

# Brazil

## Transfer Pricing Country Profile<sup>1</sup>

January 2026

		SUMMARY	REFERENCE
<b>The Arm's Length Principle</b>			
1	<b>Does your domestic transfer pricing framework<sup>2</sup> make reference to the arm's length principle?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  In 2023, Brazil introduced a new transfer pricing system through Law No. 14,596/2023. The new law incorporates and makes express reference to the arm's length principle.	Article 2º of <a href="#">Law No. 14,596/23</a> Article 2º of <a href="#">Normative Instruction RFB No. 2,161/23</a>
2	<b>Does your domestic transfer pricing framework give the OECD Transfer Pricing Guidelines any role or status (e.g. legal binding effect, subsidiary application in the absence of domestic legislation, source of interpretation of domestic legislation and/or treaty provisions, other)?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  The OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2022, as well as any future amendments thereto, when expressly approved by the Special Secretariat of the Federal Revenue of Brazil (RFB), constitute supplementary sources for the interpretation and integration of transfer pricing rules, except when they are contrary to or inconsistent with Law No. 14,596 of June 14, 2023, and its regulations.	Article 1º, §1º, of <a href="#">Normative Instruction RFB No. 2,161/23</a>

<sup>1</sup> Information in transfer pricing country profiles is provided directly by jurisdictions. By publishing the transfer pricing country profiles on the OECD website, the OECD does not certify the accurateness of the information provided therein. Importantly, transfer pricing country profiles published on the OECD website are made available to stakeholders for information purposes only and are not intended to be used in substitution to a jurisdiction's legal instruments, jurisprudence, or administrative guidance or practice nor relied on as an accurate and complete description of domestic law.

<sup>2</sup> For purposes of transfer pricing country profiles, the term "domestic transfer pricing framework" refers to a jurisdiction's domestic legislation, regulations, administrative guidance or practice, jurisprudence or governing general principles in the jurisdiction.

3	<p><b>Does your domestic transfer pricing framework provide for a definition of related parties applicable for transfer pricing purposes? If so, please provide the definition contained under your domestic transfer pricing framework.</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Parties are considered related when at least one of them is subject to the influence, exercised directly or indirectly by another party, that may lead to the establishment of terms and conditions in their transactions that diverge from those that would be established between unrelated parties in comparable transactions. Without prejudice to other situations, the following are considered related parties:</p> <ul style="list-style-type: none"> <li>• the controlling shareholder and its controlled investee;</li> <li>• the entity and its business unit, when such unit is treated as a separate taxpayer for income tax purposes, including the head office and its branches;</li> <li>• affiliates;</li> <li>• entities included in consolidated financial statements, or that would be included if the ultimate parent entity of the multinational group to which they belong were to prepare such statements assuming its capital were traded on the securities markets of its jurisdiction of residence;</li> <li>• entities where one of them has the right to receive, directly or indirectly, at least 25% of the profits of the other or of its assets in the event of liquidation;</li> <li>• entities that are, directly or indirectly, under common control or in which the same partner or shareholder owns 20% or more of the share capital of each;</li> <li>• entities in which the same partners or shareholders, or their spouses, domestic partners, relatives by blood or affinity up to the third degree, hold at least 20% of the share capital of each;</li> <li>• the entity and the individual who is a spouse, domestic partner, or relative by blood or affinity up to the third degree of a member of the board, officer, or controlling shareholder of that entity; and</li> <li>• the legal entity resident or domiciled in Brazil and any entity characterized under the situations provided in Articles 24 and 24-A of Law No. 9,430 of</li> </ul>	<p>Article 4º of <a href="#">Law No. 14,596/23</a></p> <p>Article 4º of <a href="#">Normative Instruction RFB No. 2,161/23</a></p>
---	--	--	--

