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Abstract

This text presents the calculation and evaluation of the Brazilian tax burden for the year 2005. The concept of tax burden used is wide and includes social contributions, intervention in the economic domain and interest of professional and economic categories, besides taxes, duties and improvement contributions, comprised by the concept of tax pursuant to art. 145 of the Federal Constitution. The calculation of tax burden also includes the contributions for the Employment Security Fund (Fundo de Garantia do Tempo de Serviço - FGTS). As the estimation considers the taxes and contributions related to the three levels of the Government, the result verified constitutes an indicator of the effort of Society to finance the State's activities.

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TAX BURDEN IN BRAZIL - 2005

1. INITIAL CONSIDERATIONS

The Brazilian Tax Burden was 37.37% of the GDP in 2005, which corresponds, in the portion related to the Union, an increase of 1.18% in relation to the past year. This result, however, was not derived from any tax or contribution, increase in rate or calculation base related to federal taxes or contributions but, on the other hand, several tax system relaxation measures were adopted (Table 8).

Therefore, the result of the portion related to the Union can be attributed mainly to a greater

profitability of important economic sectors, specially in the year 2005, with positive reflex on the Income Tax and the Contribution on Net Profit (see chart 01), the ongoing increase in the efficiency of the tax administration, the adoption of legal measures to enable greater efficiency in the control, such as the mandatory withholding tax in payments made to companies rendering services and the recovery of due payments thanks to supervisory and charging work .

Chart 01

Detailing of the Tax Burden (% of GDP)			
	2004	2005	Var. (p.p.)
Total	35.88	37.37	1.49
Union	25.00	26.18	1.18
SRF	17.13	17.96	0.83
IR/CSLL	7.31	8.08	0.76
PIS/Cofins	5.49	5.59	0.10
Other SRF	4.32	4.30	(0.03)
Social Security	5.31	5.60	0.29
Other	2.56	2.62	0.06
States/Municipalities	10.88	11.20	0.32

2. PERFORMANCE OF THE ECONOMY IN 2005

The GDP (at market prices), accumulated in the four quarters of 2005, presented actual growth of **2.3%** in relation to the previous year, a consequence of the positive performance of the Industry (+2.5%), Services (+2.0%) and Agriculture and Cattle Raising (+0.8%). The actual growth of the GDP *per capita* in 2005 reached 0.8% in 2005 compared to 3.40% in 2004.

The industry was the main highlight of the analysis of the **growth of the economy**. The industrial GDP grew 2.5%. The industrial sector related to mineral extraction was the one to present the best performance (+ 10.9%, compared to – 0.70% in 2004), with the outstanding performance to oil extraction activity. The agriculture and cattle-raising sector grew 0.8%, despite harvest losses and foot and mouth disease. The services sector, in its turn, grew 2.0%, with highlight to the slowdown of the commerce sub-sector, whose growth in 2004 was 7.9% and 3.3% in 2005.

CHART 02

GDP Growth Rates 2005

Sector	Partic. in GDP Growth Rate 2005	
Farming and cattle raising	8.4%	+ 0.8%
Industry	40.0%	+ 2.5%
Services	57.0%	+ 2.0 %
Total:		+ 2.3%

Source: IBGE.

In actual terms, the raise of 5.3% in salary mass contributed to the raise of 3.1% in the consumption of the families. The expansion of salary mass is compatible with the reduction of the average unemployment rate, which decreased from 11.5% in 2004, to 9.8%, in 2005. The behavior of salary mass is relevant from the tax point of view because it reflects directly at least on two tax assessment bases: income and consumption.

Externally, exports and imports of goods and services presented a growth of 11.6% and 9.5%, respectively, in 2005. The commercial surplus reached US\$ 44.76 billion and the commerce flow reached US\$ 191.85 billion. Although there is practically no taxation on export, the behavior of the sector has important reflections on several internal sectors of the economy, generating impacts on the collection of income tax and contributions to the INSS. The imports reflect directly on the taxation of consumption. The inflation indexes indicated reduction on the variation of prices in 2005 compared to 2004. The Extended Consumer Price Index (IPCA), which guides the monetary policy of the Brazilian Central Bank and takes into account families with income between 1 and 40 minimum wages, reached 5.69% (7.60% in 2004). The General Price Index – Domestic Supply (IGP-DI) calculated by the Getulio Vargas Foundation (FGV) reached the lowest value since the beginning of the calculation of the series, in 1944: 1.22% in 2005 (12.13% in 2004).

3. TAX COLLECTION

The aggregated collection of taxes and contributions in Brazil in 2005 was **R\$ 724.11 billion**, representing face increase of R\$ 90.3 billion (+14.25%) compared to the previous year. Using the implicit GDP deflator (7.21%), it is possible to observe an actual increase of tax revenues of 6.56% (R\$ 44.59 billion). This result was obtained specially by economic growth, higher profitability of companies and improvement of efficiency in Tax Administration.

The actual growth of incomes, in absolute terms, was basically concentrated on Corporate Income Tax (IRPJ), the CSLL, the social security contribution and the ICMS. Taken into account as a whole, these taxes represented about 60% of actual increase in tax collection. The Cofins also presented an increase.

Along the year 2005, tax law remained relatively stable, without any raise in rates or increase in the calculation basis.

The IRPJ and the CSLL are applicable on the positive result of companies. Bearing the divulged balance sheets in mind, we can affirm that the good result of these two taxes (+ R\$ 12.96 billion) reflects a raise in profitability in a great portion of companies in 2005. Sectors such as fuels, electricity, basic metallurgy and finance contributed to raise the taxable base and, therefore, the due tax.

The actual increase of R\$ 7.91 billion in the collection of contributions for the INSS is explained by the collection from Public Authority bodies, the retention of 11% over services invoices and granted installments, with the effort made by credit recovery actions. It is also important to highlight the collection from companies in general, which reflected the expansio of salary mass.

The collection of ICMS contributed with R\$ 6.56 billion, in real terms, in the absolute raise in tax collection.

It is also worth emphasizing the real raise of R\$3.60 billion in the Cofins. Differently from the other raises, the evolution in the collection of Cofins is the result of the combination of two factors. First, the taxation of Cofins over imports in 2004 only occurred from April on, against the taxation in the whole year of 2005, that is, the basis for comparison is reduced. Second, there was also the approval of compensations made from financial institutions, with appropriation in the gross collection of Cofins and effect only in the gross collection.

