

## FOLLOW-UP ON THE MEASURES ADOPTED BY THE FEDERAL TAX ADMINISTRATION ON THE FIGHT AGAINST COVID-19

In 2020, Brazil and the rest of the world faced an exceptional moment due to the fight against the COVID-19 pandemic. As a result of the fall in the national economy activity, the government has adopted several measures within the Internal Revenue Service of Brazil (RFB), the Attorney General's Office of the National Treasury (PGFN) and the Administrative Council for Tax Appeals (CARF), aiming at, among other things, tax exemption, tax deferrals, and reducing bureaucracy of tax liabilities (administrative measures for reducing bureaucracy).

**Between January and June 2020, the collection of all federal revenues reached a total of US\$125.47 billion – a real decrease of 14.91% compared to 2019 – whereas in June of 2020 alone it reached US\$16.25 billion – a real decrease of 29.59%. On the other hand, the collection of revenue managed by the RFB, from January to June, had a decrease of US\$24.20 billion when compared to the initial revenue expectation provided by the Annual Budget Act (LOA) for 2020.**

### WHAT HAS BEEN DONE

Risks such as decrease in expected federal revenues led the Court of Accounts to undertake follow-up actions, aiming to contribute to the Public Government in tackling the coronavirus crisis and its consequences on tax administration, by collecting, analyzing, and communicating public and available data.

Based on the control actions carried out, the conclusion was that, in June and July 2020, tax measures to deal with the pandemic came down to tax exemptions (impact of US\$1.45 billion), tax deferrals (impact of US\$3.84 billion) and administrative measures to reduce bureaucracy. The risk of decrease in expected revenue originally foreseen in the LOA for the year 2020 remains and is considered to be of high probability and impact, according to Decisions (1.195/2020 and 1.638/2020, both from TCU's Full Court). In addition, the risk of temporary tax actions becoming long-term after the pandemic also presents a high probability and impact.

### WHAT HAS BEEN DECIDED

Based on the findings, the Ministry of Economy (ME) and other interested parties were informed about the effects of the pandemic on the revenue collection for the period, especially regarding the decrease in expected revenues and the measures adopted (exemptions, deferrals, and administrative measures to reduce bureaucracy) to tackle the problems generated by the pandemic.

#### Additional information:

**Decisions:** 2.193/2020, 1.195/2020 and 1.638/2020, all from TCU's Full Court

**Rapporteur:** Minister Bruno Dantas

**Case:** TC 016.841/2020-4

**Technical Department in charge:** Department of External Control - Social Security, Labor and Welfare (SecexPrevidência)