		1996 (counterparties located in low-tax jurisdictions or beneficiaries of privileged tax regimes).													
<b>Transfer Pricing Methods</b>															
4	<b>Does your domestic transfer pricing framework provide for transfer pricing methods to be used in respect of transactions between related parties?</b>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>CUP</th><th>Resale Price</th><th>Cost Plus</th><th>TNMM</th><th>Profit Split</th><th>Other (<i>If so, please describe</i>)</th></tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> </tbody> </table> <p>The legislation requires the use of the most appropriate method among the CUP, Resale Price, Cost Plus, TNMM, Profit Split, or any other methods, provided that any alternative methodology adopted produces a result consistent with that which would be achieved in comparable transactions carried out between non-related parties.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other ( <i>If so, please describe</i> )	<input checked="" type="checkbox"/>	Article 11 of <a href="#">Law No. 14,596/23</a> Article 33 of <a href="#">Normative Instruction RFB No. 2,161/23</a>					
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other ( <i>If so, please describe</i> )										
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>										
5	<b>Which criterion is provided for in your domestic transfer pricing framework for the application of transfer pricing methods?</b>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>The most appropriate method should be applied on a case-by-case basis. Furthermore, the legislation establishes that:</p> <ul style="list-style-type: none"> <li>the CUP method shall be considered the most appropriate when reliable information on prices or consideration amounts arising from comparable transactions between unrelated parties is available, unless it can be demonstrated that another method is more appropriately applicable in order to observe the arm's length principle; and</li> <li>when the taxpayer selects “other methods”, the transfer pricing documentation must demonstrate that the prescribed methods (CUP, RPM, Cost Plus, TNMM and Profit Split) are not applicable to the controlled</li> </ul>	Article 11 of <a href="#">Law No. 14,596/23</a> Articles 33 and 34 of <a href="#">Normative Instruction RFB No. 2,161/23</a>												

		transaction, or that they do not produce reliable results, and that the alternative method selected is considered more appropriate.	
6	<b>Does your domestic transfer pricing framework contain specific guidance on commodity transactions?</b>	<p><input checked="" type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input type="checkbox"/> Domestic transfer pricing framework provides for the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input type="checkbox"/> No</p>	<p>Articles 12 to 14 of <a href="#">Law No. 14,596/23</a></p> <p>Articles 36 to 38 of <a href="#">Normative Instruction RFB No. 2,161/23</a></p>
<b>Comparability Analysis</b>			
7	<b>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</b>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>Article 9 of <a href="#">Law No. 14,596/23</a></p> <p>Articles 20 to 32 of <a href="#">Normative Instruction RFB No. 2,161/23</a></p>
8	<b>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</b>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	
		According to the legislation, the use of domestic or foreign comparable must be assessed on a case-by-case basis, taking into account the facts and circumstances of the transaction, the degree of comparability of the transactions in view of their economically relevant characteristics, and the reliability of the available information.	
9	<b>Does your domestic transfer pricing framework permit the use of secret comparables for transfer pricing assessment purposes?</b>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	

10	<p><b>Does your domestic transfer pricing framework allow or require the use of an arm's length range and/or statistical measure (e.g. the interquartile range or other percentiles) for determining arm's length remuneration?</b></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The legislation provides that:</p> <ul style="list-style-type: none"> <li>the interquartile range shall be used when there are uncertainties regarding the degree of comparability between comparable transactions that cannot be precisely identified, quantified, or adjusted; or</li> <li>the full range shall be used when transactions between unrelated parties have an equivalent degree of comparability with the controlled transaction and when there are no comparability uncertainties.</li> </ul>	Article 16 of <a href="#">Law No. 14,596/23</a> Article 47 of <a href="#">Normative Instruction RFB No. 2,161/23</a>
11	<p><b>Are comparability adjustments required under your domestic transfer pricing framework?</b></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The legislation requires the performance of comparability adjustments as part of the comparability analysis. Reasonably accurate comparability adjustments must be made to eliminate the material effects of differences relative to the controlled transaction or the tested party, noting that:</p> <ul style="list-style-type: none"> <li>comparability adjustments to eliminate materially relevant differences must be made if, and only if, they are expected to increase the reliability of the results;</li> <li>comparability adjustments must be made after applying consistent criteria to screen and select transactions between unrelated parties that exhibit the highest degree of comparability;</li> <li>the same difference should not be adjusted more than once through the same comparability adjustment or through different adjustments, so as not to account for the effect of eliminating the same difference multiple times;</li> <li>the need to make numerous or substantial comparability adjustments may indicate that transactions between unrelated parties are not sufficiently comparable; and</li> <li>each adjustment must be duly justified and documented, including the provision of information demonstrating the necessity of each adjustment with reference to the differences, together with explanations of the grounds for making the adjustments, the procedures adopted, and the calculations performed, detailing all steps followed, variables used, and the results obtained for the comparables.</li> </ul>	Article 5º of <a href="#">Law No. 14,596/23</a> Article 7º and 32 of <a href="#">Normative Instruction RFB No. 2,161/23</a>

