

Contracting Parties
Third Session

WORKING PARTY 7 ON BRAZILIAN INTERNAL TAXES

Explanatory note regarding the imposition of consumption
taxes on foreign products

(Submitted by the Delegation of Brazil)

In response to the request made by the Delegate for the United Kingdom, during the discussion of item 16 of the Agenda of the Contracting Parties (GATT/CP.3/2.Rev.2, 8 April), the Brazilian Delegation presents the following information on new internal taxes the imposition of which France has deemed to be in conflict with the provisions of Article III of the GATT.

As the Brazilian Delegate emphasized, at the meetings of the Contracting Parties on 25th and 26th April, the consumption taxes on foreign products, in excess of those levied on similar national products, are being imposed strictly in accordance with the provisions of Paragraph 1 (b) of the Protocol of Provisional Application where it is stated that the signatories to that Protocol undertake to apply provisionally Part II of the GATT "to the fullest extent not inconsistent with existing legislation".

The changes introduced in Brazilian legislation on consumption taxes, by the Law n. 494 of November 26th, 1948, as a general rule do not affect the levels of discrimination between national and foreign products existing in the previous legislation which was consolidated by the Decree-law n. 7 404 of March 22nd, 1945.

Recently the Brazilian Congress, taking into account the necessity of obtaining additional financial resources in order to meet the evergrowing expansion of public expenditure, decided to increase duties mainly on articles considered to be less

essential to the national economy. For that reason, duties were increased on beverages, tobacco and some other products considered the least necessary to the maintenance of the standard of living of the Brazilian population.

Although the rates of consumption taxes have been modified, as may be inferred from the table below, the new level of taxation maintains the level of discrimination that existed before.

As regards watches and clocks of any kind, in cases in which precious stones and precious metals are not applied, a certain discrimination against the foreign product was in fact established by the Law n. 494, 26th November 1948. However, the national production of watches and clocks is negligible, being only confined to alarm and wall or hanging clocks, and except for those kinds mentioned above, the Brazilian imports of watches and clocks are almost exclusively of Swiss origin. Therefore, such discrimination causes no harm to the trade of the contracting parties.

The Brazilian Delegation expects that these statements will clarify the point raised by the French Delegation.

ALTERATIONS INTRODUCED BY THE LAW N.494,
OF NOVEMBER 26th, 1948 IN THE REGULATIONS INSTITUTED
BY THE LAW N. 7 404 of March 22nd, 1945.

Paragraph X

Watches and clocks, of any kind, with or without cases in which precious stones or precious metals are not applied.

Law n. 7404 of March 22nd, 1945 - 5% tax paid by importer or producer.

Law n. 494 of November 26th, 1948 5% tax paid by producer and 12%, besides the additional 20%, paid by importer.

Paragraph XIX

BEVERAGES

Beer of high or low fermentations and "chopp".

Law n. 494 of November 26th, 1948 - 1/5 of liter Cr\$ 0,24

1/2 bottle	Cr\$ 0,40
1/2 liter	Cr\$ 0,60
bottle	Cr\$ 0,80
liter	Cr\$ 1,20

The products of foreign origin are subjected to a 100% increase.

Law n. 7 404, of March 22nd, 1945

a) of high fermentation

1/2 bottle	Cr\$ 0,20
1/2 liter	Cr\$ 0,30
bottle	Cr\$ 0,40
liter	Cr\$ 0,60

b) of low fermentation and "chopp".

1/2 bottle	Cr\$ 0,36
1/2 liter	Cr\$ 0,54
bottle	Cr\$ 0,72
liter	Cr\$ 1,08

The products of foreign origin are subjected to a 100% increase.

Armagnac, arrack, brandy, cognac, gonebra, gin, guestsch kirch, korch, rhum, ron, whisky, wodka and others internationally

known, which could be considered similar, of any alcoholic gradation.

Law n. 7 404, of 22nd March, 1945 - 1/2 bottle Cr\$ 1,00
 1/2 liter Cr\$ 1,50
 bottle Cr\$ 2,00
 liter Cr\$ 3,00

The products of foreign origin are subjected to a 100% increase.

Law n. 494, of November 26th, 1948 - 1/2 bottle Cr\$ 6,00
 1/2 liter Cr\$ 9,00
 bottle Cr\$ 12,00
 liter Cr\$ 18,00

The products of foreign origin are subjected to a 100% increase.

Aperitifs and like beverages: - bitter aperitifs, bitters, fernetos, vermouths, quinaos, ferroquinas, gemados and "licores".

Law n. 7 404, of March 22nd, 1945 - 1/2 bottle Cr\$ 1,00
 1/2 liter Cr\$ 1,50
 bottle Cr\$ 2,00
 liter Cr\$ 3,00

The products of foreign origin are subjected to a 100% increase.

Law n. 494, of November 26th, 1948 - 1/2 bottle Cr\$ 2,00
 1/2 liter Cr\$ 3,00
 bottle Cr\$ 4,00
 liter Cr\$ 6,00

The products of foreign origin are subjected to a 100% increase.

