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Brazil



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Brazil

A Brief Country Overview and Payroll Highlights

A brief country overview:

Brazil is located in South America, which is bordered to the north of Suriname, Guyana, Venezuela, and the French overseas region of French Guiana. Peru and Bolivia lie to the west of Brazil, Colombia is northwest and Argentina and Paraguay are southwest. Brazil is the world's sixth largest country by area and population.



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Key Country facts

Official Language: Portuguese

Currency: Brazilian Real (BRL)

Country dial code: +55

Country abbreviation: BR



Statutory filing payment methods: eSocial is consolidating the reporting mechanism for the following government authorities IRS (Receita Federal), Social security (INSS), Labour Ministry (MTE) and the Federal Brazilian Bank (Caixa).

Effective January 2015 all employees must be registered with eSocial and HR/Payroll/tax filing will be submitted through the www.esocial.gov.br portal

National minimum wage: *There is a statutory minimum wage defined by law. Collective Labour Agreements can also define other [higher] statutory minimum wages.*

R\$724.00 (US\$279,53) per month, paid 13 times a year. The Brazilian minimum wage is adjusted annually by the federal government. Each Brazilian state has its own minimum wage, which cannot be lower than the federal minimum wage.

Annual filing Deadline:

§ Rais - Mandatory report informing the Brazilian Department of Labor all employees who worked to the employer in the prior year. It has to be sent by the Employer up to March of the subsequent year.

§ Dirf - Mandatory report informing the Brazilian Tax Authorities all salaries and any other kind of retribution paid to the employees in the prior year, as well as all the withholding tax. The Employer has until February of the subsequent year to submit.

§ Income report - Mandatory report informing employees of all salaries and other compensation paid in the prior year, as well as all the withholding tax. The Employer has to generate and send this report to each employee by the 28th February of the subsequent year. This document is necessary for preparing the Employee return.

§ Employee Returns - It's a mandatory report to inform the Brazilian Tax Authorities all salaries and other compensation received in the prior year, as well as all the withholding tax and deductions, which must be sent up to 30th April. It's an employee obligation.

§ (GRCS) Union dues

Tax payment form used to pay the union dues. Payment is due on the last working day of March.

Time Zone: BRT, summer BRST

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Public Holidays in Brazil

| Public Holidays in Brazil 2015/16 | | | |
|--|---------------------------|---------------------------|---------------------|
| 2015 | 2016 | Holiday | Holiday Type |
| 1 st January | 1 st January | New Year's Day | National holiday |
| 16 th February | 6 th February | Carnival | National holiday |
| 19 th February | 10 th February | Carnival end | National holiday |
| 3 rd April | 25 th March | Good Friday | National holiday |
| 5 th April | 27 th March | Easter Sunday | National holiday |
| 21 st April | 21 st April | Tiradentes Day | National holiday |
| 1 st May | 1 st May | Labor Day/ May Day | National holiday |
| 4 th June | 26 th May | Corpus Chritsi | National holiday |
| 7 th September | 7 th September | Independence Day | National holiday |
| 12 th October | 12 th October | Our Lady Aparecida | National holiday |
| 2 nd November | 2 nd November | All Souls Day | National holiday |
| 15 th November | 15 th November | Republic Proclamation Day | National holiday |
| 24 th December | 24 th December | Christmas Eve | National holiday |
| 25 th December | 25 th December | Christmas Day | National holiday |
| 31 st December | 31 st December | New Year's Eve | National holiday |

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Business and culture in Brazil

What you need to know about processing payroll in Brazil

Establishing as an Employer in Brazil

Any company who wishes to conduct business in Brazil must register with the *Junta Comercial do Estado de São Paulo* (JUCESP) to receive a *Cadastro Nacional da Pessoa Jurídica* (CNPJ) and *Número de Identificação do Registro da Empresa* (NIRE). The CNPJ is the registration number for tax for the company and the NIRE is the identification number given to the company. All the necessary registration steps can be located on the Brazilian government website <https://www.jucesponline.sp.gov.br>.

Employment

Employment law in Brazil is highly complex, and it would be in the company's best interest to retain local legal counsel to be sure the hiring of employees are done in full local compliance. The Brazilian consolidation of labor laws, *Consolidação das Leis do Trabalho* (CLT), is the organisation responsible for labor activity in Brazil. A typical workday in Brazil is eight hours with the maximum work week of six days. Employees may not work more than two hours overtime per day.



The Amazon River is the second longest river, not quite as long as the Nile, but the largest river measured by volume. Measured about four thousand miles long, The Amazon has more than three thousand fish species that are identified with more still being recognized. Although breathtaking from above, the many wildlife species that call The Amazon home are the most deadly in the world. The Amazon is home to the black caiman, which is twice as powerful as an alligator, which can grow up to six meters long. One of the largest snakes in the world, the green anaconda, also makes their home in The Amazon. The green anaconda, can reach 250 kilograms, grow to nine meters long, and reach 30 centimeters in diameter. Last, but not least, the bed-bellied piranha which can grow to be over 30 centimeters long and swim around in large groups. Red-bellied piranhas have extraordinarily sharp teeth, one row on each of their powerful upper and lower jaws. The Amazon is home to over ten deadly species, so remember to keep all hands and feet inside the boat at all times!