		<p>The legislation mentions, among others, the following as examples of comparability adjustments that should be made depending on the case:</p> <ul style="list-style-type: none"> <li>• adjustments for accounting standard;</li> <li>• adjustments for differences in functions, risk assumption, assets, and capital, including working capital;</li> <li>• adjustments to contractual terms;</li> <li>• adjustments to the characteristics of goods and services.</li> </ul>	
<b>Intangible Property</b>			
12	<b>Does your domestic transfer pricing framework contain guidance specific to the pricing of controlled transactions involving intangibles?</b>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VI of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p>	Articles 19 to 22 of <a href="#">Law No. 14,596/23</a>
13	<b>Are there any other rules outside your transfer pricing framework that are relevant for the pricing of controlled transactions involving intangibles?</b>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>For royalty payments, the Brazilian framework contained special measures whereby the deductibility of such expenses was limited to fixed percentages of the taxpayer's turnover. These limits were established based on the industry sector (from 1% to 5%).</p> <p>With the introduction of the new transfer pricing system in 2023 such measures were revoked.</p>	
<b>Hard-to-Value Intangibles<sup>3</sup></b>			
14		<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow the guidance on HTVI in Chapter VI of the TPG?</p>	Article 19 and 22 of <a href="#">Law No. 14,596/23</a>

<sup>3</sup> Please note that questions in this section are imported from the HTVI questionnaire and integrated into this TPCP to centralise all jurisdiction-related transfer pricing information.

	<p><b>Does your domestic transfer pricing framework contain guidance specific to hard-to-value intangibles (HTVI)?<sup>4</sup></b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p>	
		<p>The Brazilian transfer pricing law contains general provisions incorporating the guidance on HTVI based on Chapter VI of the TPG.</p>	
15	<p><b>If your jurisdiction applies the HTVI approach, what are the conditions for the application of the HTVI approach?</b></p>	<p>HTVI approach is applicable when there is a transaction with an intangible that fulfils the definition of a hard-to-value intangible provided by Article 19, II of Law No. 14,596/23 and:</p> <ul style="list-style-type: none"> <li>the taxpayer does not provide detailed information on the projections used at the time the transaction was carried out, including those demonstrating how risks were taken into account in the calculations for determining the price, as well as information regarding the consideration of reasonably foreseeable events and other uncertainties and the probability of their occurrence; and does not demonstrate that any significant difference between the financial projections and the results actually obtained arises from events or facts occurring after the price determination that could not have been foreseen by the related parties, or whose probability of occurrence was not significantly overestimated or underestimated at the time of the transaction; or</li> <li>when any difference between the financial projections and the results actually obtained results in a decrease or increase in the remuneration for the hard-to-value intangible exceeding 20% of the remuneration determined at the time of the transaction.</li> </ul> <p>When such conditions are met, tax authorities can take into account in assessing the taxpayers income the information available in periods subsequent to that in which the controlled transaction was carried out regarding the existence of uncertainties at the time of the transaction and, in particular, to assess whether the taxpayer considers the pricing or valuation uncertainties existing at the time the transaction was carried out; and whether the uncertainties were properly addressed in a manner consistent with how unrelated parties would have done under comparable circumstances, including through the use of short-term contracts, the inclusion of price-adjustment clauses, or the establishment of contingent payments.</p>	<p>Article 19 and 22 of <a href="#">Law No. 14,596/23</a></p>

<sup>4</sup> In the case of jurisdictions that do not apply the HTVI approach (i.e. they responded “no” to question 14), it is not necessary to respond to the remaining questions in the HTVI section and these questions will not be published as part of jurisdiction’s transfer pricing country profile.

16	<b>Are transactions falling within the scope of the HTVI approach subject to a transfer pricing analysis different from the one established in Chapters I and VI, or to other compliance requirements specifically applicable to transfer prices (e.g. domestic anti-abuse rules)?</b>	Transfer pricing analysis of HTVI is similar to the one established in Chapters I and VI of the OECD TPG.	Article 19 and 22 of <a href="#">Law No. 14,596/23</a>
17	<b>What is the statute of limitations applicable to transactions falling within the scope of the HTVI approach in your domestic transfer pricing framework? Does this statute of limitations differ from those applicable to other transactions?</b>	There is no specific statute of limitation for transactions involving HTVI – the general statute of limitation applies – 5 years, counting from the end of the calendar year in which the income (loss) should be accrued.	
18	<b>Can taxpayers request a bilateral or multilateral advance pricing agreement (“APA”) for transactions falling within the scope of the HTVI approach under your domestic transfer pricing framework?</b>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The Brazilian framework does not preclude the possibility of asking for APAs for transactions within the scope of the HTVI approach. However, when it comes to unilateral APAs the implementation of the program is contingent upon the edition of regulations which were not published yet.</p>	Article 38 of <a href="#">Law No. 14,596/23</a>
19	<b>What measures exist or approaches have been adopted to avoid the use of hindsight (e.g. training of tax administrators, internal circulars/informative notes)?</b>	The Brazilian Tax Administration organizes trainings and workshops for tax auditors and judges of administrative courts on the transfer pricing legislation and the usage of hindsight is one of the topics addressed.	
20	<b>Is it possible for your tax administration to make adjustments under the HTVI approach in open</b>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	Article 22, § 2º, of <a href="#">Law No. 14,596/23</a>