4. EXPLANATORY NOTES AND SOURCE OF DATA

1. The tax incomes administrated by the SRF do not include the amounts referring to legal additions (fines, interest and monetary correction) and, therefore, they differ from amounts monthly divulgued by this Secretariat.
2. The amounts of the Income Tax withheld at source (IRRF) by States, taxable on the income paid by them, their foundations and autarchies, were obtained with the Secretariat of the National Treasury.
3. The amounts of the contributions for the state and municipal social security until 2003 were obtained from the IBGE (System of National Accounts). For the years 2004 and 2005, these amounts were estimated.
4. State taxes had the Confaz as a source.
5. The total municipal tax collection was obtained with the STN.
6. When calculating the income flow between the government levels, the resources intended for the Funds (FNE, FNO and FCO) are regarded as tranferences to States. Data related to the amounts transfered to regional funds were collected from the Ministry for National Integration, through the respective Deliberative Councils. Data from other constitutional tranferences were obtained with the STN.
7. Collections of the INSS and "S" System: Social Security Report, monthly published by that Body.
8. Collection of the FGTS: Caixa Econômica Federal.
9. Collection of Education Allowance: FNDE.
10. From 2004 on, the Contribution for Social Security for the Civil Servant started to be administered by the MPOG, and the same change was made in the previous years for comparison purposes.
11. From 2004 on, the principal of the active debt was incorporated to the collection of the respective taxes, and the same change was made in the previous years for comparison purposes.

5. Acronyms and Abbreviations Used

Acronym	Meaning
CIDE	Contribution on Intervention in the Economic Domain
COFINS	Tax for Social Security Financing
CTB	Gross Tax Burden
CPMF	Provisional Contribution on Financial Transactions
CSLL	Social Contribution on Net Profit
DPC	Directorate of Ports and Coasts of the Ministry of Defence
FCO	Mid-West Constitutional Financing Fund
FGTS	Worker's Retirement Fund
FNDE	National Education Development Fund
FNE	Northeast Constitutional Financing Fund
FNO	North Constitutional Financing Fund
FPE	State Participation Fund
FPM	Municipal Participation Fund
FUNDAF	Special Fund for Development and Improvement of Auditing Activities
FUNDEF	Fund for Prim. Education Dev. and Maintenance and Enhancement of Teaching Profession
IBGE	Brazilian Institute of Geography and Statistics
ICMS	Value Added Tax on Sales and Services
INCRA	National Institute of Colonization and Land Reform
IPI	Tax on Industrialized Products
IPTU	Tax on Urban Property
IPVA	Tax on Property of Vehicles
ITBI	Tax on Real State Conveyance
ITCD	Inheritance and Donations Tax
ISS	Tax on Services
MPOG	Ministry of Planning, Budget and Management
PAES	Special Installment
PASEP	Civil Servants Saving Program
PIB	Gross Domestic Product
REFIS	Tax Recovery Program
SEBRAE	Brazilian Micro and Small Businesses Supporting Service
SENAC	National Commerce Training Service
SENAI	National Industrial Training Service
SENAR	National Rural Training Service
SENAT	National Transportation Training Service
SESC	Social Service for Commerce
SESI	Social Service for Industry
SEST	Social Service for Transport
SRF	Secretariat of the Federal Revenue
STN	Secretariat of the Nacional Treasury

TABLE - 1

GROSS TAX BURDEN - 2004 and 2005

YEAR (GDP)	2004 (1,766,621)		2005 (1,937,598)	
	AMOUNT	% GDP	AMOUNT	% GDP
UNION	441,594	25.00	507,172	26.18
<i>Fiscal Budget</i>	147,352	8.34	174,528	9.01
- INCOME TAX	109,622	6.21	132,287	6.83
Individuals	5,799	0.33	6,869	0.35
Corporations	37,020	2.10	49,446	2.55
Withholding Tax	66,803	3.78	75,972	3.92
- EXCISE TAX	22,538	1.28	26,096	1.35
- TAX ON FINANCIAL OPERATIONS	5,209	0.29	6,058	0.31
- FOREIGN TRADE TAX	9,181	0.52	9,062	0.47
- RURAL LAND TAX	245	0.01	276	0.01
- TEMP. TAX ON FIN. TRANS. (IPMF)	0	0.00	0	0.00
- FEDERAL TAXES	371	0.02	323	0.02
- OTHER	187	0.01	426	0.02
<i>Social Security Budget</i>	246,466	13.95	281,036	14.50
- SOCIAL SECURITY CONTR.	93,765	5.31	108,434	5.60
- COFINS	77,593	4.39	86,794	4.48
- TEMP. CONTR. ON FIN. TRANS. (CPMF)	26,340	1.49	29,150	1.50
- CONTR. ON NET PROFIT	19,575	1.11	24,189	1.25
- PIS	17,116	0.97	18,570	0.96
- PASEP	2,301	0.13	2,880	0.15
- CIVIL SERV. SOC. SEC. CONTR.	7,179	0.41	8,231	0.42
- OTHER SOCIAL CONTRIBUTIONS (1)	2,597	0.15	2,787	0.14
<i>Other</i>	47,775	2.70	51,608	2.66
- FGTS	28,269	1.60	32,248	1.66
- CIDE FUELS	7,816	0.44	7,681	0.40
- OTHER ECONOMIC CONTRIBUTIONS (2)	1,917	0.11	1,376	0.07
- EDUCATION ALLOWANCE	4,831	0.27	5,906	0.30
- "S" SYSTEM (3)	4,942	0.28	4,397	0.23
STATES	165,324	9.36	186,493	9.62
- ICMS	138,275	7.83	154,810	7.99
- IPVA	8,910	0.50	10,497	0.54
- ITCD	710	0.04	795	0.04
- TAXAS	2,881	0.16	3,458	0.18
- STATE SOCIAL SECURITY	11,688	0.66	13,402	0.69
- OTHER (AIR, ICM, ETC.)	2,860	0.16	3,531	0.18
MUNICIPALITIES	26,892	1.52	30,448	1.57
- ISS	10,844	0.61	12,879	0.66
- IPTU	8,602	0.49	9,580	0.49
- ITBI	1,608	0.09	1,715	0.09
- TAXES	2,604	0.15	2,571	0.13
- MUNICIPAL SOCIAL SECURITY	3,118	0.18	3,576	0.18
- OTHER TAXES	115	0.01	127	0.01
TOTAL	633,810	35.88	724,113	37.37

(1) INCLUDING CONTR. ON LOTTERIES REVENUE, CONTR. ON COST OF MILITARY PENSIONS, CONTR. TO FUNDESP, CONTR. TO FUNPEN AND OTHERS.

