

TAX News October 2022

Executive summary

Norm	Content	Date
Decree No. 8.047	Until the end of the year, the Selective Consumption Tax (" <u>ISC</u> ") per its Spanish acronym) rates for cell phones and other electronic equipment are reduced by half.	October 21, 2022
Decree No. 8.048	Until the end of the year the taxable base of the Value Added Tax (" <u>VAT</u> ") for the importation of goods under the Tourism Regime is gradually reduced.	October 21, 2022
Decree No. 8.154	Extends until November 30, 2022, the validity of the special ISC taxable bases for certain oil derived fuels.	October 31, 2022
General Resolution No. 121	The Undersecretariat of State for Taxation (" <u>SET</u> ") approved the second version of form No. 516 to determine Personal Income Tax under the category of Income and Capital Gains (" <u>IRP-RGC</u> "), applicable as from fiscal year 2022.	October 06, 2022
General Resolution No. 105	The SET established the schedule of due dates for several groups of taxpayers to compulsorily adhere to the Integrated National Electronic Invoicing System (" <u>SIFEN</u> ") - Reminder for Group 3 and following.	December 17, 2021 (reminder)



More Information

Decree No. 8,047/2022 - ISC rates for cell phones and certain electronic products are reduced by half until the end of the year.

Through Decree No. 8,047/2022, the Executive Branch reduced by half the ISC rates on certain goods taxed by such tax. The effective date of this reduction is from October 26 to December 31, 2022, according to the publication of the decree in Official Gazette No. 207, dated October 25, 2022.

The goods affected by this ISC reduction are the electronic products indicated below, whose rates are normally 1% but which, during the effectiveness of this modification, are reduced to the following percentages:

Product	Taxable Base
Automatic data-processing machines and units thereof; magnetic or optical readers, copying machines, hectographic machines, mimeographs, address printing machines, electrical machines, apparatus and equipment and parts thereof; sound recorders and reproducers, television reception apparatus, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus; video monitors and video projectors	0,5%
Cellular telephony devices and portable terminals	0,5%

As from January 1, 2023, the 1% ISC rates corresponding to these products, established in Decree No. 3,109/2022, will be applied again.



Decree No. 8,048/2022 - The VAT taxable base for importing goods under the tourism regime is gradually reduced until the end of the year.

Intending to encourage border trade, the Executive Branch temporarily modified the VAT taxable base applicable to goods under the tourism regime, cited in the annex to Decree No. 1,931/2019.

As the end of 2022 approaches, the VAT taxable base will be reduced monthly by one-third (1/3). Thus, when importing goods under this regime, the following taxable bases will apply:

Períod	Taxable Base	Effective tax - VAT 10%
From November 1 to 30, 2022	10%	1%
From December 1 to 31, 2022	5%	0,5%

Subsequently, as from January 01, 2023, the taxable base of 15% will be applied again for the importation of goods under the Tourism Regime, as ordered by Article 4 of Decree No. 1,931/2019.

Decree No. 8,154/2022 - Extension until November 30, 2022, of the special ISC taxable bases for certain petroleum fuels

Through Decree No. 6,620/2022, the Executive Branch modified, on a transitory basis, the ISC taxable bases for the importation and commercialization of the following oil-derived fuels:

Product	Taxable Base
1) Gas Oil/Diesel Type III	G. 2.388,9 per liter
2) Virgin Naphtha	G. 3.045,6 per liter
3) Naphtha RON	G. 6.033,3 per liter

Originally these tax bases were to be in force only during February 2022, but then their validity was extended monthly at the rate of one decree per month. Decree No. 8,154/2022 is the last of these extensions to date, extending the validity of these tax bases until November 30, 2022.



General Resolution No. 121/2022 - Modifying the form to determine the IRP-RGC to be used to liquidate and pay the 2022 tax year.

The SET issued General Resolution No. 121/2022 (the "RG") on October 6, 2022. Through this RG, the use of the second version of Form No. 516 to determine the IRP-RGC was approved.

It is important to clarify that this version of form No. 516 will apply for the liquidation and payment of the 2022 tax year and will be available in the Marangatú Tax Management System as of January 2023.

The IRP-RGC is a tax obligation determined under code 716 and settled with form N° 516 annually unless any of the events in which this tax must be withheld have occurred.

The differences found between the first and the second version of form 516 are mainly the following:

- Items "d" and "e" of Item 1 of the first version were eliminated due to Decree No. 7,047/2022, since before this decree, the IRP-RGC for vehicles had to be settled on its cost plus 30% of the sale price exceeding such cost, in the cases in which it had been deducted from the Personal Income Tax under the category of income for personal services.
- The cases in which the taxpayer himself collects the installments of the installment sale of a real estate property, without the intervention of the notary public as a withholding agent of the IRP-RGC in this operation, were added. Now it is possible to declare this type of transaction in items "d," "e," and "f" of Item 1.
- The item to declare the income obtained from lottery and gambling prizes has been eliminated in Item 4 due to the withholding provided for in Decree No. 4,661/2020. The items for dividends not subject to the Tax on Dividends and Profits and income obtained by taxpayers through Transparent Legal Structures, due to the withholdings provided for in General Resolution No. 100/2021, were also eliminated.

General Resolution No. 105/2021 - The timetable for several groups of taxpayers to adhere to the SIFEN was established - A reminder for Group 3 and subsequent groups.

All taxpayers, especially those in Group 3 of the SIFEN, are reminded that the SET issued General Resolution No. 105/2021 (the "RG") on December 17, 2021. Through this RG, the mandatory calendar for several groups of taxpayers to adhere to the SIFEN was established, providing for ten groups with nine different due dates, with a difference of one quarter between the dates foreseen for one group and another, except for groups 1 to 3, according to the following calendar.



Groups	Date from which they are obliged
1 - "Pilot Plan"	July 01, 2022
2 - "Voluntary adherence"	July 01, 2022
3 - "Compulsion"	January 02, 2023
4 - "Compulsion"	April 03, 2023
5 - "Compulsion"	July 03, 2023
6 - "Compulsion"	October 02, 2023
7 - "Compulsion"	January 02, 2024
8 - "Compulsion"	April 01, 2024
9 - "Compulsion"	July 01, 2024
10 - "Compulsion"	October 01, 2024

Obligated taxpayers from groups 3 to 10 may start issuing electronically before the established date in case they wish to do so gradually. However, once the compulsion date arrives, they must exclusively issue all their documents electronically since the authorization and stamping of their pre-printed or self-printed documents, granted by the SET, will cease to be valid, except for the one related to virtual withholding vouchers.

It should be considered that the implementation of an electronic invoicing system is a process whose cost and development are borne by the taxpayer, which often involves a considerable implementation time, as acknowledged by the SET in article 4 of the RG when it grants a period of up to twelve months of adaptation to those who wish to become voluntary electronic issuers.

Therefore, it is crucial to be aware of whether you or your company is covered by the mandatory SIFEN because, if you are and you do not take the appropriate measures in time, you may no longer be able to operate normally. If you want to know if you or your organization are affected by this RG, you can consult the complete list of taxpayers in the **following search engine**. For more details or better advice, you can contact our tax professionals.

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