	<p><b>years amounts pertaining to closed years?</b></p>	<p>In accordance with the transfer pricing law, unless it is possible to determine the appropriate remuneration in the form of a single payment at the time of the transaction, the adjustment shall be made through the determination of annual contingent payments that reflect the uncertainties arising from the pricing or valuation of the intangible involved in the controlled transaction.</p> <p>Based on this, if it is not possible for instance to determine an adequate remuneration in the form of a single payment at the time of a transaction that occurs in a closed year, the adjustment could be made in the following open years through the determination of annual contingent payments that reflect the uncertainties arising from the pricing or valuation of the intangible involved in the controlled transaction.</p> <p>Adjustments are also possible if there is payment spread over time (in open years) or where there is a price adjustment clause in the agreement and such forms of remunerations are compatible to what unrelated parties would have established in comparable circumstances.</p>	
21	<p><b>Does your domestic transfer pricing framework allow the tax administration to make corresponding adjustments under the HTVI approach in open years for amounts pertaining to closed years?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> N/A</p>	
22	<p><b>Is it possible for your tax administration to make several adjustments for one single HTVI transaction under the HTVI approach?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>General rules regarding corresponding adjustments are applied.</p>	<p>Articles 17 and 22, § 2º, of <a href="#">Law No. 14,596/23</a></p>

## Intra-group Services

23	<p><b>Does your domestic transfer pricing framework provide guidance specific to intra-group services transactions?</b></p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VII of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p> <p>The Brazilian transfer pricing law contains specifics provisions for intra-group services which are based on Chapter VII of the TPG in addition to the general framework that is also applicable and is based on the TPG.</p>	<p>Articles 23 and 24 of <a href="#">Law No. 14,596/23</a></p>
24	<p><b>Does your domestic transfer pricing framework provide for or allow the application of a simplified approach for low value-adding intra-group services?</b></p>	<p><input checked="" type="checkbox"/> Yes. If so, does it follow (largely follow) the low value-adding services approach in Chapter VII?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p> <p>The Brazilian transfer pricing framework contains special measure for low value-adding services which follows the guidance on Chapter VII of the TPG.</p> <p>The taxpayer may opt for a simplified approach under which the remuneration for such services shall include a gross profit margin, calculated on the total amount of direct and indirect costs related to the transaction, of: (i) at least 5%, where the service provider is a taxpayer resident in Brazil; or (ii) at most 5%, where the service provider is a related party abroad.</p> <p>Services that are considered low-value adding services are:</p> <ul style="list-style-type: none"> <li>• services of a support nature;</li> <li>• services that are not part of the core activities of the related party or the multinational group;</li> <li>• services that do not require the use of unique and valuable intangibles and do not contribute to their creation;</li> <li>• services that do not involve the assumption or control of economically significant risks by the service provider and do not give rise to the creation of such significant risk for the provider; and</li> </ul>	<p>Article 53 of <a href="#">Normative Instruction RFB No. 2,161/23</a></p>

	<ul style="list-style-type: none"> <li>services that do not contribute significantly to the creation, enhancement, or maintenance of value in the multinational group, to its core capabilities, or to the group's chances of business success.</li> </ul> <p>The regulation excludes from the simplified approach:</p> <ul style="list-style-type: none"> <li>services that the multinational group also provides to unrelated parties;</li> <li>services that constitute one of the core business activities of the multinational group;</li> <li>research and development (R&amp;D) activities, including software development, unless they fall within the scope of low value-adding information technology services;</li> <li>manufacturing and production services;</li> <li>procurement activities related to raw materials or other materials used in the manufacturing or production process;</li> <li>sales, marketing, and distribution activities;</li> <li>financial transactions;</li> <li>extraction, exploration, or processing of natural resources;</li> <li>insurance and reinsurance activities;</li> <li>senior corporate management services, except for those consisting of the management of services that qualify as low value-adding services; and</li> <li>international transportation services, leasing of goods, or chartering.</li> </ul>	
25	<p><b>Are there any other rules outside your transfer pricing framework for pricing intragroup services?</b></p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>There are other rules in the framework that establish when a payment is considered deductible from the corporate income tax base. A general rule foreseen in the Brazilian legislation requires that an expense must be necessary for the company's business activity and for maintaining the productive source, as well as usual and ordinary for the type of transactions, operations, or activities performed by the company to be considered deductible. Such rule is applicable for transactions carried out with related and non-related parties.</p>	Article 47 of <a href="#">Law No. 4,506/23</a> Article 311 of <a href="#">Decree No. 9,580/18</a>