(2) INCLUDING FUNDAF + CONDECINE + AFRMM + CIDE REMITTANCES + OTHER ECON. CONTR.

(3) CONTRIBUTION TO THE FOLLOWING BODIES: SENAR, SENAI, SESI, SENAC, SESC, INCRA, SDR, SEST, SENAT, SEBRAE, Airway Trust Fund and Maritime Professional Training (DPC)

TABLE - 2

GROSS TAX BURDEN - 2001 to 2005

RS CURRENT MILLION

YEAR (GDP)	2001 (1,198,736)		2002 (1,346,028)		2003 (1,556,182)		2004 (1,766,621)		2005 (1,937,598)	
	AMOUNT	% GDP	AMOUNT	% GDP	AMOUNT	% GDP	AMOUNT	% GDP	AMOUNT	% GDP
UNION	281,300	23.47	335,441	24.92	377,285	24.24	441,594	25.00	507,172	26.18
<i>Fiscal Budget</i>	102,982	8.59	123,385	9.17	132,931	8.54	147,352	8.34	174,528	9.01
- INCOME TAX	70,126	5.85	90,673	6.74	100,053	6.43	109,622	6.21	132,287	6.83
Individuals	3,747	0.31	4,109	0.31	4,774	0.31	5,799	0.33	6,869	0.35
Corporations	16,276	1.36	32,035	2.38	32,614	2.10	37,020	2.10	49,446	2.55
Withholding Tax	50,103	4.18	54,529	4.05	62,665	4.03	66,803	3.78	75,972	3.92
- EXCISE TAX	19,328	1.61	19,659	1.46	19,600	1.26	22,538	1.28	26,096	1.35
- TAX ON FINANCIAL OPERATIONS	3,561	0.30	3,996	0.30	4,420	0.28	5,209	0.29	6,058	0.31
- FOREIGN TRADE TAX	9,107	0.76	7,970	0.59	8,144	0.52	9,181	0.52	9,062	0.47
- RURAL LAND TAX	197	0.02	191	0.01	234	0.02	245	0.01	276	0.01
- TEMP. TAX ON FIN. TRANS. (IPMF)	0,1	0.00	1,3	0.00	0,0	0.00	0	0.00	0	0.00
- FEDERAL TAXES	342	0.03	354	0.03	345	0.02	371	0.02	323	0.02
- OTHER	322	0.03	541	0.04	136	0.01	187	0.01	426	0.02
<i>Social Security Budget</i>	149,779	12.49	173,813	12.91	201,624	12.96	246,466	13.95	281,036	14.50
- SOCIAL SECURITY CONTR.	61,060	5.09	71,028	5.28	80,730	5.19	93,765	5.31	108,434	5.60
- COFINS	45,507	3.80	50,913	3.78	58,216	3.74	77,593	4.39	86,794	4.48
- TEMP. CONTR.. ON FIN. TRANS. (CPMF)	17,157	1.43	20,265	1.51	22,987	1.48	26,340	1.49	29,150	1.50
- CONTR. ON NET PROFIT	9,016	0.75	12,507	0.93	16,200	1.04	19,575	1.11	24,189	1.25
- PIS	9,999	0.83	11,219	0.83	14,654	0.94	17,116	0.97	18,570	0.96
- PASEP	1,168	0.10	1,278	0.09	2,032	0.13	2,301	0.13	2,880	0.15
- CIVIL SERV. SOC. SEC. CONTR.	3,813	0.32	4,424	0.33	4,453	0.29	7,179	0.41	8,231	0.42
- OTHER SOCIAL CONTRIBUTIONS ⁽¹⁾	2,058	0.17	2,181	0.16	2,351	0.15	2,597	0.15	2,787	0.14
<i>Other</i>	28,539	2.38	38,242	2.84	42,730	2.75	47,775	2.70	51,608	2.66
- FGTS	21,074	1.76	22,422	1.67	24,956	1.60	28,269	1.60	32,248	1.66
- CIDE FUELS	0	0.00	7,583	0.56	8,406	0.54	7,816	0.44	7,681	0.40
- OTHER ECONOMIC CONTRIBUTIONS ⁽²⁾	1,106	0.09	1,231	0.09	1,460	0.09	1,917	0.11	1,376	0.07
- EDUCATION ALLOWANCE	3,123	0.26	3,661	0.27	4,005	0.26	4,831	0.27	5,906	0.30
- "S" SYSTEM ⁽³⁾	3,235	0.27	3,346	0.25	3,903	0.25	4,942	0.28	4,397	0.23
STATES	108,066	9.02	123,683	9.19	142,284	9.14	165,324	9.36	186,493	9.62
- ICMS	94,267	7.86	105,386	7.83	120,233	7.73	138,275	7.83	154,810	7.99
- IPVA	6,287	0.52	7,017	0.52	7,740	0.50	8,910	0.50	10,497	0.54
- ITCD	339	0.03	519	0.04	874	0.06	710	0.04	795	0.04
- TAXES	1,659	0.14	1,963	0.15	2,281	0.15	2,881	0.16	3,458	0.18
- STATE SOCIAL SECURITY	5,139	0.43	7,971	0.59	10,008	0.64	11,688	0.66	13,402	0.69
- OTHER (AIR, ICM, ETC.)	375	0.03	827	0.06	1,149	0.07	2,860	0.16	3,531	0.18
MUNICIPALITIES	18,302	1.53	20,244	1.50	23,774	1.53	26,892	1.52	30,448	1.57
- ISS	6,865	0.57	7,886	0.59	9,130	0.59	10,844	0.61	12,879	0.66
- IPTU	5,218	0.44	6,501	0.48	7,723	0.50	8,602	0.49	9,580	0.49
- ITBI	1,064	0.09	1,422	0.11	1,508	0.10	1,608	0.09	1,715	0.09
- TAXES	3,629	0.30	2,394	0.18	2,638	0.17	2,604	0.15	2,571	0.13
- MUNICIPAL SOCIAL SECURITY	1,123	0.09	1,962	0.15	2,670	0.17	3,118	0.18	3,576	0.18
- OTHER TAXES	404	0.03	79	0.01	105	0.01	115	0.01	127	0.01
TOTAL	407,668	34.01	479,368	35.61	543,344	34.92	633,810	35.88	724,113	37.37

(1) INCLUDING CONTR. ON LOTTERIES REVENUE, CONTR. ON COST OF MILITARY PENSIONS, CONTR. TO FUNDESP, CONTR. TO FUNPEN AND OTHERS.

