KEY PRACTICAL ISSUES TO ELIMINATE DOUBLE TAXATION OF BUSINESS INCOME[1]

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1. INTRODUCTION

The issues related to international double taxation and to the methods of preventing it necessarily relate to the intensification of economic relations in the global context and to the increase in the flow of business between agents located in different countries.

Since there is difference between the connecting factors adopted by each country (residence, nationality, source, etc.), and in the concepts given by each domestic law to any of these terms, cross-border businesses frequently face double (or multiple) imposition[4], since there is diversity in the adoption of principles and connecting factors, in the taxation norms in different countries.

Brazil has adopted, since the advent of Law #9.249/95, the principle of world income for residents (worldwide income taxation). In order to mitigate the effects of the resulting double taxation, the country adopts both the tax exemption and the tax credit method, either through unilateral measures, or through its double taxation conventions. This is not enough, however, to eliminate all the pernicious effects of double imposition, and a diversity of problems result from the practical application of those methods.

In the context of tax erosion, Brazil has passed a series of laws in the 1990s aiming to protect its revenue via the introduction of mechanisms traditionally adopted by developed countries.

The opening of Brazilian economy is recent, and Brazilian International Tax Law is still in an experimental phase, from a legislative and, above all, from a case law point of view.

This may partially explain the worrying deviation of Brazilian international tax practices from what is seen in the rest of the world, especially in OECD countries.

2. KEY FACTORS OF UNRELIEVED DOUBLE TAXATION

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[4] It is important to note that multiple taxation across borders, though economically inadvisable, is not contrary to International Law (SANTIAGO, Igor Mauler. Direito Tributário Internacional – Métodos de Solução de Conflitos. São Paulo: Quartier Latin, 2006, p. 70).

What legitimizes one same portion of wealth being the object of taxation by more than one fiscal sovereignty? Or better, would it not be simpler to establish a single connecting factor for each type of income?

The problem would certainly be simpler, as noted by Alberto Xavier[5], if the principle of territoriality were accepted in its strictest sense, since taxation of income would be the exclusive competence of the source country.

However, this practice is not broadly adopted at present and there is no realistic perspective that it will be in the close future. In fact, taxation of income from foreign sources has solid political and economic grounds, either because it does not stimulate investments abroad (exportation of capital), or because it keeps the taxpayer fully responsible for the funding of public services he uses more intensely – those rendered by the country where he lives.

The discussion on multiple taxation across borders is no longer based on the tension between source and residence (both elements are held valid), focusing on the limits of these concepts and on the forms to minimize the effects of any eventual double imposition – responsibility that, as a rule, lies with the residence State.

As stated above, Brazil adopts both the tax exemption and the tax credit method, either through unilateral measures, or through its double taxation conventions.

While tax exemption takes into consideration the income made, tax credit allows the deduction of the tax effectively paid abroad from the tax owed in the State of residence.

- **The tax exemption method**

In the exemption method, a State exonerates the foreign income of its residents, what favors source as a connecting factor.

The method is divided into (i) full exemption or (ii) exemption with progression. In the first case, income originally made abroad is not considered for tax purposes in the residence country. In the latter case, foreign income, even if not taxed, will comprise the tax calculation basis solely for the purpose of determining the internal progressive tax rate.

Exemption method is common between countries that have a constant reciprocal investment flow with each other. It is considered a simplification rule, since the fact that State A does not tax its residents for the income earned in State B's territory is compensated by the same attitude of the latter regarding income derived by its residents in the former.

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[5] XAVIER, Alberto. *Direito Tributário Internacional do Brasil.* 6 ed. Rio de Janeiro: Forense, 2007, p. 255.

Full exemption is adopted in some conventions signed by Brazil, such as the DTC with Argentina. The exemption with progression method is found in some conventions signed by Brazil, like those with France and Portugal.

- **The tax credit method**

In this system, the resident State taxes the whole income of its residents, and allows them to deduct from the amount due the tax paid abroad. The method – that does not prevent double taxation, but seeks to annul its effects – is the most commonly found in Brazilian legislation.

Tax credit may be (i) whole, taking into consideration the total amount of tax paid abroad, even if superior to that owed to the residence State, or (ii) ordinary, where the credit is subject to a certain limit.