## Financial Transactions

26	<p><b>Does your domestic transfer pricing framework provide guidance specific to financial transactions?</b></p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter X of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p> <p>The Brazilian transfer pricing law contains specific provisions for financial transactions which are based on Chapter X of the TPG in addition to the general framework that is also applicable and is based on the TPG.</p>	<p>Articles 27 to 33 of <a href="#">Law No. 14,596/23</a></p>
27	<p><b>Are there any other rules outside your transfer pricing framework that are relevant for the tax treatment of financial transactions? (e.g. whether your jurisdiction has implemented the measures in BEPS Action 4 to limit interest deductions and other financial payments or any similar rules)</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>In addition to the transfer pricing rules, the deduction of interests and other payments are also subject to a general deductibility test and of interests to thin capitalization rules. By the general deductibility test, expenses and costs are deductible from corporate income tax when they are necessary, usual, and normal in the enterprise activities.</p> <p>The balance between debt and equity is tested by thin capitalizations rules. For related parties' debts, thin capitalization rules set a debt-to-equity ratio that may not exceed 2:1 of the net equity of the Brazilian entity. In cases where the interest is paid to a related or unrelated party in a low-tax jurisdiction or subject to a privileged tax regime, the debt-to-equity ratio may not exceed 0.3:1 (30%). Brazil did not implement the measures of BEPS Action 4.</p>	<p>Articles 24 and 25 of <a href="#">Law No. 12,249/10</a></p> <p><a href="#">Normative Instruction RFB No. 1,154/11</a></p> <p>Article 47 of <a href="#">Law No. 4,506/23</a></p> <p>Article 311 of <a href="#">Decree No. 9,580/18</a></p>
<h2 style="margin: 0;">Cost Contribution Arrangements</h2>			
28	<p><b>Does your jurisdiction allow cost contribution arrangements?</b></p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VIII of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p>	<p>Article 25 of <a href="#">Law No. 14,596/23</a></p>

		<p>The Brazilian transfer pricing law contains specific provision for cost contribution arrangement which are based on Chapter VIII of the TPG in addition to the general framework that is also applicable and is based on the TPG.</p>	
<b>Transfer Pricing Documentation</b>			
29	<b>Does your domestic transfer pricing framework require the taxpayer to prepare transfer pricing documentation?</b>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</li> <li><input checked="" type="checkbox"/> Other (specify):</li> </ul> <p>With respect to controlled transactions involving commodities, the Brazilian framework determines that such transactions must be informed to the tax administration until the tenth day of the month following the month in which the contract was signed, regardless of the form used for its formalization.</p>	Article 34 of <a href="#">Law No. 14,596/23</a> Article 54 to 64 of <a href="#">Normative Instruction RFB No. 2,161/23</a>
30	<b>Please briefly explain the relevant requirements related to each transfer pricing documentation requirement (i.e. timing for preparation or submission, languages, etc.)</b>	<p>Taxpayers must prepare and submit to the tax administration:</p> <ul style="list-style-type: none"> <li>• Master file;</li> <li>• Local file; and</li> <li>• Country-by-country reporting</li> </ul> <p>With respect to controlled transactions involving commodities, such transactions must be informed to the tax administration until the tenth day of the month following the month in which the contract was signed, regardless of the form used for its formalization. Among other things, taxpayers must inform:</p> <ul style="list-style-type: none"> <li>• contract identification data;</li> <li>• data relating to the declarant and the parties involved in the contract; <ul style="list-style-type: none"> <li>○ data relating to the contract and the transaction;</li> <li>○ information on each commodity;</li> <li>○ details of the transaction;</li> <li>○ price or pricing criterion and adjustments;</li> <li>○ date or date range used to determine the commodity price;</li> </ul> </li> <li>• reference sources used for pricing; and</li> </ul>	Article 34 of <a href="#">Law No. 14,596/23</a> Article 54 to 64 of <a href="#">Normative Instruction RFB No. 2,161/23</a>

- the transfer pricing method adopted.

Some information related to the application of the transfer pricing legislation are also required in the income tax return.