(2) INCLUDING FUNDAF + CONDECINE + AFRMM + CIDE REMITTANCES + OTHER ECON. CONTR.

(3) CONTRIBUTION TO THE FOLLOWING BODIES: SENAR, SENAI, SESI, SENAC, SESC, INCRA, SDR, SEST, SENAT, SEBRAE, Airway Trust Fund and Maritime Professional Training (DPC)

TABLE - 3

GROSS TAX BURDEN – IN US DOLLARS

US\$ MILLION

YEAR (GDP)	2001 (510,100)		2002 (460,795)		2003 (505,615)		2004 (583,043)		2005 (797,365)	
	AMOUNT	% GDP	AMOUNT	% GDP	AMOUNT	% GDP	AMOUNT	% GDP	AMOUNT	% GDP
UNION	119,702	23.47	114,834	24.92	122,583	24.24	145,740	25.00	208,713	26.18
<i>Fiscal Budget</i>	43,822	8.59	42,239	9.17	43,190	8.54	48,631	8.34	71,822	9.01
- INCOME TAX	29,841	5.85	31,041	6.74	32,508	6.43	36,179	6.21	54,439	6.83
Individuals	1,595	0.31	1,407	0.31	1,551	0.31	1,914	0.33	2,827	0.35
Corporations	6,926	1.36	10,967	2.38	10,597	2.10	12,218	2.10	20,348	2.55
Withholding Tax	21,320	4.18	18,667	4.05	20,360	4.03	22,047	3.78	31,264	3.92
- EXCISE TAX	8,225	1.61	6,730	1.46	6,368	1.26	7,438	1.28	10,739	1.35
- TAX ON FINANCIAL OPERATIONS	1,515	0.30	1,368	0.30	1,436	0.28	1,719	0.29	2,493	0.31
- FOREIGN TRADE TAX	3,875	0.76	2,728	0.59	2,646	0.52	3,030	0.52	3,729	0.47
- RURAL LAND TAX	84	0.02	65	0.01	76	0.02	81	0.01	114	0.01
- TEMP. TAX ON FIN. TRANS. (IPMF)	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
- FEDERAL TAXES	146	0.03	121	0.03	112	0.02	122	0.02	133	0.02
- OTHER	137	0.03	185	0.04	44	0.01	62	0.01	175	0.02
<i>Social Security Budget</i>	63,736	12.49	59,503	12.91	65,509	12.96	81,342	13.95	115,653	14.50
- SOCIAL SECURITY CONTR.	25,983	5.09	24,315	5.28	26,230	5.19	30,946	5.31	44,623	5.60
- COFINS	19,365	3.80	17,429	3.78	18,915	3.74	25,608	4.39	35,718	4.48
- TEMP. CONTR.. ON FIN. TRANS. (CPMF)	7,301	1.43	6,937	1.51	7,469	1.48	8,693	1.49	11,996	1.50
- CONTR. ON NET PROFIT	3,837	0.75	4,282	0.93	5,263	1.04	6,460	1.11	9,954	1.25
- PIS	4,255	0.83	3,841	0.83	4,761	0.94	5,649	0.97	7,642	0.96
- PASEP	497	0.10	437	0.09	660	0.13	760	0.13	1,185	0.15
- CIVIL SERV. SOC. SEC. CONTR	1,623	0.32	1,515	0.33	1,447	0.29	2,369	0.41	3,387	0.42
- OTHER SOCIAL CONTRIBUTIONS ⁽¹⁾	876	0.17	747	0.16	764	0.15	857	0.15	1,147	0.14
<i>Other</i>	12,144	2.38	13,092	2.84	13,883	2.75	15,767	2.70	21,238	2.66
- FGTS	8,968	1.76	7,676	1.67	8,109	1.60	9,330	1.60	13,271	1.66
- CIDE FUELS	0	0.00	2,596	0.56	2,731	0.54	2,580	0.44	3,161	0.40
- OTHER ECONOMIC CONTRIBUTIONS ⁽²⁾	471	0.09	422	0.09	474	0.09	633	0.11	566	0.07
- EDUCATION ALLOWANCE	1,329	0.26	1,253	0.27	1,301	0.26	1,594	0.27	2,431	0.30
- "S" SYSTEM ⁽³⁾	1,377	0.27	1,145	0.25	1,268	0.25	1,631	0.28	1,809	0.23
STATES	45,986	9.02	42,341	9.19	46,229	9.14	54,562	9.36	76,746	9.62
- ICMS	40,114	7.86	36,078	7.83	39,065	7.73	45,635	7.83	63,708	7.99
- IPVA	2,675	0.52	2,402	0.52	2,515	0.50	2,941	0.50	4,320	0.54
- ITCD	144	0.03	178	0.04	284	0.06	234	0.04	327	0.04
- TAXES	706	0.14	672	0.15	741	0.15	951	0.16	1,423	0.18
- STATE SOCIAL SECURITY	2,187	0.41	2,729	0.40	3,252	0.64	3,858	0.66	5,515	0.69
- OTHER (AIR, ICM, ETC.)	160	0.03	283	0.06	373	0.07	944	0.16	1,453	0.18
MUNICIPALITIES	7,788	1.53	6,930	1.50	7,724	1.53	8,875	1.52	12,530	1.57
- ISS	2,921	0.57	2,700	0.59	2,966	0.59	3,579	0.61	5,300	0.66
- IPTU	2,220	0.44	2,226	0.48	2,509	0.50	2,839	0.49	3,943	0.49
- ITBI	453	0.09	487	0.11	490	0.10	531	0.09	706	0.09
- TAXES	1,544	0.30	819	0.18	857	0.17	860	0.15	1,058	0.13
- MUNICIPAL SOCIAL SECURITY	478	0.09	672	0.15	868	0.17	1,029	0.18	1,471	0.18
- OTHER TAXES	172	0.03	27	0.01	34	0.01	38	0.01	52	0.01
TOTAL	173,476	34.01	164,105	35.61	176,536	34.92	209,178	35.88	297,989	37.37

(1) INCLUDING CONTR. ON LOTTERIES REVENUE, CONTR. ON COST OF MILITARY PENSIONS, CONTR. TO FUNDESP, CONTR. TO FUNPEN AND OTHERS.

(2) INCLUDING FUNDAF + CONDECINE + AFRMM + CIDE REMITTANCES + OTHER ECON. CONTR.

