

FACT SHEET

Brazilian Corporate Tax: PRESUMIDO

15/05/2017

CONDITIONS

This is a simplified calculation of taxable income. This regime is only possible for companies that do not have to select the REAL profit method.

The choice of the FORECAST (PRESUMIDO meaning Forecast) method rather than the REAL profit method is only possible for companies whose gross annual turnover does not exceed 78M R\$.

METHOD OF CALCULATION

To calculate the gross annual turnover, the following should be excluded:

- non-cumulative taxes,
- sales cancelled,
- unconditional discounts.

Companies subject to this method must determine a forecasted result by applying a set of percentages to their gross turnover. These rates are:

- 8% for industrial and commercial enterprises,
- 32% for services,
- 1.6% for companies selling fuel and natural gas,
- 8% for medical services and industrial transport,
- 16% for other transport services,
- 16% for financial institutions.

For multi-business companies, it will be necessary to apply the respective percentages to each business.

Once the forecasted profit is calculated, the company will add to this result the gains from the disposal of assets, financial income and extraordinary income. Once these additions are made, it is possible to calculate the tax due.

The corporate tax (IRPJ) is calculated by applying the rate of 15% to the basis computed (projected profit, gains on disposal of assets and other income). Besides this 15%, there is an additional 10% that applies on a similar basis. For this second calculation, 60K R\$ must be withdrawn from the basis of the quarterly calculation.

The second leg of the corporate tax (CSLL) is calculated by applying 9% to 32% of the turnover. See below for an estimate of the total taxes on turnover for a company offering services:

Service Company & Presumido method			
Taxes	Base of calculation	Rate	Subtotal
Corporate tax (CSSL)	32%	9%	2,88%
Corporate tax (IRPJ)	32%	15%	4,80%
Social tax (PIS)			0,65%
Social tax (COFINS)			3,00%
Taxes on services (ISS)			5,00%
Total taxes on turnover			16,33%