

JOINT DECLARATION
BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE
GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL
ON THE OCCASION OF THE SIGNING ON 20 MARCH 2007
OF THE AGREEMENT FOR THE EXCHANGE OF INFORMATION
RELATING TO TAXES
BETWEEN BOTH GOVERNMENTS

The United States and Brazil have a strong and important bilateral economic relationship. The Governments of both countries are committed to finding ways to create and improve an environment that will allow cross-border investment to prosper and reach its full potential.

The business community has long expressed its concerns that the statutory measures to relieve double taxation under the laws of both the United States and Brazil do not adequately mitigate the tax-related barriers to cross-border investment, and that the conclusion of a bilateral income tax treaty could contribute to ameliorate these issues. The United States and Brazil, however, diverge on a number of important areas of tax treaty policy, making the conclusion of a mutually acceptable tax treaty difficult.

Nevertheless, the Governments of both countries hope that the signing of this Agreement for the Exchange of Information Relating to Taxes will be the first step to developing a deeper bilateral tax relationship between the United States and Brazil. The U.S. Treasury Department and the Brazilian Secretaria da Receita Federal initiated informal discussions in 2006 to exchange views on a number of aspects of tax treaty policy, including transfer pricing, permanent establishment, the taxation of income from services and mutual agreement procedures. Both the Treasury Department and the Secretaria da Receita Federal are committed to continuing this informal dialogue with the hope that common ground can eventually be found to reconcile the tax policy differences that have prevented the conclusion of a bilateral tax treaty in the past.