(3) CONTRIBUTION TO THE FOLLOWING BODIES: SENAR, SENAI, SESI, SENAC, SESC, INCRA, SDR, SEST, SENAT, SEBRAE, Airway Trust Fund and Maritime Professional Training (DPC)

GRAPH I

GROSS TAX BURDEN BY GOVERNMENT LEVEL

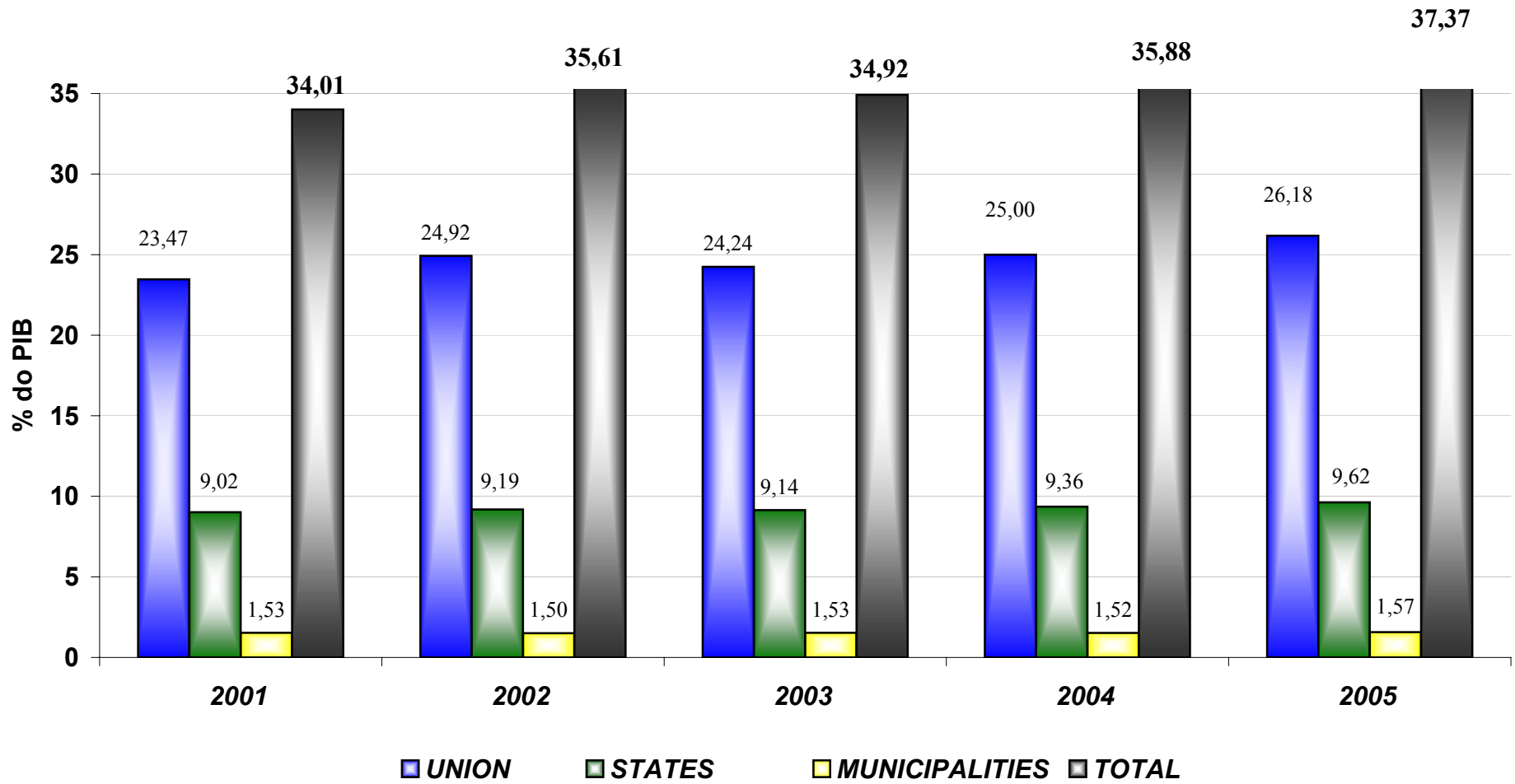


TABLE - 4

GROSS TAX BURDEN - PERCENTAGES

YEAR	2001	2002	2003	2004	2005
UNION	69,00	69,98	69,44	69,67	70,04
<i>Fiscal Budget</i>	25,26	25,74	24,47	23,25	24,10
- INCOME TAX	17,20	18,92	18,41	17,30	18,27
Individuals	0,92	0,86	0,88	0,91	0,95
Corporations	3,99	6,68	6,00	5,84	6,83
Withholding Tax	12,29	11,38	11,53	10,54	10,49
- EXCISE TAX	4,74	4,10	3,61	3,56	3,60
- TAX ON FINANCIAL OPERATIONS	0,87	0,83	0,81	0,82	0,84
- FOREIGN TRADE TAX	2,23	1,66	1,50	1,45	1,25
- RURAL LAND TAX	0,05	0,04	0,04	0,04	0,04
- TEMP. TAX ON FIN. TRANS. (IPMF)	0,00	0,00	0,00	0,00	0,00
- FEDERAL TAXES	0,08	0,07	0,06	0,06	0,04
- OTHER	0,08	0,11	0,02	0,03	0,06
<i>Social Security Budget</i>	36,74	36,26	37,11	38,89	38,81
- SOCIAL SECURITY CONTR.	14,98	14,82	14,86	14,79	14,97
- COFINS	11,16	10,62	10,71	12,24	11,99
- TEMP. CONTR. ON FIN. TRANS. (CPMF)	4,21	4,23	4,23	4,16	4,03
- CONTR. ON NET PROFIT	2,21	2,61	2,98	3,09	3,34
- PIS, PASEP	2,45	2,34	2,70	2,70	2,56
- CIVIL SERV. SOC. SEC. CONTR.	0,94	0,92	0,82	1,13	1,14
- OTHER SOCIAL CONTRIBUTIONS ⁽¹⁾	0,50	0,45	0,43	0,41	0,38
<i>Other</i>	7,00	7,98	7,86	7,54	7,13
- FGTS	5,17	4,68	4,59	4,46	4,45
- CIDE FUELS	0,00	1,58	1,55	1,23	1,06
- OTHER ECONOMIC CONTRIBUTIONS ⁽²⁾	0,27	0,26	0,27	0,30	0,19
- EDUCATION ALLOWANCE	0,77	0,76	0,74	0,76	0,82
- "S" SYSTEM ⁽³⁾	0,79	0,70	0,72	0,78	0,61
STATES	26,51	25,80	26,19	26,08	25,75
- ICMS	23,12	21,98	22,13	21,82	21,38
- IPVA	1,54	1,46	1,42	1,41	1,45
- ITCD	0,08	0,11	0,16	0,11	0,11
- TAXES	0,41	0,41	0,42	0,45	0,48
- STATE SOCIAL SECURITY	1,26	1,66	1,84	1,84	1,85
- OTHER (AIR, ICM, ETC.)	0,09	0,17	0,21	0,45	0,49
MUNICIPALITIES	4,49	4,22	4,38	4,24	4,20
- ISS	1,68	1,65	1,68	1,71	1,78
- IPTU	1,28	1,36	1,42	1,36	1,32
- ITBI	0,26	0,30	0,28	0,25	0,24
- TAXES	0,89	0,50	0,49	0,41	0,36
- MUNICIPAL SOCIAL SECURITY	0,28	0,41	0,49	0,49	0,49
- OTHER TAXES	0,10	0,02	0,02	0,02	0,02
TOTAL	100,00	100,00	100,00	100,00	100,00

