

MP 946 EXTINGUISHES THE PIS/PASEP FUND AND TRANSFERS ITS ASSETS TO THE FGTS

Provisional Measure 946/2020 is part of the Federal Government's actions to mitigate the economic impacts caused by the Coronavirus pandemic. The measure establishes a new source of income to be directed by the Federal Government to those workers harmed by the imposition of social isolation.

Basically, the MP establishes the:

- extinction of the PIS/PASEP Fund with the reallocation of its assets to the Severance Pay Fund – FGTS; and
- authorization to withdraw up to R\$ 1,045.00 by account holders linked to the FGTS, in addition to the balance remaining from accounts linked to the PIS/PASEP Fund.

Regarding the extinguished PIS/PASEP:

- it has not received any deposit in individual accounts since 1989, since the Federal Constitution established in its article 239 that contributions to the PIS/PASEP should be intended for the Workers' Assistance Fund, for the costing of the Unemployment Benefit Program, the Salary Allowance, and the financing of Economic Development Programs by the BNDS;
- since 08/19/2019, the total value of the individual accounts of its participants is available for withdrawal; and
- the balance remaining in the individual accounts that had not yet been withdrawn will be used to expand the resources available to the worker by approximately R\$ 20 billion, without having accounts participants' right to withdraw impaired, as the existing amount will be transferred to individual FGTS accounts.

The contribution to PIS/PASEP, governed by Laws 9718/98 and 10637/02, continues to be levied on billing and revenue, respectively, earned by companies.

It is necessary to examine whether the proceeds of the collection will be properly allocated to meet the social interests defined in the laws.

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