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Getting down to business

In Brazil, it is not considered rude to be interrupted or to interrupt as it is showing an interest in the topic. Silence on a topic can be considered rude and might be interpreted as disinterest.

Visas and work permits in Brazil

Business visa:

This visa is used for short-term business trips. With this visa you must not receive payment from any Brazilian source and it allows you to stay for up to 90 days.

Temporary work visa V:

This visa is used for anyone with a contract of employment with a Brazilian company, or any jobs that receive any sort of payment. For a comprehensive guide to working permits and visas in Brazil, please visit http://www.mte.gov.br/trab_estrang_ing/Procedure_Guide.pdf

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Tax & Social Security

Tax

| Income Tax Table 2015 | | |
|-----------------------|------------|------------|
| Range | Percentage | Deductions |
| 1.787,77 | - | - |
| 1.787,78 to 2.679,29 | 7.5 | 134.08 |
| 2.679,30 to 3.572,43 | 15 | 335.03 |
| 3.572,44 to 4.463,81 | 22.5 | 602.96 |
| Above 4.463,81 | 27.5 | 826.15 |

Social security

Brazilian social security benefits are only available to Brazilian nationals and only foreigners who are contributing to the social security system in the form of contributions paid by the employer. The Ministry of Social Welfare, *Ministério da Previdência Social*, is the government body for social security benefits in Brazil.

Social Welfare, *Previdência Social*, is an insurance that guarantees payments for the contributor and their family in the event of illness, accident, pregnancy, imprisonment, death or old age. In order to benefit from the social security schemes, the company and employer must be registered. An employee will contribute between 8 -11 per cent, and a self-employed individual will pay about 20 per cent. This contribution guarantees that the contributor or their family will receive money in the event of illness, injury, accident, pregnancy or death of the payee. Monthly social security withholding payments are due the 20th of the following month.

Tax reporting year

The tax year in Brazil is from 1 January to 31 December.

Payslips

Employers must provide employees with a payslip within one working day of the pay period. Employers must provide a standard payslip that contains information such as the number of worked days, wages, and deductions. The payslip is delivered to employees depending on the payment frequency, which in most cases is monthly. In addition to a payslip, employers must provide employees with a vacation payslip detailing their accrued vacation time.

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Compliance

Cadastro Geral de Empregados e Desempregados or CAGED is the unemployment fund in Brazil. CAGED filing is due by the seventh of the following month. The Fundo de Garantia do Tempo e Serviço (FGTS) is the severance fund in Brazil. All filing must be completed by the seventh of the following month.

Relação Anual de Informações Sociais or RAIS must be completed by the 28th February, which is the annual social information report. This report is to capture the currently employed individuals and coincides with the FGTS reporting to ensure all severance payments have been made for any terminated employees. Declaração do Imposto sobre a Renda Retido na Fonte, (DIRF) is also due on the 28th of February. The DIRF allows the Federal Reserve Department to crosscheck Payments with income reported by taxpayers to avoid misreporting or undue claims for tax refunds.

Employer Registration

Brazilian employers must have the *Articles of Incorporation* registered with the board of trade. The definition of Social Security contribution rates is directly dependent upon the tax registration that will define, among other things, the risk level of each legal entity.

Companies are registered with the Income Tax Authority by means of a registry number (CNPJ). Registration may take up to one month. No one can be formally employed before a company is registered. In addition, companies that trade products must be registered at relevant State Government (IE). Companies that provide services must be registered with the relevant City Government (CCM).

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Starters/Registration

Employers must undertake the following activities when managing new starters:

- Gather the following information for each employee: Personal information: Name, National identification, Cadastro de Pessoa Física (CPF), Carteira de Trabalho e Previdência Social (CTPS), Título Eleitoral, Programa de Integração Social – PIS) number, Address and education level/degree, Legal dependant personal information: Name, National identification, tax id number CPF if applicable, Work information: salary, title, cost center, banking information, transportation and benefits information and benefit eligibility documentation;
 - *CPF is the Tax Id number*
 - *CTPS- Labor and Social Security booklet*
 - *Título Eleitoral is the voter's registration card*
 - *PIS is the Brazil Unemployment program registration number*

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- Print and distribute the legal documentation to employees, Collect employee signatures on required documents and paste the appropriate label on the employee's CTPS and deliver to the employee.
- Retain employee files and send employees to new hire medical exams in order to obtain the Atestado de Saude Ocupacional (ASO). (ASO is an occupational health statement)

Leavers/De-registration

Employers must undertake the following activities when managing leavers:

