

## Venezuela-Brazil Treaty to avoid double taxation in terms of Income Tax



The Government of the Federative Republic of Brazil has published Decree No 8336 dated November 12<sup>th</sup>, 2014 whereby it ratifies the Treaty to avoid double taxation and the prevention of Tax Evasion in terms of Income Tax between Brazil and Venezuela.

### Scope and Benefits

The current treaty shall apply to all those natural persons and legal entities domiciled in any of the contracting States carrying out economic activities with the other State.

This treaty established definitions to determine tax residence, permanent establishment and the following withholding rates:

- Interests: 15%
- Dividends: 10-15%
- Royalties: 15%
- Technological Services: 15%
- Technical Assistance: 15%

## **1. Background**

In Caracas, a treaty was signed by the Federative Republic of Brazil and the Bolivarian Republic of Venezuela to avoid double taxation and prevent tax evasion in terms of Income tax dated February 14th, 2005.

The Bolivarian Republic of Venezuela published and confirmed the treaty through Official Gazette No 38344, dated December 27th, 2005. Nevertheless, it had not been effective until Brazil confirmed the Treaty in compliance with its methods and internal regulations.

However, Brazil had not confirmed the aforementioned Treaty until November 12th, 2014. Thereby, the last requirement for this Treaty between both parties to be effective is complied. The formalities to be complied were the signature, confirmation and the record of the Treaty.

## **2. Effective date**

As stated above, the current treaty is effective on November 12th, 2014. Therefore, the treaty to avoid double taxation in terms of Air Transportation between the Government of the Federative Republic of Brazil and the Bolivarian Republic of Venezuela, dated November 7<sup>th</sup>, 1979, is derogated.

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