

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Fifth Session

WORKING PARTY "E" ON BRAZILIAN INTERNAL TAXES

Explanations provided by the Brazilian Delegation

Draft Law No. 485-50	Legislation quoted in the draft										
Article 1, 1st paragraph	Article 16 - Chapter III of Decree no. 26.149, of 5 January 1949. The manufacturers of compound wines, to which decree no. 22.480 of 20 February 1953 refers, who wish to enjoy the benefits granted under this law should send their request to the Director of Inland Revenue. The order number of this concession must be shown on the certificate issued for this purpose by the official bureau of tax collection.										
Article 1, 2nd paragraph	Side arms bear a tax of 6%, when they are home produced and 12% when they are of foreign origin. (Law no. 494 of 1948, amendment 10).										
Article 1, 3rd paragraph	Item 2 of paragraph X of list A of the Schedule now reads as follows: - watches and clocks of every kind, which tell the time, with or without a case, which have not been manufactured with materials specified in item 1: a 5% tax has to be paid by the manufacturer according to notes 7 and 8, and the tax of 12%, as well as the additional tax, is to be paid by the importer according to note no. 15 (Law no. 494, of 1948, amendment 4).										
Article 1, 4th paragraph	Note 15 of paragraph X of list A of the Schedule is now worded as follows: - imported watches and clocks will pay a 12% tax plus an additional tax of 20%, without any other internal duty. (Law no. 494, of 1948, amendment 4).										
Article 1, 5th paragraph	Letter C of item 2 of paragraph 19 of list C now reads as follows: - c) drinks such as amaretto, arrack, brandy, cognac, juniper, gin, guesch, kirsch, koren, rum, ron, whisky, vodka and others known internationally which can be considered similar, of whatever alcoholic content, also those which have organoleptic properties and the characteristic analytical indications of these drinks. (Law 494, of 1948, amendment 6) (will pay) per <table data-bbox="569 1878 1232 2034"> <tr> <td></td> <td style="text-align: right;">Cr\$</td> </tr> <tr> <td>0,33 L (half bottle)</td> <td style="text-align: right;">6,00</td> </tr> <tr> <td>0,50 L (half litre)</td> <td style="text-align: right;">9,00</td> </tr> <tr> <td>0,66 L (bottle)</td> <td style="text-align: right;">12,00</td> </tr> <tr> <td>1,00 L (litre)</td> <td style="text-align: right;">16,00</td> </tr> </table>		Cr\$	0,33 L (half bottle)	6,00	0,50 L (half litre)	9,00	0,66 L (bottle)	12,00	1,00 L (litre)	16,00
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0,66 L (bottle)	12,00										
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Article 1, 6th paragraph	Letter "a" of position 2 of paragraph XIX of list C of the Schedule now reads as follows: - d) those which are obtained by distillation from the fermented juice of cane sugar, to which have been added aromatic or medicinal substances and which are called, under article II of Decree Law no. 4.327, of 22 May 1948, "conhaque de alcátrás", "conhaque de mel", "conhaque de gengibre" and other similar domestic products, as well as cognacs obtained by the distillative										

of natural grape wine of domestic origin. (Law no.494, of 1948, and amendment 7) (will pay) by

	Cr%
0,33 L (half bottle)	1,20
0,50 L (half litre)	1,80
0,66 L (bottle)	2,40
1,00 L (litre)	3,60

Article I,
7th paragraph

Item 3 of paragraph XII of list C of the Schedule now reads as follows:

- aperitifs and similar drinks: aperitifs, amers, bitters, fernets, vermouths, wines containing quinine, "ferroquina", those with an egg base and liqueurs (Law no.494, of 1948, amendment 7) (will pay) per

	Cr%
0,33 L (half bottle)	2,00
0,50 L (half litre)	3,00
0,66 L (bottle)	4,00
1,00 L (litre)	6,00

Article I,
8th paragraph

Note 3 of paragraph XII of list C of the Schedule now reads as follows:

Vermouths, wines containing quinine, ferro-quina, with egg base or guaraná and other drinks made in the same manner, when they shall be produced in the country using a minimum of 70% of wine or natural wine of home-grown fruits, of sugar and of alcohol, also home-produced, and of which the alcoholic content should not exceed 18%, will pay the tax provided for under item 3 of this paragraph, less 50% when their manufacture has been authorized previously by the Director of Inland Revenue.