Ordinary tax credit in its turn comprises two subtypes: limited ordinary tax credit, where the credit is limited to the amount of tax due to the resident State on the relevant foreign income, and proportional ordinary tax credit, where the credit is limited to the division of domestic tax by the ratio foreign income considered/total income of the taxpayer.

Ordinary tax credit is the mechanism applicable for the majority of items of income earned abroad by Brazilian residents, save for a few exceptions related to dividends. The same solution was adopted for the majority of items of income generated in Brazil and received by the residents of various contracting countries, such as Canada, South Korea, Denmark, Ecuador, Spain, the Philippines, Finland, India, Italy, Japan, Mexico, Portugal and Sweden.

In the case of individuals, Brazil has adopted, by means of an internal and unilateral rule, the ordinary tax credit method (art. 103 of RIR/99), under the condition that there be reciprocity in relation to income produced in the country by residents abroad.

Conventions signed with Belgium, Finland and France provide for the application of tax credits utilizing the proportional ordinary tax credit method by Brazil and of the limited ordinary tax credit by other Contracting States.

Ordinary tax credits (limited or proportional) diverges from fictitious credits, that occur in tax sparing and matching credit.

Tax sparing is the concession of a credit for a tax that should have been paid in the source State, but which was not paid due to exemption or other incentives. The objective of this mechanism is to preserve the effects of the incentive granted by the source State, preventing it to be annulled by the residence State.

Matching credit consists of increasing the tax credit to its normal value, when the tax rate applied by the source State is greatly reduced.

A few conventions signed by Brazil admit matching credits concerning interests and royalties, as is the case of the DTCs with South Korea, Ecuador, Spain, the

Philippines and India. Tax sparing is found in the conventions signed with Japan, Belgium, South Korea, the Philippines and Hungary.

With regards to MERCOSUL, Brazil has specific legislation that stimulates the adoption of tax sparing clauses in its treaties[6].

It is equally important to note that tax credit may also be classified as direct or indirect.

In the first case (direct tax credit), it is possible to deduct from the income tax the amount levied at the source by the country in which the income originated. In the latter, the investor can deduct not only the income tax withdrawn at the source on dividends, but also the tax on the profits of company distributing them, since dividends derive from profits (underlying tax credit).

Few countries apply the indirect tax credit in their relations with Brazil: Japan, China, South Korea, the Philippines, Hungary and Portugal.

- **Brazilian legal system regarding income taxation**

As it has already been noticed, Brazil largely adopts tax exemption and tax credit methods, either in its domestic law, or is its DTCs. However, various problems may be identified in the application of these mechanisms.

We highlight below the points we understand to be more delicate is this theme, that will be further developed in this report.

To this purpose, some premises must be explained.

Before 1995, Brazil adopted the principle of territoriality with respect to corporate income tax, so that only earnings produced within its territory were subject to taxation.

The issue was totally modified by the Law # 9.249/95, that adopted the notion of worldwide income.

The provision establishes the taxation not only of income produced abroad by means of the direct activity of Brazilian legal entities, but also by their indirect

[6] *"Conventions Signed with Mercosul Member Countries*
Article 2 in the Conventions aimed at avoiding double taxation of income, to be signed by Brazil with member countries in the Southern Common Market (Mercosul), shall include a clause providing for the concession of income tax credits for profits and dividends received by legal entities domiciled in Brazil which should be paid in the other signatory country, but which have not been as a result of a temporary economic, national, regional or sector development law in force.
Sole Paragraph. The credit referred to in the in this article, observed the other general concession conditions and others that may come to be established in specific legislation, shall only be admitted when the profits or dividends to be distributed are the direct result of an activity carried out in the foreign signatory country, related to the following sectors:
I – industrial, except the cigarette industry and alcoholic beverages in general, including concentrates of these;
II – agriculture, forestry or fishing."

activity, exercised through controlled or affiliates companies abroad (this latter rule is challenged in a direct appeal of unconstitutionality in the Supreme Court, still pending of final decision).

With such premises understood, we move on to an analysis of some practical cases that involve international multiple taxation in Brazil.

2.1. Diverging Views on Taxable Income

Divergences between the country of residence and that of the source regarding certain types of income and their impacts on the exemption and on the credit methods.

2.1.1. – Existence of Income

We have not identified practical cases of such a situation involving Brazil.