- Prepare Notice/Letter of Termination that will include date, place and time of official appointment with Union or the Labor Ministry;
 - Print and obtain the employee's signature on the following legal documents: Aviso Previo, Termo de Rescisao de Contrato de Trabalho (TRCT), Guia de Recolhimento Rescisorio do FGTS (GRRF), Seguro Desemprego , Relatorio de Medias;
- *Aviso Previo is a termination notice letter*
 - *TRCT is a termination of employment contract terms*
 - *GRRF is a form that is utilized to withdraw unemployment funds*
 - *FGTS is an unemployment fund that is maintained in the CEF bank*
 - *Seguro desemprego is unemployment insurance*
 - *Relatoria de Medias is an average salary report*

Data Retention

Employer obligations for data retention is as follows:

- Retain the following documents:

| | |
|---|--------------|
| Acordo Coletivo Sindical | 24 Months |
| Cadastro Geral de Empregados e Desempregados (CAGED) | 24 Months |
| Carta Protocolada de envio da Guia de Previdencia xcSocial (GPS) ao sindicato | 24 Months |
| Cartao Cadastro Geral de Contribuintes (CGC) | Indefinitely |
| Cartao Inscricao estadual | Indefinitely |
| Comunicacao Delegacia Regional do Trabalho (DRT) / Sindicato de férias coletivas | 12 MESES |

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| | |
|---|---------------------------|
| Contrato de convenio dos benefícios INSS | Indefinitely |
| Contrato de convenio pra desconto em folia de pagamento | Indefinitely |
| Contrato social | Indefinitely |
| Convenio crèche/declaracao | Indefinitely |
| Convenio SENAI/ SESI/Salario educacao | Indefinitely |
| Guia de recolhimento de contribuição assistencial e confederativa | Indefinitely |
| DIRF (Protocolo e relação) | Indefinitely |
| Guia adicional SENAI | Indefinitely |
| Guia convenio SENAI | Indefinitely |
| Guia convenio SESI | Indefinitely |
| Guia de contribuicao patronal | Indefinitely |
| Guia de contribuicao sindical | Indefinitely |
| Guia de IRRF (DARF) | Indefinitely |
| Guia FGTS/GFIP | Indefinitely |
| Guia INSS (GPS) | Indefinitely |
| Livro de inspeção do trabalho | Indefinitely |
| Programa de alimentação do trabalhador (PAT) | Indefinitely |
| Quadro de horario | Indefinitely |
| RAIS (Protocolo e relacao) | Indefinitely |
| Recibo de deposito bancario | 5 years after termination |
| Relacao bancaria | 5 years after termination |
| Resumo do pagamento | Indefinitely |
| Programa de Prevencao Riscos Ambientais (PPRA) | Indefinitely |

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13th month salary

The 13th month salary is an extra salary paid to the employee by the end of the year. In order to receive full 13th month salary, the employee must work all twelve months. If the employee does not work all twelve months, they will receive a prorated portion of the 13th month salary. The 13th salary must be divided in two instalments, each one containing half of the value of the full amount to be paid. The first instalment must be paid from 1st February to 30th November, and the second by 20th December. 13th month salary cannot be paid in one instalment, and must be paid in two. According to Brazilian law, it is illegal to pay the 13th month salary in one instalment and will carry fines and/or penalties.

Statutory Absence/Payments

Annual leave

Paid vacations are given 30 days off for every 12 months of work under the CLT regulation. A vacation bonus is paid to the employee which totals the 30 days plus a third bonus pay which by law, must be paid at least 2 days before the beginning of vacation. The employee must work 12 months and accrue time off before the full 30 days may be granted.

Maternity leave

Any female employee whom is employed for at least three months is eligible for maternity leave. Many benefits take effect before the birth of the child. For example, during the pregnancy, employees may take time off for hospital visits, and sick leave. Maternity leave was recently extended from 120 to 180 days; however, the supplementary 60 days are optional for private companies. Companies that grant the additional 60 days may deduct the additional salaries paid to the employees from their income tax. This fully paid leave may begin at the eighth month of pregnancy.

Sickness

When managing sickness, the employer needs to;

- Complete and send the Atestado de Afastamento e Salarios to the Customer; (*Atestado de Afastamento e Salarios is a Leave and Salary statement*) details to the INSS, if applicable; (*INSS is the Brazilian Social Security Authority*)
- Track leave impact on vacation and 13th month salary benefit;
- Track and reconcile leave times with time and attendance records;
- Suspend or prorate the payment of benefits, (transportation and food vouchers), in accordance with Customer's instructions; and
- Register the return or extension of leave in the payroll system.

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Benefits

Transportation assistance

For employees who utilise public transportation or if the employer provides private transportation that exceed 6% of the employee's base salary the employer is regulated by federal law to pay a supplement to each affected employee.

Meal assistance

A non-mandatory monthly supplement is paid by some employers to employees. This defined in the Collective Labour Agreement.

Profit Share Scheme

Tax efficient way of paying. Up to twice per fiscal year.

Family Allowance

It is a wage paid to employees who have dependents up to 14 years old. There is no age limit for dependents older than 14 if they are disabled. Definition of dependents encompasses sons and stepsons. For receiving it the employee must present a vaccination certificate twice a year (January and July). This payment can be deducted from the amount due to the Social Security.

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