Article I,
10th paragraph

Note 30 in the present Schedule reads as follows:

In addition to general stipulations provided for in this law, manufacturers of compound wines are also required

- to manufacture them according to the stipulations under note 3 and to use, when bottling and packing, only bottles and crates of domestic origin;
- to deliver the wines produced by them in containers of not more than 1 litre, duly stamped and labelled, even when sale is effected in bulk;
- to be provided with form no. 29 when entering the ante required under the instructions indicated;
- to indicate under the column "Observations" in this book, the purchases of bottles and crates that they shall have effected in conformity with the indications given under a); "fiscal bills" or receipts must be retained and submitted to the Inland Revenue agents if and when requested.

In the present Schedule note 31 reads as follows:

the manufacture of compound wines which have not been made according to note 3 and paragraph a) of note 30 will be subject to a fine, immediate cancellation of the authorization given to the manufacturer by the Director of Inland Revenue; in consequence the products will be subject to the whole tax provided for under item 3 of letter a) of this paragraph.

Article 1,
11th paragraph

Paragraph 2 is worded as follows:

Cigarettes, on the basis of the retail sales price, by units of 20:

	Cr%
Up to Cr% 1,20	0,56
From Cr% 1,20 to Cr% 1,40	0,70
From Cr% 1,40 to Cr% 2,00	1,02
From Cr% 2,00 to Cr% 2,50	1,50
From Cr% 2,50 to Cr% 3,20	1,70
From Cr% 3,20 to Cr% 4,50	2,45
From Cr% 4,50 to Cr% 6,00	3,55
From Cr% 6,00 to Cr% 8,00	4,60
From Cr% 8,00 to Cr% 10,00	6,00
- Above Cr% 10,00 or without fixed price ..	8,00
- Cigarettes of foreign origin, whatever the price ...	8,00

Article 2

Paragraph 2 of Article III of Law 494 reads as follows:

products to which this article refers shall be understood to be domestic products with the exception of those mentioned in paragraph III of letter a which may also be of foreign origin.

Paragraph III of letter a of article 3 of Law 494 is worded as follows:

medicines destined to cure diseases caused by worms, malaria, schistosomiasis and other endemic diseases attacks of which are most severe in the country, as well as insecticides and pesticides as necessary for effective prevention of diseases as provided for in the list to be published to that effect by the Ministry of Education and Public Health.

Article 3 of the Rule which is referred to in Decree 26.149 of 5 January reads as follows:

According to a Circular issued by the Minister of the Treasury, whatever item mentioned in item 31 of the preceding article (article 2) of foreign origin can be declared exempt from consumer's tax when the National Department of Public Health certifies that there is no similar product of national origin or that domestic production is insufficient.

(Original translators' note: - Item 31 of article 2 mentioned above has the same text as that indicated under III letter a of article 3 of Law 494 already translated).

Article 3

Article 2 of the rule to which Decree 26.149 of 15 January 1949 refers:

Domestic products will be exempt from consumer's tax if they can be considered as being the minimum indispensable to housing accommodation, clothing, sanitation and medical care of persons in the low income groups, i.e.:

a) housing

- 1 - tiles and tubs of pure clay, which have been prepared by simple firing with water and fashioned by hand, without using a press, and then baked;
- 2 - apparatus essential to sanitary fixtures for dwellings (for persons in the low income groups) up to a maximum price of 100 Cr% per unit.

- 3 - sand, clay and lime, quick or slaked
 - 4 - wood merely sawn and dressed, for ceilings or floors of ordinary houses:
 - 5 - aseptic or liquefying tanks;
 - 6 - locks, hinges, taps up to a maximum price of Cr\$15,00 per unit;
 - 7 - water glasses up to a maximum price of Cr\$3,00 per unit, ordinary dishes such as plates, sugar bowls, water jugs of enamelled iron or aluminium;
 - 8 - cutlery with handles of iron, wood or any other material up to a maximum price of Cr\$5,00 per unit;
 - 9 - cooking vessels of whatever type, kettles, tea-pots in enamelled iron or aluminium up to a maximum price of Cr\$20,00 per unit;
 - 10 - chairs, benches and stools, whose sales price, quoted by the manufacturers, should be a maximum of Cr\$50,00;
 - 11 - cradles for infants, beds, tables, small cupboards with a maximum sales price, quoted by the manufacturers, of Cr\$100,00
 - 12 - baby carriages, cupboards, wardrobes, sideboards, sofas, to a maximum sales price, quoted by the manufacturer, of Cr\$150,00 per unit;
- b) clothing.
- 13 - materials (other than woollen) whose maximum sales price marked by the manufacturers does not exceed Cr\$7,50 and providing the following specifications are observed: maximum width of 50 centimetres, dyed or not in one solid colour, without stripes or patterns, nor any other fancy characteristics;
 - 14 - woollen materials, whose maximum sales price quoted by the manufacturer does not exceed Cr\$ 60,00 per metre and provided that the following specifications are observed: maximum width of 90 centimetres of only one shade and one solid colour, without stripes or patterns or any other fancy characteristics;
 - 15 - men's hats whose maximum sales price, fixed by the manufacturer, does not exceed Cr\$ 60 per unit;
 - 16 - ordinary shoes whose maximum sales price, fixed