2.1.2. – Source of Income

Disputes over which is the country of the source of income may have an effect on the granting or not, by Brazil, of the right to double taxation relief, as it is the case when the country indicated by the taxpayer as being the source has signed a DTC with Brazil, and the country indicated as the source by the tax authorities has not.

This is what happens in the case of treaty shopping[7]. The Federal Administrative Tax Court decided an interesting case concerning this issue, known as the Eagle case (File # 16327.000530/2005-28), which dealt with the relationship between article 7 of the Brazil-Spain DTC and the internal rule that imposes the immediate taxation of profits earned by controlled companies abroad.

The administrative court recognized, in theory, the prevalence of article 7 of the treaty over the domestic rule[8], but denied the application of the former due to its understanding that the Spanish company was interposed between the Brazilian controlling company and the Argentine and Uruguayan companies from which the profits effectively derived solely in order to attract the application of the convention.

In order to avoid treaty shopping, Brazil has included in its more recent conventions (such as that signed with Switzerland) a beneficial ownership clause with respect to dividends, interest and royalties.

2.1.3. – Nature or character of Income

[7] Regarding this theme, see SCHOUERI, Luís Eduardo. Planejamento Fiscal através de Acordos de Bitributação: Treaty Shopping. São Paulo: RT, 1995.

[8] A position not respected by the tax authorities and, therefore, denied by other chambers of the Administrative Court itself in other decisions.

Income qualification conflicts have occurred in Brazil, such as in the case of remittances made by residents in order to pay for technical services of foreign origin, with no transfer of technology.

Brazilian domestic legislation subjects these remittances to withholding income at a rate of 15%.

Brazilian authorities charge the tax even if the service provider is established in a country with which Brazil has signed a DTC, considering that these payments qualify as *other income* (article 21 of the OECD Model Convention).

The correct interpretation, in our view, is that they are *business profits* (article 7 of the OECD Model Convention), taxable only in the State of residence of the service provider, unless he has a permanent establishment in Brazil.

This is, by the way, the position recommended by the OECD and adopted by practically all the countries. Since they consider this income to be taxable only by themselves, they tend to deny their taxpayers relief for the double taxation arising from this situation. This is the position taken, among others, by Austria.

The issue is discussed in Brazilian Courts and has not yet come to a conclusion. It is worth mentioning the decision given by the a Regional Federal Court (TRF 4th Region) in the Case # 2002.71.00006530-5 (published in 20.06.2009), where the tax authorities' position was held contrary to article 7 of the relevant DTC, and the withholding tax was declared to be undue. The Federal Union appealed from this decision to the Superior Court of Justice, and the final decision is still pending.

In view of this specific debate, some Brazilian DTCs give payments for technical services the same treatment as royalties (Portugal and Norway, for example). Although the OECD Model Convention does not authorize the source State to tax royalties, certain Brazilian DTCs do so, subjecting them to a maximum tax rate (conventions with Argentina, Austria and Belgium, for example). In these cases, there being a consensus between the countries, the State of residence has to grant his taxpayer the double taxation relief.

2.2. Inconsistent Allocation of Deductions between Domestic and Foreign Sources

During the 1990s, Brazil enacted a series of laws in order to protect its tax revenues against the so-called tax erosion via the introduction of mechanisms traditionally adopted by developed countries.

Law # 9.430/96 (later altered by Laws # 10.451/02 and # 11.727/08) introduced transfer pricing rules in Brazilian legislation.

Law # 12.249/2010 did the same with thin capitalization control, impeding the deduction, when exceeding certain limits, of interests related to loans obtained from foreign entities that are related to be debtor, that are situated in tax havens or that benefit from a privileged tax regime.

The idea is to prevent companies with insignificant capital from financing themselves exclusively through loans, and not by raising capital, and in so doing achieving fiscal savings of 19% of the values remitted. In fact, in the case of self-financing, the profit will be taxed at 34% (the sum of income tax and the social contribution on net profits), and the dividends distributed will be exempt, according to Brazilian legislation (total tax burden of 34%). In the case of loans from third parties, the interest may be deducted from the income tax calculation basis, and is subject to 15% withholding tax when remitted (total tax burden of 15%).