(1) INCLUDING: CONT. S/ A RECEITA DOS CONCURSOS DE PROGNÓSTICOS, CONT. P/ CUSTEIO DE PENS. MILITARES, CONT. FUNDESP, CONT. FUNPEN AND OTHERS.

(2) INCLUDES : FUNDAF + CONDECINE + AFRMM + CIDE REMESSAS + OTHERS CONTRIB ECON.

(3) CONTRIBUTION FOR THE FOLLOWING BODIES: SENAR, SENAI, SESI, SENAC, SESC, INCRA, SDR, SEST, SENAT, SEBRAE, Fundo Aeroviário and Ensino Prof. Marítimo (DPC)

TABLE - 5

DISTRIBUTION OF THE TAX BURDEN ¹

AMOUNTS IN CURRENT MILLION

		2001		2002		2003		2004		2005	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
UNION	TOTAL OWN COLLECTION	281.300	69,00	335.441	69,98	377.285	69,44	441.594	69,67	507.172	70,04
	- TRANSF. FROM STATES	(30.843)	7,57	(35.956)	7,50	(38.318)	7,05	(41.789)	6,59	(49.731)	6,87
	- TRANSF. TO MUNICIPALITIES	(20.740)	5,09	(25.564)	5,33	(27.005)	4,97	(31.083)	4,90	(38.238)	5,28
	= INCOME AVAILABLE	229.717	56,35	273.921	57,14	311.962	57,42	368.721	58,18	419.202	57,89
ESTATES	TOTAL OWN COLLECTION	108.066	26,51	123.683	25,80	142.284	26,19	165.324	26,08	186.493	25,75
	- TRANSF. TO MUNICIPALITIES	(28.394)	6,96	(32.270)	6,73	(37.107)	6,83	(43.994)	6,94	(49.740)	6,87
	+ TRANSF. FROM UNION	30.843	7,57	35.956	7,50	38.318	7,05	41.789	6,59	49.731	6,87
	= INCOME AVAILABLE	110.516	27,11	127.369	26,57	143.495	26,41	163.120	25,74	186.484	25,75
MUNICIPAL.	TOTAL OWN COLLECTION	18.302	4,49	20.244	4,22	23.774	4,38	26.892	4,24	30.448	4,20
	+ TRANSF. FROM UNION	20.740	5,09	25.564	5,33	27.005	4,97	31.083	4,90	38.238	5,28
	+ TRANSF. FROM STATES	28.394	6,96	32.270	6,73	37.107	6,83	43.994	6,94	49.740	6,87
	= INCOME AVAILABLE	67.436	16,54	78.077	16,29	87.886	16,18	101.969	16,09	118.426	16,35
TOTAL		407.668	100,00	479.368	100,00	543.344	100,00	633.810	100,00	724.113	100,00

