



Postponement of the Initial date to Inform the Final Beneficiary

Normative Instruction 1684

- 1.** On December 29, 2016, Normative Instruction 1684 ("IN 1684/2016") was published, by means of which the Brazilian Federal Revenue Service postponed the initial date for the identification of the final beneficiary of certain entities in the Brazilian Corporate Taxpayers' Register ("CNPJ"), as established by Normative Instruction 1634 ("IN 1634/2016").
- 2.** As advanced in our [Newsletter of May 2016](#), companies, investment clubs and funds, non-resident investors that hold certain types of assets and/or rights in Brazil or that carry out certain transactions in Brazil, as well as foreign banking institutions that perform purchase and sale transactions of foreign currency with Brazilian banks, receiving and delivering Reais in cash, and silent partnerships, will have to identify their final beneficiaries upon updating or enrolling in the CNPJ.
- 3.** Final beneficiary is the natural person who, ultimately, directly or indirectly, holds, controls or significantly influences an entity or natural person on behalf of which a transaction is carried out, influence that can be significant when the natural person, directly or indirectly, holds more than 25 percent of the entity's corporate capital, or holds or has a predominant role in the corporate resolutions and the power to nominate most of the entity's administrators.
- 4.** The obligation to identify the final beneficiary and to deliver the documents detailed by IN 1634/2016 will begin on **July 1st, 2017**, for all entities that enroll with the CNPJ as of this date. For entities already enrolled with the CNPJ before **July 1st, 2017**, the obligation begins when they make any change to the register as of the same date, subject to the deadline of December 31, 2018.
- 5.** The foreign investors' failure to comply with such obligations will cause the suspension of the CNPJ enrollment and the impediment to negotiate with banks, including as regards the handling of bank accounts, carrying out financial investments, and obtaining loans.

This warning contains information and general comments on legal matters that may interest our clients and friends. It does not represent the legal opinion of our firm on the subjects addressed herein. In specific cases, readers should rely on proper legal assistance before adopting any concrete action relating to the matters addressed herein.

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