The limits to be observed are the following:

a) loans granted by foreign related companies:
a.1) with equity share in the Brazilian company – indebtedness smaller than or equal to 2 times the value of the mutual share in the net assets of the debtor;
a.2) with no equity share in the Brazilian company – indebtedness smaller than or equal to 2 times the value of the net assets of the debtor;
a.3) in any of the cases above, the indebtedness of the Brazilian company with related foreign companies may not exceed 2 times the total value of the equity stakes of all the latter in the net assets of the former;

b) loans granted by foreign companies situated in tax havens or benefiting of a privileged tax regime: the total of the debts with companies in these conditions has to be less than 30% of the net assets of the Brazilian debtor.

Under the terms of Brazilian legislation (Law # 9.430/1996), a tax haven is a country that **(i)** does not tax income or taxes it at a rate of less than 20%; or **(ii)** protects secrecy of the legal entities' shareholders structure, their property or the identity of the beneficial owner of the revenues they remit to non-residents. To be treated as a tax haven, the country needs also to appear in the black list published by the federal tax authorities (currently Normative Instruction # 1.037/2010).

The same law defines a privileged tax regime (that can exist even in countries that are not tax havens) as that which fulfils one of the following conditions **(i)** does not tax income or taxes it at a rate of less than 20%; **(ii)** grants tax benefits to non-resident persons or entities, without requiring the performance of activities in the country's territory, or conditioning them to the non-performance of activities there – ring-fencing; **(iii)** does not tax income received abroad, or does so at a tax rate of less than 20%; and **(iv)** does not allow access to information regarding the composition of companies, the ownership of assets or economic operations.

Critics of the rule note that, among other things, it does not differentiate between the indebtedness limit as per corporate activity performed (there is an exception solely for financial institutions), and it does not admit a proof that the loan corresponds to an actual business purpose[9].

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[9] A systematic approach to this matter can be found in DUARTE FILHO, Paulo César Teixeira, A Bitributação Econômica do Lucro Empresarial. Porto Alegre: Sergio Antonio Fabris, 2010, p.

2.3. Inability to Deduct Foreign Losses against Domestic Income

Although Brazil taxes income in a universal basis, it clearly separates the results obtained internally from those earned abroad by its residents. It also establishes that losses resulting from operations conducted abroad may not be offset against profits made in Brazil (Law # 9.249/95, article 25, § 5º)..

The situation is, to say the least, contradictory. In fact, the losses incurred in Brazil may be absorbed by profits obtained abroad, since these have to be added to the result obtained domestically.

This does not appear to us as compatible with the Constitution, that authorizes the Federal Union to tax income (a positive variation in assets at a given moment), and not assets (set of a person's legal relations that can be economically evaluated). Since assets are indivisible (universality of law), income – which is a function of assets – is necessarily indivisible as well. Taxing partial positive results as income, when the total results for the legal entity are negative, is not the same than taxing income.

Moreover, the adoption worldwide income taxation does not lead to the simple conclusion that results from abroad should only be accounted for when positive.

In this respect, Brazilian legislation is moving in the wrong direction with regard to the principle of universality and reducing the competitiveness of Brazilian companies that operate directly abroad.

Being known that Brazil also taxes profits indirectly earned abroad by resident legal entities, before its distribution as dividends, and considering for this simple purpose that the rule is valid, the same criticism applies to it. It has not prevented the Superior Court of Justice to decide that foreign losses cannot be deducted from domestic profits in this context, either (Case # 1.161.003, decided in 10/07/2010).

2.4. Foreign Tax Credit Limitations

As it has already been shown, Brazil adopts various methods for attenuating the effects of multiple taxation across borders, with a clear preference for the limited ordinary tax credit method (even though Brazil utilizes the tax exemption method with a certain frequency).

According to that method – chosen "by practically all the countries that adopt the tax credit as a unilateral measure" and "recommended in the OECD Model", as HELENO TÔRRES[10] points out – the taxpayer can compensate the tax paid in the source State with the tax owed in his residence State regarding the same income, up to the limit of the latter.

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[10] TÔRRES, Heleno. *Pluritributação Internacional*, 2 ed. São Paulo: Revista dos Tribunais, 2001, p. 444.

However, the fact is that tax credit suffers from a series of legislative restrictions in many countries, of which the following are applicable to the Brazilian case: (a) the necessity that the tax paid be of the same nature as the one that will be compensated; (b) the need of definitiveness of the tax payment abroad; (c) different forms of grouping the compensable foreign credits (overall; per country; per baskets; and per item); (d) quantitative limitations (ordinary tax credit, be it limited or proportional).

