

Contracting Parties

Third Session:

REPORT OF WORKING PARTY 7 ON  
BRAZILIAN INTERNAL TAXES

CORRIGENDUM

Page 4

Replace paragraph 10 with the following:

10. As regards cigarettes, the Working Party found that the Law of 1948 did not apply to imported cigarettes higher taxes than those imposed on locally produced cigarettes of the highest price, but in fact had removed a previously existing differential in favour of the highest priced domestic cigarettes. However, the new law imposed a special rate of tax on imported cigarettes equivalent to the tax charged on the highest quality domestic product, and the retail price of the cigarettes on which the tax was based included the rate of the tax itself. Even if the separate rate for imported cigarettes were removed, the arrangement of the value brackets in the 1948 Law was such that the effect would still be that imported cigarettes would continue to be taxed at the highest rate applicable to the domestic product. The United States delegate considered that this constituted an additional protection of domestic cigarettes except those of the highest price. The Working Party agreed that in any revision of the law which the Government of Brazil might undertake, attention should be paid to the arrangement of the value brackets to ensure that these should not have a protective effect. In this connection, the Brazilian delegate agreed that the revision referred to in Paragraph 17 of this Report would include the tax on cigarettes.