1. Only constitutional transferences were taken into account.

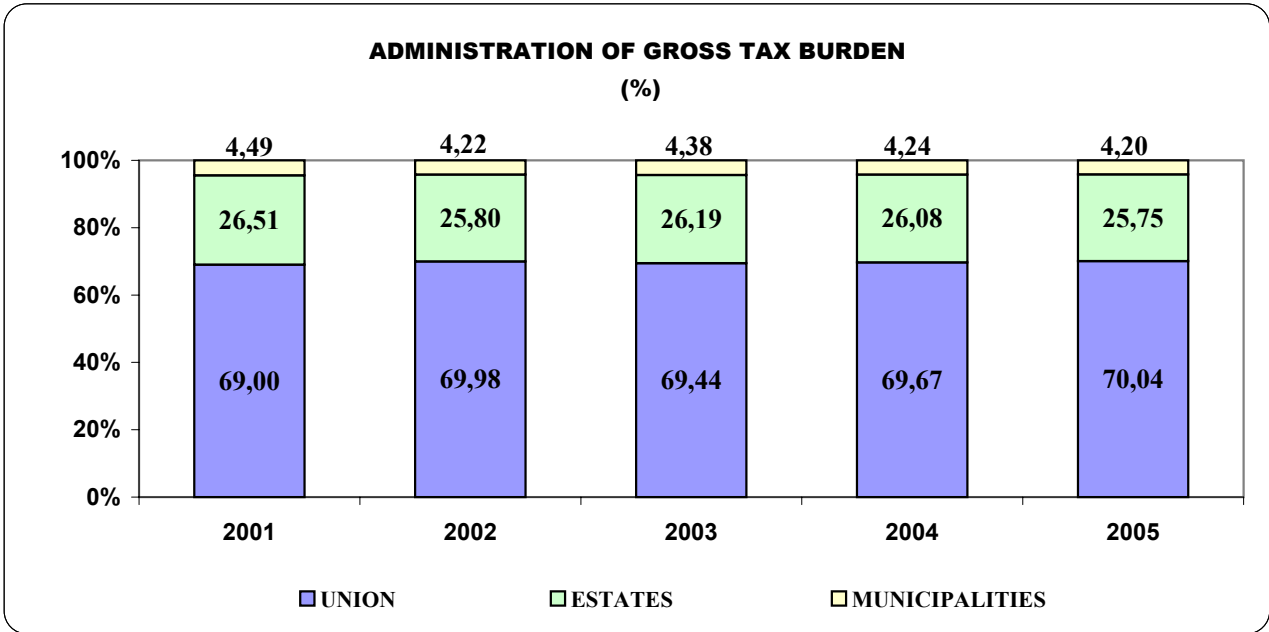
TABLE - 6

FINAL COMPOSITION OF THE TAX BURDEN

AMOUNTS IN CURRENT MILLION

		2001		2002		2003		2004		2005	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
UNION	INCOME AVAILABLE	229.717	100,00	273.921	100,00	311.962	100,00	368.721	100,00	419.202	100,00
	OWN COLLECTION	229.717	100,00	273.921	100,00	311.962	100,00	368.721	100,00	419.202	100,00
	TRANSF. FROM STATES	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
	TRANSF. FROM MUNICIPALITIES	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
ESTATES	INCOME AVAILABLE	110.516	100,00	127.369	100,00	143.495	100,00	163.120	100,00	186.484	100,00
	OWN COLLECTION	79.673	72,09	91.414	71,77	105.178	73,30	121.331	74,38	136.753	73,33
	TRANSF. FROM UNION	30.843	27,91	35.956	28,23	38.318	26,70	41.789	25,62	49.731	26,67
	TRANSF. FROM MUNICIPALITIES	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00
MUNICIPAL.	INCOME AVAILABLE	67.436	100,00	78.077	100,00	87.886	100,00	101.969	100,00	118.426	100,00
	OWN COLLECTION	18.302	27,14	20.244	25,93	23.774	27,05	26.892	26,37	30.448	25,71
	TRANSF. FROM UNION	20.740	30,75	25.564	32,74	27.005	30,73	31.083	30,48	38.238	32,29
	TRANSF. FROM STATES	28.394	42,10	32.270	41,33	37.107	42,22	43.994	43,14	49.740	42,00
TOTAL		407.668	---	479.368	---	543.344	---	633.810	---	724.113	---

