
Rio 2016 Olympic Games - Tax Benefits

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As a way to stimulate investments, the Brazilian Government issued a new Law¹ that sets forth tax measures applicable to operations involving the organization of events directly related to the 2016 Rio Olympic Games.

The Law provides for the exemption of Federal taxes due on import of goods or services to be used exclusively for Olympic Games-related activities. Taxes included in this exemption are the IPI (Federal Excise Tax), the II (Importation Tax), the PIS/COFINS (Social Contributions levied upon imports), among other charges and duties.

Only some specific entities may be eligible for the Olympic tax benefits, such as the International Olympic Committee (IOC) and associated companies, the Court of Arbitration for Sport (CAS), the World Anti-Doping Agency (WADA), the Organizing Committee for the 2016 Olympic Games (RIO 2016), National Olympic Committees, International Sports Federations, accredited media companies, sponsors and IOC and RIO 2016 service providers.

If any of the eligible applicants commercializes products or services in Brazil or if it employs individuals (with or without a formal employment relationship), they incur in the legal obligation to establish an office or branch in Brazil.

Non-resident individuals entering Brazil who are employed or hired by such organizations to carry out activities related to the Rio Olympic Games are also exempted from the IRPF (Individual Income Tax).

¹ Law No. 12.780/13

Following the Federal Government precedent, States and Municipalities also adopted Laws exempting the payment of the ICMS (State Sales Tax) and the ISS (Services Tax) for sales and activities related to the Games (including celebrations, meetings, conferences, congresses).

It is worth noting that the IOC and RIO 2016 recently provided a list to the Brazilian Revenue Service indicating the individuals and legal entities that should benefit from the tax advantages herein mentioned².

Eligible companies not included in this list must send to the IOC or RIO 2016 all Debt Clearance Certificates for Federal Taxes and a duly completed form available on the internet³. Then, the IOC or RIO 2016 will submit the documentation to the Brazilian Revenue Service, who will issue an Executive Declaratory Act authorizing the use of the tax benefits.

Almeida Corporate Law has a team of highly specialized professionals with the expertise in Tax Law matters and with experience based on an in-depth understanding of our clients' business and operations.

² <http://www.receita.fazenda.gov.br/Legislacao/RegimePessoas/HabilitadasParaJogos2016/RelacaodasPJ2016.htm>

³ <http://normas.receita.fazenda.gov.br/sijut2consulta/link.action?visao=anotado&idAto=39723>