

**Double taxation in business between Brazil and UK.
Signing of an agreement between the countries to prevent double taxation and tax evasion.**

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At the end of November 2022, Brazil and UK signed an agreement to prevent double taxation of business between the two countries and thus create an environment with more tax justice and encourage business between companies and citizens of both countries.

This is one more step that Brazil is taking in its odyssey to join the OECD - Organization for Economic Development Cooperation. The country has taken other important measures to improve its business environment in the last decade, such as the publication of the anti-corruption law in 2013, the law on governance of state-owned companies in 2016, the LGPD - general data protection law in 2018, new infra-legal rules on PLDFT - prevention of money laundering and financing of terrorist financing, among many others.

There were many months of discussions between the two countries, resulting in a document that will expand the flow of trade and investment. The Brazilian tax system is challenging and complex, featuring several tax types and thousands of entities with the capacity to produce tax laws, considering the Federal Union, States, Municipalities and the Federal District.

Accessory obligations, those that determine companies and citizens the duty to register their economic operations, produce documents and inform the tax authorities in a timely manner, also represent an additional challenge for those who undertake in the country, demanding many hours of work. All this had to be considered in the development of the agreement to prevent double taxation and tax evasion.

The intense growth of globalization and international business, with the help of communication and information technology in the palm of the hand, exposed situations in which the same operation is taxed twice, once in each country, or is not taxed in any country. The agreement thus corrects this distortion, improving a “fair” business environment.

Central Bank numbers show that business between the two countries exceeds the figure of several billion dollars and it was about time that this agreement was signed, characterizing it as a historical fact.

Several aspects are addressed in the agreement, with emphasis on taxation of the provision of technical services between the two countries. In Brazil, this may imply taxation by the ISSQN – tax on services of any nature, contributions to PIS/COFINS, CIDE – Contribution for Intervention in the Economic Domain, in addition to the IOF – exchange rate. This tax burden in the country, in addition to the tax burden on the other side of the Atlantic, will be better balanced after the agreement, which follows a standard established by the OECD, thus favoring business.