



VILAS LAWYERS

LEGAL GUIDE OF THE PROPERTY PURCHASE PROCESS IN BRAZIL:

Power of Attorney:

To simplify all the legal buying process, we take care of all matters. In this regard it is indispensable for you to grant a power of attorney in our favour in order for us to represent you in the whole process described below. We arrange the necessary requirements for you to grant the power of attorney at the closest Notary's office to your home registered at Brazilian Consulate-General. Then we validate the document at the Consulate General of your country.

C.P.F.:

The foreign investor, who wish to buy a property in Brazil must obtain the C.P.F. number (Cadastro de Pessoa Física). This document is a legal requirement as it enables the foreigner to be uniquely identified for taxation and title purposes. To get the C.P.F., it will be necessary to provide a notarized copy of your passport and Power of Attorney. We arrange the necessary process to obtain it from the "Receita Federal" (local Tax Office).

Reservation agreement:

Once you have found the property you wish to buy it must be sign a reservation agreement which fully details the conditions of the purchase and also acts as a receipt for the deposit paid.

Once the property is reserved in your name, we will ensure that the property meets all appropriate legal requirements, in order to verify whether the title deeds for the property are satisfactory, and whether the person selling the property is authorized to transfer their ownership, either if it is a physical person or a developer.

We carry out exhaustive checks in order to guarantee that the property has its building license and also that it is free from any pending charges, mortgages or debts.



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Exchange of contracts:

Once we have checked that the documents of the property are according to law, you would be able to sign the “contrato de compra e venda” (exchange of contract). This private document describes the information of both parties (seller/buyer), complete details of the property, the method of payments, the date the property will be prepared for you to take possession of it, the rights and obligations of each party, etc. From this point onward, this contract will become the most important legal document as proof of your purchase until the signature of the title deed in the Notary.

Title Deed:

The legal process finalizes with the signature of the Title Deed before a Notary, which ensure that all legal requirements have been properly fulfilled, that the purchase price has been properly paid. Immediately, the buyer can take possession of the property.

Next step will be to carry out the property registration procedure, which includes the payment of all the taxes applicable to the property and the obtaining of the final Register, Stamp for the Title Deed, which guarantees the transfer of the property and that the buyer is its legal owner in Brazil.

This is only a summary of the process for the purchase of a property in Brazil, for you to have a overview. Keep in mind that each individual case can vary; therefore, allow us to encourage you to seek a qualified professional who can meet your interests with the best guarantees of success.



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USEFUL INFORMATION TO TAKE INTO CONSIDERATION:

Brazilian Taxation:

The fiscal obligations involved in the process of purchase are:

- Transfer Tax (Imposto sobre Transmissão de Bens Innovéis – I.T.B.I.):

It is a local tax. The rate varies from one municipality to another. Normally it is between 2% and 6% of the real value.

- Urban Real Estate Tax: (Imposto Territorial Property - Tax I.T.U.P.): It is established by the local council. It must be pay annually but normally the amount is a small figure.

- Income Tax: (Imposto de Renda Pessoa Física – I.R.P.F.): Since somebody has a CPF (Brazilian Tax Code) has the obligation to submit an Income Tax Declaration, even if it is a negative declaration. Incomes obtained in Brazil by non-resident people are subject to a standard tax of 25%.

- Capital Gain Tax: Capital gains received by individuals on the sale of real estate will be subject to Brazilian withholding income tax at 15%, applicable to foreign investors. The gain is determined as the difference between the sales price and the acquisition cost duly reported on the seller's annual income tax return.

Money Transfer:

Funds are sent directly from your own bank to the seller's bank account in Brazil, via the Central Bank of Brazil. Today the registration of foreign investments is a declaration made electronically called RDE-IED (Electronic Registration Statement – Direct Foreign Investment). The bank records the funds that have entered into the country and in order to release them, the seller must present the contract to the bank.

VISA:

Foreigners are allowed three month visas, after which they are required to apply for a further 90 days at the Federal Police; in other words, the foreigner has a maximum stay of 180 days per year. If you wish to apply for a permanent visa you must meet certain criteria and this is done through your nearest Embassy.

This information is not exhaustive.

Interesting links:

www.brazil.org.uk

www.brazil.ie