1988; 8,383, dated 12.30.1991; 9,249, dated 12.26.1995; 9,316, dated 11.22.1996; 9,779, dated 1.19.1999; 10,426, dated 4.24.2002; 10,431, dated 4.24.2002, and Provisional Measures 1,807-2, dated 3.25.1999 and 1,858-10, dated 10.26.1999.

Generating fact: resources of an economic or legal nature obtained and consisting of:

- a) revenues (product of capital);
- b) income (profit earned by companies).

^{6/} Cofins succeeded the Social Investment Fund (Finsocial), which was instituted by Decree Law 1,940, dated 5.25.1982. Law 9,718, dated 11.27.1998, increased the Cofins rate from 2% to 3%, effective as of 2.1.1999 and extended levying of this contribution to financial institutions as well.

Assessment base⁷: net profits of the fiscal year.

Contributors: all legal entities domiciled in the country as well as those considered equivalent to such by tax legislation.

Rates: 8% for nonfinancial legal entities and for financial institutions.

Destination: financing of activities that are the responsibility of the Social Security System.

7/ The assessment base of the CSLL, which was instituted by Law 7,689, dated 12.15.1988, was altered by Law 9,779, dated 1.19.1999, which determined that financial outlays related to loans or financing and interest classified as earnings on one's own capital and to which article 9 of Law 9,249, dated 12.26.1995 refers. With edition of Provisional Measure 1,807, dated 1.28.1999, the contribution levied on financial institutions was reduced from 18% to 8%, with validity from 1.1.1999 to 4.30.1999. As of 5.1.1999 and until 1.31.2000, all legal entities are subject to a rate of 12%. In the period from 2.1.2000 to 12.31.2002, the rate will be 9% and, as of 1.1.2003, will be reduced to 8%. These alterations occurred at different times as a result of reissues of Provisional Measure 1,807/1999.