

CORONAVIRUS

BILL 985 – SUSPENSION AND PAYMENT IN INSTALLMENTS OF THE EMPLOYER UNION CONTRIBUTION (CPP)

Bill 985-A, which institutes the Emergency Tax Regime (RTE – Covid-19), was approved by the Chamber of Deputies and is awaiting analysis by the Senate.

RTE-Covid-19, instituted as a result of the Public Health Emergency of National Importance (Espin) for the preservation of jobs and economic activities, consists of a tax system with **voluntary adhesion** related to the payment of the **Employer Union Contribution (CPP)** for the Security Social according to one of the following options:

- suspension for two (2) months for the payment, which must be made without penalty and interest, totally or partially, until the 20th day of the second month following the date of publication of this Law **(not yet published)**; or

- payment in installments, without fine for late payment and with Selic interest, in up to twelve (12) monthly and successive installments, subject to the following conditions:

- i)** the adhesion to the installment payment will be made upon the request by the taxpayer submitted until the last business day of the first month following the date of publication of this Law;

- ii)** the number of employees verified on 02/03/2020 must be maintained for 2 months from the publication of this law.

- There will be **exclusion from the installment program** with immediate payment of the total debt not yet paid in addition to a fine and interest for late payment if the taxpayer:

- I** - fails to pay two (2) consecutive installments or four (4) alternate installments;

- II** - fails to pay one (1) installment, if all others are paid;

- III** - fails to maintain the jobs required as a condition to obtain the benefit

● Excluded from the RTE-Covid-19:

I - other taxes not expressly included in this Law;

II - obligations assumed as a result of **installments granted or transactions entered into, up to the date of publication of this Law;**

III - legal entities in private insurance, capitalization and financial institutions defined in § 1 of art. 1 of Supplementary Law 105/01 (excluding credit unions)

● Other measures established in the Law regarding ancillary tax obligations

- During the 2-month period, it is prohibited to impose a fine for non-compliance with the deadlines for filing tax returns and documents related to federal taxes

- The deadline to submit the Annual Social Information List (Rais) statement for 2019 is extended by thirty (30) days

We emphasize that the wording of the Bill presents imperfections that generate doubts, such as the base period of the suspended CPP and the condition related to the number of employees to be maintained, requiring a careful analysis by the taxpayer before opting for the suspension or payment in installments of this social contribution.

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