The Master File and the Local File must be submitted within three months after the deadline established for filing the income tax return – “ECF” (by the last business day of July of the year following the calendar year to which the bookkeeping refers) for the corresponding calendar year. For calendar year 2024, the deadline for submitting the Master File and the Local File shall be the last business day, respectively, of calendar years 2025.

The regulation waives the presentation of the Local File and the Master File if the taxpayer's total controlled transactions, before transfer pricing adjustments, in the calendar year preceding the calendar year to which the Local and Master Files refers, amount to less than BRL 15,000,000.00.

When taxpayer's total controlled transactions, before transfer pricing adjustments, in the calendar year preceding the calendar year to which the Local File refers, amount to BRL 15,000,000.00 or more and less than BRL 500,000,000.00, the legislation requires the submission of a simplified Local File in which taxpayers must present the following information:

- identification of the entities involved in the controlled transactions;
- a description of the type, characteristics, and value of the controlled transactions;
- identification of the transfer pricing methods used for each controlled transaction;
- the comparables obtained and the values or ranges of values resulting from the application of the transfer pricing methods used for each controlled transaction;
- the justification for the selection of the transfer pricing method and the comparables used; and
- an explanation of the spontaneous and compensatory transfer pricing adjustments made during the calendar year.

The Master File drafted in a foreign language must be accompanied by a simple translation into Portuguese, except when it is drafted in English or Spanish, in which case the translation shall be submitted only if required by the tax authority. The same is also applicable to any other supporting documents drafted in a foreign language.

31	<p><b>Does your domestic transfer pricing framework provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</b></p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p>Brazilian transfer pricing framework foresees specific penalties regarding transfer pricing documentation, as follows:</p> <ul style="list-style-type: none"> <li>• With respect to the Master File and the Local File: <ul style="list-style-type: none"> <li>○ a fine equivalent to 0.2% per calendar month or fraction thereof, calculated on the taxpayer's gross revenue for the period to which the obligation refers, in the event of failure to submit the documentation within the prescribed deadline; and</li> <li>○ a fine equivalent to 3% of the taxpayer's gross revenue for the period to which the obligation refers, in the event of submission that does not comply with the requirements applicable to such submission.</li> </ul> </li> <li>• With respect to the Master File: <ul style="list-style-type: none"> <li>○ a fine of 0.2% of the multinational group's consolidated revenue for the year preceding the year to which the information refers, in the event of submission containing inaccurate, incomplete, or omitted information.</li> </ul> </li> <li>• With respect to the failure to timely provide information or documentation requested by the tax authority during a tax procedure or other preliminary supervisory measure, or for any conduct that obstructs the audit during the tax procedure: <ul style="list-style-type: none"> <li>○ a fine equivalent to 5% of the value of the corresponding transaction, as priced by the tax authority.</li> </ul> </li> </ul> <p>The fines mentioned above shall have a minimum value of BRL 20,000.00 and a maximum value of BRL 5,000,000.00.</p>	<p>Article 66 of <a href="#">Normative Instruction RFB No. 2,161/23</a></p>
32	<p><b>Does your domestic transfer pricing framework provide for exemption from transfer pricing documentation obligations?</b></p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p>The Brazilian transfer pricing regulation waives the presentation of the Local File and the Master File if the taxpayer's total controlled transactions, before transfer pricing adjustments, in the calendar year preceding the calendar year to which the Local and Master Files refers, amount to less than BRL 15,000,000.00. When taxpayer's total controlled transactions, before transfer pricing adjustments, in the calendar year preceding the calendar year to which the Local File refers, amount to BRL 15,000,000.00 or more and less than BRL 500,000,000.00, the legislation requires the submission of a simplified Local File.</p>	<p>Article 57, III and §1º, Art. 57, § 2º of <a href="#">Normative Instruction RFB No. 2,161/23</a></p>

	<p>In the Local File, taxpayer must declare:</p> <ul style="list-style-type: none"> <li>importation of goods which, in aggregate, represent 80% of the total value of controlled import transactions involving goods in the calendar year;</li> <li>exportation of goods which, in aggregate, represent 80% of the total value of controlled export transactions involving goods in the calendar year;</li> <li>importation of services which, in aggregate, represent 80% of the total value of controlled import transactions involving services in the calendar year; and</li> <li>exportation of services which, in aggregate, represent 80% of the total value of controlled export transactions involving services in the calendar year.</li> </ul> <p>Controlled transactions with intangibles, business restructuring, cost contribution agreement, financial transactions and with commodities must be reported in full.</p>	
--	---	--