by the manufacturer, per pair, does not exceed:

- 1) Cr\$ 20,00 for clogs and slippers
- 2) Cr\$100,00 for men's shoes and boots
- 3) Cr\$ 80,00 for women's shoes
- 4) Cr\$ 50,00 for children's shoes and boots

17 - shirts and all other underclothing for men and women made by factories which have produced the material themselves and whose maximum sales price quoted by the manufacturer does not exceed Cr\$60,00 per unit;

18 - trousers made by the same factories who have made the material and whose maximum sales price does not exceed Cr\$20,00 per unit;

19 - suits (trousers and jackets) costumes for women (coats and skirts) made by the same manufacturers who have produced the material and whose maximum sales price quoted by the manufacturer per suit or costume (trousers and jacket or coat and skirt) does not exceed:

- 1) Cr\$ 350,00 for cotton articles
- 2) Cr\$ 700,00 for woollen articles

20 - Stockings whose maximum sales price quoted by the manufacturer does not exceed:

- 1) Cr\$ 10,00 per pair, of cotton
- 2) Cr\$ 20,00 per pair, of wool

c) foodstuffs

21 - fresh meat from any sort of animal sold as such to the consumer;

22 - meat dried in the sun (desiccated) and other salted meats including fish sold retail;

23 - fresh fruits and vegetables; fresh or tinned milk, condensed or powdered; butter, cheese and "requeijao";

24 - rice, cassava flour, wheat, oats and maize, whether in grains ground or in the form of flour;

25 - sausages, bacon, black puddings, dried or smoked tongue, sold retail;

26 - sugar of whatever quality except refined sugar or cube sugar;

27 - maté and powdered chocolate;

28 - cakes, which are called patisseries and those which are not packed in containers of metal, wood, cardboard, or any other material such as, for example, plastic material, ceramic, glass, water-proof paper, cellophane, sheets of bronzed, gilded or silver aluminium, metallised papers or tin foil, waxed paper and silcome (for wrapping) etc;

d) medical treatment:

- 29 - dispensary products which includes all allopathic and homeopathic products with an established formula and method of preparation, which are listed in the pharmacopoeia or prescription books adopted by the Department of National Health and whose production or sale does not require a special licence from the said Department, with no fancy name or folders with an indication of dose or therapeutic indication; castor oil in general, cotton wool, bandages, adhesive tapes, hydrogen peroxide or oxygenated water, and anti-ophidic injections.
- 30 - sulpha, penicillin, streptomycin and all other antibiotics which are so defined by the Ministry of Education and of Public Health;
- 31 - medicines destined to cure diseases caused by worms, malaria, schistosomiasis and other endemic diseases, attacks of which are most severe in the country, as well as insecticides and germicides necessary for the effective prevention of diseases, as provided for in the list published by the Ministry of Education and Public Health.

Special paragraph - the following specifications should be observed so that shoes can be regarded as utility goods and thereby exempted from the consumer's tax provided for in this article:

- 1) shoes and boots for men and children:
 - a) as regards the form: one solid colour, interior leather sole, sewn in the same colour; heel and sole of the same leather, partly lined with sheep leather or natural pigskin;
 - b) as regards the material: thin cured leather, and same for the sole;
 - c) as regards the colour: black, light or dark brown.
- 2) shoes for women:
 - a) as regards the form: one solid colour, without any ornament, decoration or pattern; inner sole of cardboard; sole and heel of the same leather lined with sheep leather or natural pigskin;
 - b) as regards the material: thin cured leather and same for the sole;
 - c) as regards the colour: black, light or dark brown.
- 3) clogs and slippers shall be regarded as "utility" goods when their retail sales price does not exceed Cr\$ 20,00 (per pair).