GRAPH II



GRAPH III

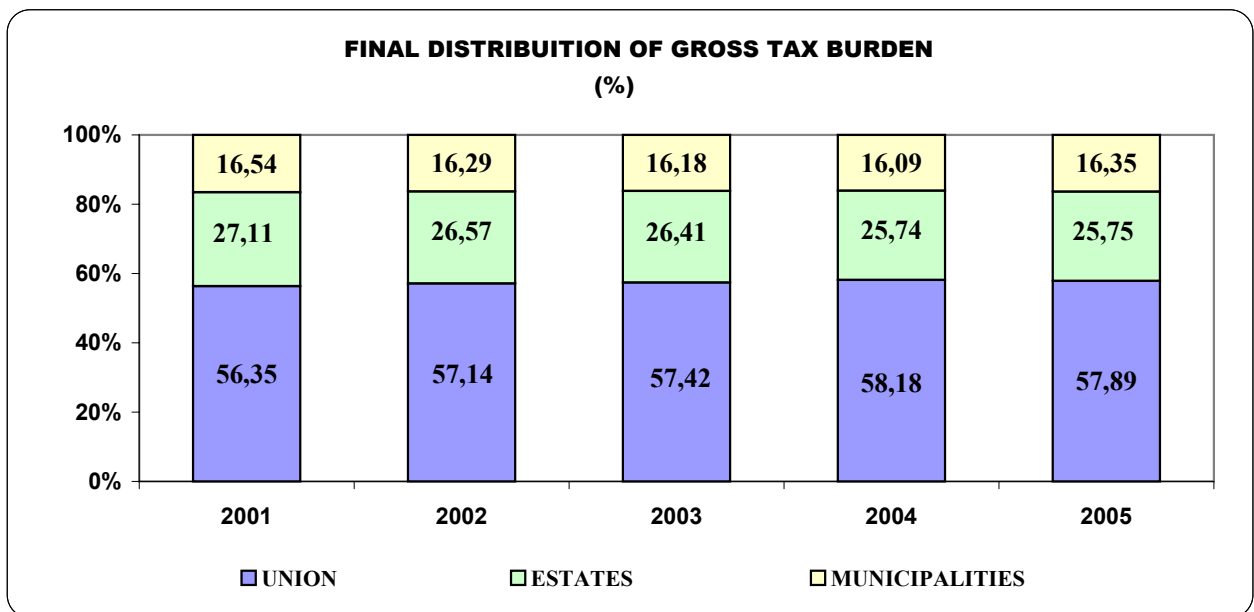


TABLE - 7

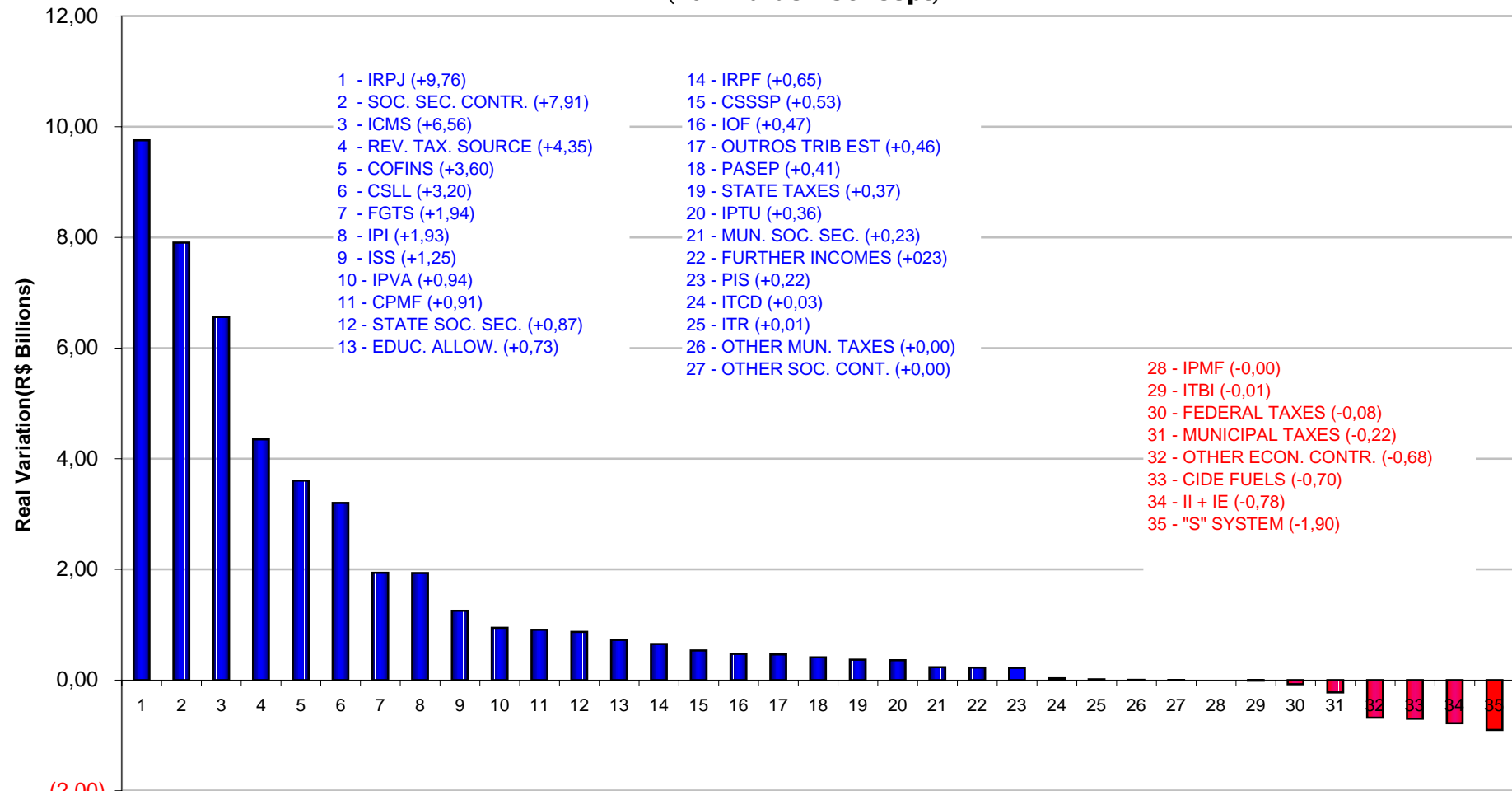
CTB 2005 - ITEMIZATION BY TAXES

POS.	TAX	GROSS COLLECTION			
		Collection [R\$ million]	% Collection	% Collection Accrued	% GDP
1	ICMS	154.810	21,38%	21%	8,0%
2	INCOME TAX	132.287	18,27%	40%	6,8%
3	SOCIAL SECURITY CONTR.	108.434	14,97%	55%	5,6%
4	COFINS	86.794	11,99%	67%	4,5%
5	FGTS	32.248	4,45%	71%	1,7%
6	CPMF	29.150	4,03%	75%	1,5%
7	IPI	26.096	3,60%	79%	1,3%
8	CSLL	24.189	3,34%	82%	1,2%
9	PIS	18.570	2,56%	85%	1,0%
10	STATE SOCIAL SECURITY	3.402	1,85%	86%	0,7%
11	ISS	12.879	1,78%	88%	0,7%
12	IPVA	10.497	1,45%	90%	0,5%
13	IPTU	9.580	1,32%	91%	0,5%
14	FOREIGN TRADE TAX	9.062	1,25%	92%	0,5%
15	CIV. SERV. SOC. SEC. CONTR.	8.231	1,14%	93%	0,4%
16	CIDE FUELS	7.681	1,06%	94%	0,4%
17	IOF	6.058	0,84%	95%	0,3%
18	EDUCATION ALLOWANCE	5.906	0,82%	96%	0,3%
19	"S" SYSTEM	4.397	0,61%	97%	0,2%
20	MUN. SOCIAL SECURITY	3.576	0,49%	97%	0,2%
21	OTHER STATE TAXES	3.531	0,49%	98%	0,2%
22	STATES TAXES	3.458	0,48%	98%	0,2%
23	PASEP	2.880	0,40%	99%	0,1%
24	OTHER SOCIAL CONTR.	2.787	0,38%	99%	0,1%
25	MUNICIPAL TAXES	2.571	0,36%	99%	0,1%
26	ITBI	1.715	0,24%	100%	0,1%
27	ITCD	795	0,11%	100%	0,0%
28	CIDE REMITTANCE	632	0,09%	100%	0,0%
29	29MERCHANT MARINE TAX	429	0,06%	100%	0,0%
30	FURTHER INCOMES	426	0,06%	100%	0,0%
31	FEDERAL TAXES	323	0,04%	100%	0,0%
32	FUNDAF	278	0,04%	100%	0,0%
33	ITR	276	0,04%	100%	0,0%
34	OTHER MUNI. TAXES	127	0,02%	100%	0,0%
35	OTHER ECON. CONTR.	36	0,00%	100%	0,0%
TOTAL		724.113	100,00%	---	37,37%

GDP 2005 (R\$ MILLION) :	1.937.598
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Graph IV

Actual Variation^(*) of Tax Collection - 2005/2004
(Tax Burden Concept)



(*) - Updated by implicit GPD-deflator (7,21%)

TABLE 08

List of Tax System Relaxation Measures
Estimated Fiscal Impact

Breakdown	Legal Act	In R\$ billion	
		2004	2005
Stimulus to product investment		0,65	3,40
Special Tax Regime for Acquisition of Capital Goods for Export Companies - RECAP	Law 11.196/05		0,23
Reduction of IPI on Capital Goods	Decree 5.468/05		0,40
Tax Incentive for the modernization and expansion of Port Structures - REPORTO	Law 11.033/04		0,45
Accelerated Depreciation to be amortized from CSLL	Law 11.051/04 & Law 11.196/05		0,50
Reduction of term to use PIS/Cofins credit	Law 11.051/04	0,20	1,90
Change in the retention system of PIS/Cofins on car parts	Law 11.196/05		0,14
Other measures from Provisional Measure "MP do bem"	Law 11.196/05		0,23
Tax cuts for families		0,50	2,30
Temporary reduction of Income Tax base in R\$ 100	Law 10.996/04		0,50
Update of IRPF table	Law 11.119/05		2,30
Tax cut of basic food basket and incentive to food production		3,33	5,00
Reduction of PIS/Cofins on basic food basket items to zero	Law 10.865/04 & Law 10.925/04	1,67	2,50
Reduction of PIS/Cofins on fertilizers and vaccines of veterinary use to zero	Law 10.925/04	1,67	2,50
Stimulus to long-term savings deposits		0,77	2,00
Dec. tax.on fixed inc. bonds, Tax red. on var. inc.bonds and Inc. Tax. Ex.on real estate sec.	Law 11.033/04	0,63	1,50
Reduction of IOF on life-related insurances	Decree 5.172/04	0,06	0,23
End of special regime of complementary social security	Law 11.053/04	0,09	0,27
Stimulus to micro and small companies		0,00	0,30
Retroactivity of companies excluded from SIMPLES	Law 11.196/05		0,30
Incentive to innovation		0,00	0,10
Digital Inclusion Program	Law 11.196/05		0,10
Total		5,26	13,10