Brazil groups foreign tax credits per basket, dividing the income from foreign sources into various categories and calculating the credit limits within each one of them.

The categories are: (i) income and capital gains obtained through isolated acts in direct activities; (ii) profits received abroad by branch or regional offices; and (iii) profits received abroad by controlled or affiliated companies.

The baskets established in Brazilian legal system are quite broad, which makes it difficult for an income to not fit in one of them.

2.5. Distortions due to Temporal Differences in the Recognition of Taxable Income

Countries that tax income based on the residence criterion (as it is the case of Brazil) generally do not tax income received abroad by controlled or affiliated legal entities until they are remitted to investors under the form of dividends. This mechanism is called the deferral rule.

The practical consequence of the deferral rule is the incentive to the postponing of the repatriation of profits, which will until then be subject only to the foreign tax. This situation becomes especially relevant when the foreign controlled or affiliated entity is subject to low fiscal pressure and produces mainly passive income (interest, dividends and royalties), that is, income deriving from easily movable sources.

This is the context where take place the anti-deferral rules. A classic example of these rules are the Controlled Foreign Corporation Rules (CFC Rules), anti-avoidance norms generally considered compatible with article 7 of the OECD Model Convention (with the exception of the decision rendered by the French Conseil d'Etat in the Schneider case).

Brazil adopted a norm loosely inspired on this model, with the fundamental differences that it applies to any type of income (either passive or active) and that it does not differentiate between low and high fiscal pressure jurisdictions.

The rule, which is formally included in the already mentioned Law # 9.249/95, for various reasons only came into real force after the publication of Provisory Measure # 2.158-35/2001, still in force. According to article 74 of this statue, profits made by a foreign controlled or affiliated legal entity of a Brazilian company are presumably available to it at the date of the balance sheet in which they appear.

This provision – that goes far beyond the anti-avoidance objectives of the CFC Rules – leads to the taxation of income that is not yet available, and that may never come to be so, since they can, for example, be reinvested by the foreign company, rather than distributed in the form of dividends. This constitutes, to say the least, the taxation of the assets of a Brazilian company, which is not allowed by the Constitution.

Indeed, both the National Tax Code and the Federal Constitution authorize the taxation of income that has been effectively received by taxpayer (juridical or economic availability).

For these reasons, as it has already been mentioned, the rule is challenged in the Direct Appeal of Unconstitutionality # 2.588-1, still pending of conclusion and that – surprisingly or not – has huge chances of being rejected by the Supreme Court.

2.6. Inconsistent Classification of Foreign Entities

2.6.1. – Classification of Foreign Entities

We have not identified practical cases of such a situation involving Brazil.

2.6.2. – Partnerships, Not-for-Profit Organizations

Regarding fiscal transparency, there may occur situations in which certain bodies, recognized abroad as legal entities, are considered transparent under Brazilian law, which affects the application of treaties, as these presuppose the existence of a person residing in at least one of the Contracting States.

The contrary can also take place: an entity with a legal personality recognized by Brazil that is considered to be transparent under the legislation of another country.

Brazilian legislation recognizes the legal personality of partnerships, what make them eligible for Brazilian DTCs protection. For other entities, such as trusts, joint-ventures and foreign capital mutual funds, which are not recognized as legal entities in Brazil, the issue of double taxation arises, since the conventions cannot apply.

3. PROS AND CONS OF CREDIT VERSUS EXEMPTION

3.1. Complexity and Sophistication. Administrative Burden

The tax credit method imposes upon the taxpayers a series of measures in order to calculate and assert his tax relief before the competent authorities.

Such measures certainly jeopardize the system's efficiency, making it costly and complex.

First of all, the taxpayer has to calculate the limit of his credits, that sometimes is established by rather arcane legal provisions regarding caps, baskets and time limits.

Then, he has to produce and keep a proof of the payment in the origin, in the Brazilian case officially recognized by the source State's tax authorities and by the Brazilian Embassy or Consulate there.

Finally, the credits have to be converted into Brazilian currency (reais) considering the exchange rate, for sale, of the day in which the foreign tax was paid. If the original currency is not quoted in Brazil, the credits shall be converted into US dollars, and then into reais.