Administrative Approaches to Avoiding and Resolving Disputes		
33	<p><b>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</b></p> <p>Please check those that apply:</p> <p><input checked="" type="checkbox"/> Rulings</p> <p><input type="checkbox"/> Enhanced engagement or cooperative compliance programmes</p> <p><input checked="" type="checkbox"/> Advance Pricing Agreements (APA)</p> <p><input checked="" type="checkbox"/> Unilateral APAs</p> <p><input checked="" type="checkbox"/> Bilateral APAs</p> <p><input checked="" type="checkbox"/> Multilateral APAs</p> <p><input type="checkbox"/> International Compliance Assurance Programme (ICAP)</p> <p><input checked="" type="checkbox"/> Mutual Agreement Procedures</p> <p><input type="checkbox"/> Other (<i>please specify</i>):</p>	<p><a href="#">Brazilian DTA network</a></p> <p><a href="#">Normative Instruction RFB No. 1,846/2018</a></p> <p><a href="#">MAP Manual</a></p> <p><a href="#">Brazil's MAP Profile</a></p> <p>Article 38 of <a href="#">Normative Instruction RFB No. 2,161/23</a></p>

		On Bilateral APAs and Multilateral APAs, the DTAs in force consist in the framework to negotiate the cases that may be admitted by the competent authorities.	
<b>Simplified and Streamlined Approach for Baseline Marketing and Distribution Activities</b>			
34	<b>Does your domestic transfer pricing framework allow the application of the simplified and streamlined approach for baseline marketing and distribution activities in the relevant Annex of Chapter IV of the TPG?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other (please elaborate)	Brazil did not introduce the simplified and streamlined approach for baseline marketing and distribution activities in its framework.
35	<b>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, how is it implemented?</b>	<input type="checkbox"/> In-scope tested parties resident within the jurisdiction can elect to apply the simplified and streamlined approach (i.e. safe harbour) <input type="checkbox"/> In-scope tested parties resident within the jurisdiction are required to follow the simplified and streamlined approach for in-scope qualified transactions and tax administrations are allowed to impose the application of the simplified and streamlined approach to in-scope qualified transactions of tested parties resident within their jurisdiction (i.e. rule) <input checked="" type="checkbox"/> N/A	
36	<b>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, what is the operating expense to sales (OES) upper bound chosen by your jurisdiction regarding scoping criterion 13.b?</b>	<input type="checkbox"/> 20% <input type="checkbox"/> 30% <input type="checkbox"/> Other (please specify) <input checked="" type="checkbox"/> N/A	
37	<b>Does your jurisdiction respect the outcome of the application of the simplified and streamlined approach by a covered jurisdiction in line with the Inclusive Framework political commitment?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

38	<p>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach for resident in-scope tested parties, does your jurisdiction respect the outcome of the application of such approach by another jurisdiction that is not a covered jurisdiction?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	
<b>Safe Harbours and Other Simplification Measures</b>			
39	<p>Does your jurisdiction provide for any safe harbours or other simplification measures in respect of certain industries, types of taxpayers, or types of transactions (not listed in other sections of this questionnaire)?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>The transfer pricing law authorizes the tax administration to establish specific rules to regulate the application of the arm's length principle to certain situations, particularly to (i) simplify the application of the steps of the comparability analysis, including to waive or simplify the submission of the documentation; (ii) provide additional guidance with respect to specific transactions, including transactions involving intangibles, cost-sharing arrangements, business restructurings, centralized treasury management agreements, and other financial transactions; and (iii) establish the treatment applicable to situations in which the available information regarding the controlled transaction, the related party, or comparables is limited.</p> <p>Based on this, Brazilian transfer pricing regulation contemplates the simplified approach for low value-added services (LVAS) and some exemptions for transfer pricing documentation (please refer to questions 24 and 32).</p>	Article 34 of <a href="#">Law No. 14,596/23</a>
<b>Other Legislative Aspects or Administrative Procedures</b>			
40	<p>Does your domestic transfer pricing framework allow downward corresponding adjustments in the absence of a mutual agreement procedure (e.g. unilateral corresponding adjustments)?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>Brazilian transfer pricing law does not allow downward adjustments, except in the context of MAPs. Downward adjustments are expressly forbidden by the law.</p>	Article 18, § 4º of <a href="#">Law No. 14,596/23</a> Article 49, §§ 3º and 4º of <a href="#">Normative Instruction RFB No. 2,161/23</a>

