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New changes to the *IOF* legislation

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The decree 6,613, enacted in October 22, 2008, introduces few changes to the *IOF* (Financial Operations Tax) legislation – compiled in the decree 6,306/07 –, particularly reducing the *IOF* rate to zero to the following operations: (i) foreign exchange operations related to the transfer of funds to and from abroad (including through simultaneous operations) executed by foreign investor, when investing in the financial and capital markets; (ii) the foreign currency purchase operation, contracted simultaneously with a sale operation, carried by an authorized institution, even when related to investments in the financial and capital markets; (iii) foreign exchange operations in connection with the inflow and outflow of funds into and out of the country, related to foreign loans/funding obtained from October 23, 2008, onward (considering maturity date higher than a 90-day period); and (iv) foreign exchange operations in connection with remittance abroad of dividends and interest on net equity arose from both variable-income and fixed-income investments in the financial and capital markets.

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