In all these aspects, the exemption method is much simpler, even in the case of exemption with progression.

3.3. Sensitivity to International Tax Planning and Tax Avoidance

Brazilian recent legislation has shown great concern with tax planning, as it has been demonstrated in item 2.2 above.

It is also interesting to mention the sole paragraph included in 2001 in article 116 of the National Tax Code[11], not yet regulated by the legislator, and which some believe is aimed at fighting tax avoidance, though the mention of *dissimulation* appears to us as a clear indication of its anti-evasion (fraud) rule.

Brazilian doctrine is nowadays split in this theme: the classical authors, with whom we agree, state that the effects of tax planning have to be respected by the tax authorities, provided that the taxpayers' acts be no illicit or sham (when it would not be the case of tax avoidance, but of tax evasion); others express the opinion that unusual structures, even if totally legal, do not generate tax effects against the State, if they are not justified by a business purpose.

This latter view has been reflected in the recent administrative jurisprudence, but the dispute is far from an end.

It appears to us that the tax exemption method is more vulnerable to tax planning than credit. In fact, the combination of no or low taxation in a given State and the exemption method in another is very tempting to a resident of the latter who can – through the licit manipulation of the connecting factors – move the sources of his income to the former.

In this aspect, the tax credit method proves more efficient, since the amount finally collected corresponds, at least, to the tax owed to the residence State, and can be even superior to that, due to the quantitative limits that may apply to the credits with which it can be compensated.

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[11] "Article 116, sole paragraph. The administrative authorities may disregard acts undertaken with the objective of dissimulating the taxable event or any element of the tax obligation, in accordance with the procedures to be established by the law."

3.4. Compatibility with Applicable International Commitments

The unilateral measure of double taxation relief adopted by Brazil is the limited ordinary credit, the same established in the majority of Brazilian double taxation conventions.

When treaties adopt a criterion that diverges from that unilaterally defined by the legislator, they prevail over domestic legislation, according to article 98 of the National Tax Code[12], recently confirmed as valid and binding on all the federal entities by the Supreme Court, under the following terms: *"Article 98 of the National Tax Code has a national character, with applicability to the Union, the States and the Municipalities"* (RE # 229.096/RS, published in 11.04.2008).

3.5. Impact on Economic Decisions

The limited ordinary credit method, which is prevalent in Brazil, treats unequally investments made by residents in their own country or abroad, if they are made in countries with higher fiscal pressure. In this case, foreign income will be subject to higher tax rates than domestic income, given the impossibility of totally compensating the foreign tax against the national one.

We believe that this scenario harms the internationalization of Brazilian companies – a trend that can be seen today – and the establishment in Brazil of new companies directed at global operations.

The same can be said of recent rules dealing with thin capitalization and of those, already ancient, regarding transfer pricing, which are based on absolute presumptions (presumption *jures et de jure*), denying the taxpayer the latitude to prove that his conduct is in line with good market practices.

All that without mentioning the CFC rule *à outrance* in force in Brazil – which collects indiscriminately all the profits made by any subsidiaries, even those established abroad for actual economic reasons and taxed heavily there (sometimes even more heavily than it would be the case in Brazil).

With regard to investments in Brazil made by residents of foreign countries – especially of developed countries – the limited ordinary credit method tends to have a neutral effect, in view of the fact that Brazil taxes income at lower levels than the majority of them.

4. Future Trends

In conclusion, we can affirm that Brazil experiences some problems regarding double taxation relief, related among others to the divergent views regarding the source and qualification of income and to the impossibility of compensation of foreign losses against domestic profits.

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[12] "Article 98. International treaties and conventions revoke or modify the internal tax legislation, and shall be observed by the supervening statutes."

The opening of Brazilian economy is recent, and Brazilian International Tax Law is still in an experimental phase, from a legislative and, above all, from a case law point of view.

But it is not relieving to notice that Brazilian authorities – legislative, executive and even judiciary – deviate quite often and consciously from the practices in force in the rest of the world.

Active income (business income)	Passive income (dividends, interests, royalties)	Dividend from foreign subsidiaries

	No treaty applicable	Treaty applicable	No treaty applicable	Treaty applicable	No treaty applicable	Treaty applicable
Full exemption		x		x		X
Exemption with progression		x		x		X
Full credit	x		x		X	
Ordinary credit		x		x		X