41	<p><b>Does your domestic transfer pricing framework allow or require taxpayers to make year-end adjustments?</b></p>	<p><input type="checkbox"/> Yes. Year-end adjustments are required.</p> <p><input checked="" type="checkbox"/> Yes. Year-end adjustments are allowed.</p> <p><input type="checkbox"/> No</p> <p>Brazilian transfer pricing legislation allows year-end adjustments when certain conditions are met.</p> <p>The taxpayer shall seek to establish the terms and conditions of the controlled transaction in accordance with the arm's length principle at the time the controlled transaction is entered into, taking into account the realistically available options. The taxpayer shall gather all information necessary to establish the terms and conditions at the time the controlled transaction is entered into and may rely on additional information that becomes known later insofar as it relates to that moment. If the determination of the transfer price is based on estimated or projected data regarding costs, expenses, production, profitability, or other elements, the projections and estimates must be justified by the experience of prior years and based on economically grounded forecasts. Differences between projected and actual results must be adjusted preferably throughout the calendar year, or at least by its end.</p> <p>Such adjustment shall comply with the following forms and conditions:</p> <ul style="list-style-type: none"> <li>• it must be carried out symmetrically and definitively in the accounting records of the taxpayer in Brazil and of the other parties to the controlled transaction, reflecting the same amount and nature of the controlled transaction;</li> <li>• it must be supported by the issuance of debit notes, credit notes, or fiscal and commercial documentation, as applicable, indicating the nature and the amount of the adjustment;</li> <li>• it must be confirmed by a declaration from the legal representative of the other parties to the controlled transaction, stating that they have made the adjustment in the same amount as that recorded by the legal entity domiciled in Brazil, and attested to by the representative of the latter; and</li> <li>• it must not refer to transactions carried out by a legal entity resident or domiciled in Brazil with any entity falling within the situations referred to in Articles 24 and 24-A of Law No. 9,430 of 1996.</li> </ul> <p>The adjustment shall be made up to the date of submission of the <i>income tax return</i>, provided that its accounting entry is permanently recorded in the accounting books of the taxpayer for the calendar year corresponding to the taxable period to which the controlled transaction relates.</p>	<p>Article 17, I of <a href="#">Law No. 14,596/23</a></p> <p>Articles 48, II, 28 and 50 of <a href="#">Normative Instruction RFB No. 2,161/23</a></p>
----	--	--	---

42	<p><b>Does your domestic transfer pricing framework provide for secondary adjustments?</b></p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Attribution of Profits to Permanent Establishments</b>			
43	<p><b>Which version of Article 7 of the OECD Model Tax Convention on Income and on Capital do your tax treaties contain?</b></p>	<input checked="" type="checkbox"/> Article 7 as it read before 2010. <input type="checkbox"/> If so, please indicate in how many treaties: <input type="checkbox"/> Article 7 as it reads after 2010. <input type="checkbox"/> If so, please indicate in how many treaties: <input type="checkbox"/> Other (please provide additional details)	
44	<p><b>For tax treaties containing Article 7 as it read before 2010, does your jurisdiction apply the authorized OECD approach (AOA)?</b></p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (please explain the approach used and which tax treaties are concerned)	<p>Brazil follows the 2008 approach (2008 OECD MTC) in all DTAs, with some specific variations. The variations in Brazilian DTC practice are mainly related to Art. 7(4) of the 2008 OECD MTC. Two DTCs (China and Venezuela) have the aforementioned version of Art. 7(4). Art. 7(6) of the 2008 OECD MTC is included only in DTCs negotiated with Japan, China, Russia, Portugal and Uruguay.</p>
45	<p><b>Does your domestic transfer pricing framework contain specific guidance for the attribution of profits to permanent establishments of non-resident entities? If so, please provide a summary of the main features of this guidance.</b></p>	<input type="checkbox"/> Yes, they follow the AOA as described in the 2008 Report on the Attribution of Profits to Permanent Establishments <input type="checkbox"/> Yes, they follow the AOA as described in the 2010 Report on the Attribution of Profits to Permanent Establishments <input type="checkbox"/> Yes, they do not follow the AOA (please provide a summary of the main features of these rules) <input checked="" type="checkbox"/> No	

Other Relevant Information		
46	<b>Other legislative aspects or administrative procedures regarding transfer pricing</b>	N/A
47	<b>Other relevant information</b> (e.g. <i>whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire</i> )	Brazilian tax administration is elaborating new transfer pricing regulation for special transactions (transactions covered by chapters VII to X of the TPG) and to introduce unilateral APAs.

For more information, please visit: <https://www.oecd.org/en/topics/sub-issues/transfer-pricing/transfer-pricing-country-profiles.html>