



News Brief

IATA Voices Concern on Planned Taxation on Aircraft and Engine Leasing in Brazil

São Paulo, November 29, 2019 - The International Air Transport Association (IATA) has voiced its concern related to the Provisional Measure (MP) No. 907, published in the November 27 edition of the Federal Official Gazette. This foresees the introduction of a progressive withholding income tax (IRRF) rate of 1.5% on aircraft and engine leasing as of January 1, 2020. Estimates show that this will add R\$80 in costs to Brazilian registered airlines in 2020 alone. A further rise in the tax to 4.5% is already planned for 2022.

This step also sharply contrasts with numerous recent measures taken by the government aimed at creating a better operating environment for airlines in Brazil, while further aligning the country to global regulatory standards.

Aviation currently contributes only 1.1% to the Brazilian Gross Domestic Product (GDP), well below levels achieved in neighboring countries. Estimates show that the sector could generate an additional US\$ 70 billion in terms of GDP and more than 2.5 million new jobs by 2037, if governments create the necessary framework.

"Taxing aircraft leasing negatively impacts aviation's role in the social and economic development in Brazil. IATA will therefore continue to seek constructive dialogue with the Brazilian government, in order to enable the further development of aviation and alignment with global best practices," said Peter Cerdá, IATA's Regional Vice President for the Americas.

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Notes for Editors:

- IATA (International Air Transport Association) represents some 290 airlines comprising 82% of global air traffic.
- You can follow us at twitter.com/iata for announcements, policy positions, and other useful industry information.