Recent Changes In The Brazilian Tax On Financial Operations (Iof) Levied On Cross-Border Loans

The Tax on Financial Operations ("IOF") is a Brazilian federal tax, levied on credit applications, foreign exchange, insurance/securities transactions, and gold transactions.

It is important to notice that IOF rates can be modified by the government with almost immediate effects. In general, the increase of taxes in Brazil must observe a determined lapse of time before such modification can take effect (90 days or the end of the current fiscal year). The objective so far was to avoid the inflow of speculative foreign currency for short-term investments. Until November, foreign loans with a maturity term lower than 720 days (approximately 2 years) were subject to a 6% IOF taxation, instead of the 0% rate applied for loans with a higher maturity term.

Nevertheless, on December 4th 2012 the Brazilian government published Federal Decree nº 7,853/12, which amended the IOF regulation, reducing the mentioned minimum maturity term of foreign loans subject to a 6% IOF taxation to 360 days (approximately 1 year).
It is important to consider that until June 14th 2012 only loans with a maturity term higher than 1,800 days (approximately 5 years) were subject to the mentioned 0% IOF taxation. In this fashion, it is imperative for foreign investors to verify the evolution of the IOF legislation before promoting cross-border transactions involving Brazilian companies.

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Is rationing ethical?

The debate on the rationing of medicinal products in the National Health Care System in Portugal was launched on September 2012, with the issue of the report on the funding of medicines by the National Life Sciences Ethical Committee ("CNECV").

This report was elaborated in the context of the implementation of the austerity measures aimed at addressing the budgetary deficit reduction in the scope of the financial assistance program in place. Such measures are intended to reduce public expenditure on the health system and, where medicinal products are concerned, the commitment assumed by the Portuguese State is a cut of nearly one third.

According to the CNECV, expenditure cuts entail the so-called implicit rationing measures, and those are being adopted in a non official manner without the necessary public debate and clear accountability.

Therefore, there is an ethical rational for cuts on medicine expenditure based on the existing budgetary restrictions. However, the adoption of rationing measures should prioritize efficacy and safety, and should be openly discussed between health decision makers and professionals in full transparency.

CNECV's report was strongly criticized by the President of Portuguese Medical Association, and by left wing politicians and opinion makers for considering that rationing of medicines hinders human dignity.

Polemics aside, the report of CNECV on the funding of medicines has enhanced the fundamental need to eliminate misspent resources in health sector, and to seek rationalization. So the main idea that emerges from this debate is the need to promote the rational use of medicine, in order to prevent rationing from becoming inevitable.

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VANDENBULKE
new ways of thinking law in Luxembourg

Luxembourg – Breaking News in Short...

Introduction of several tax measures applicable as of 1 January 2013:

1. The total 2013 tax rate applicable to corporations resident in Luxembourg City will increase from 28.80% to 29.22%.
2. Minimum flat tax for Soparfis is doubled from EUR 1,500 per annum to EUR 3,000.
3. A minimum flat tax is created for all other corporations having their registered seat or central administration in Luxembourg, ranging from EUR 500 to EUR 20,000 based on the total balance sheet of the corporation.

New Tax Circular on Stock-Options:

On 20 December 2012, the Tax Authorities issued a new circular on the taxation of stock option plans, with effect from 1 January 2013 and replacing the previous circular from 11 January 2002.

Bill n°6366 adopted:

A regulatory framework for family offices in Luxembourg is now introduced.

AIFMD, a new set of opportunities on the table:

On 24 August 2012, the Bill n°6471 ("the Draft Bill") was introduced in view of implementing the European Directive 2011/61/EU on Alternative Investment Fund Managers ("the AIFMD") into Luxembourg law.

From a tax standpoint, the Draft Bill contains specific tax provisions relating to:

(i) VAT exemption of management services provided to an Alternative Investment Fund;
(ii) Low tax treatment of the carried interest paid to employees of an AIF manager; and
(iii) Tax treatment of foreign AIFs.

The Draft Bill also contains provisions for improving the tax and legal regime of Luxembourg limited partnerships by the creation of a special limited partnership.