# Brazilian Federal Government Economic Measures

## Coronavirus Crisis

**Source:** http://www.economia.gov.br/noticias/2020/marco/confira-as-medidas-tomadas-pelo-ministerio-da-economia-em-funcao-do-covid-19-coronavirus

### March 24th

>> The National Treasury Attorney's Office (PGFN) and the Special Federal Revenue Service (RFB) have extended the validity period of Certificates of Negative Federal Tax Credits and Active Federal Debt (CND) and Positive Certificates with Negative Federal Tax Credits and Active Federal Debt (CPEND). Legal Instrument: Joint Ordinance No. 555.

### March 22nd

>> The federal government and the National Economic and Social Development Bank (BNDES) announced emergency measures to help mitigate the effects of the new coronavirus pandemic in Brazil;

>> The news, which totals R$ 55 billion:

- (I) Transfer of resources from the PIS-PASEP Fund to the Severance Premium Reserve Fund (FGTS), in the amount of R$ 20 billion (as already announced on March 16);
- (II) Temporary suspension of payments of direct financing installments for companies in the amount of R$ 19 billion;
- (III) Temporary suspension of payments of indirect financing installments for companies in the amount of R$ 11 billion;
- (IV) Expansion of credit for micro, small and medium-sized companies (MSMEs), through the partner banks, in the amount of R$ 5 billion;

>> The federal government put the Todos por Todos platform online, so that companies, entities and associations, in addition to public agencies, can now offer services and products free of charge or on an emergency basis. The page is accessible via the link www.gov.br/todosportodos (only in Portuguese) and concentrates a citizen-focused network so that everyone can access services and information on the Covid-19 (coronavirus) pandemic.

**March 21st**

>> The federal government established new procedures to simplify and expedite public procurement to address the public health emergency caused by the coronavirus. As of this Saturday (March 21), the bidding for the acquisition of goods, services - including engineering - and health supplies destined to fight the Covid-19 pandemic is waived. Legal Instrument: Provisional Measure No. 926.

**March 20th**

>> Considering the extent of the Covid 19 pandemic around the world, the Ministry of Economy revised the projection for Brazilian GDP in 2020 from 2.1% to 0.02%. (Bimonthly Revenues and Expenditure Report Jan/Feb 2020);

>> The Congress concluded the recognition of the State of Emergency, which exempts the Government from the primary result goal this year that was estimated at a deficit of R$ 124.1 billion. The measure opens fiscal space for the adoption of measures to confront the new coronavirus. The limits to the Government's expenses and the compliance with the Golden Rule are maintained. Legal instrument: Legislative Decree No. 6 of 2020 (in force);

>> The Ministry of Economy (ME) announced that it is studying a way to anticipate the resources of contracts signed from public purchases for federal government suppliers. To this end, it opened a public consultation to verify the feasibility of the procedure with financial institutions, entrepreneurs, public managers and citizens. Those interested have until Friday, 27/3, to participate. Legal Instrument: Normative Instruction (IN) of the Ministry of Economy (to be adopted).

**March 19th**

>> The resources allocated to emergency measures increased to up to R$ 179.6 billion with the inclusion of an additional R$ 10 billion in the Anti-Employment Program;

>> The R$ 10 billion will be used to create aid to supplement the income of the most vulnerable workers who will have their income and working hours reduced;

>> In this sense, all workers who receive up to two minimum wages and have reduced wages and working hours will receive an anticipation of 25% of what they would receive monthly if they requested the unemployment insurance benefit. The measure will benefit over 11 million workers throughout Brazil;

>> Due to the seriousness of the covid-19 (coronavirus) pandemic, the INSS service will be carried out primarily through remote channels, such as Central 135

and the My INSS app. The objective is to reduce the risks of exposure of the population, in order to avoid displacement to the agencies;

>> During this phase, the physical agencies of INSS will operate on a reduced duty basis aimed only at guiding and clarifying the public with difficulty in using the digital channels;

>> In order to reduce the population's exposure to risk, the INSS is adopting a series of measures to simplify services, extend deadlines and make requirements more flexible, including: the suspension of in-person medical expertise and the suspension of the requirement to enroll in the CadÚnico to receive the Continuous Cash Benefit (BPC) that is guaranteed to disabled people and low-income elderly people. These measures are in addition to the suspension of the already announced proof of life;

>> During this period, the insured persons must send their medical reports through the INSS virtual systems. Private medical reports will also be accepted. The cases that depend on medical expertise will be, exceptionally, attended remotely case by case;

>> To request emergency assistance of R$ 200 - aimed at informal workers, unemployed and individual micro-entrepreneurs who are part of low-income families - it will not be necessary to enroll in the CadÚnico. For those who are not registered, data from the National Registry of Social Information (CNIS), the worker database adopted by the Welfare, will be used;

>> INSS insured persons should also avoid going to banks to withdraw their benefits. The benefits will be paid so that they can be withdrawn at ATM machines. In addition, the government will facilitate the withdrawal by third parties, such as children and grandchildren, through a public power of attorney, without the obligations generally required by the INSS;

>> With the announcement of these new measures, the government intends to reconcile the health protection of the population with social protection and the maintenance of social security benefits, while the State of Emergency in public health lasts.

**March 18th**

>> The Federal Government asked National Congress to declare a State of Emergency so that more resources can be spent to guarantee the health and employment of Brazilians. With this, the Ministry of Economy will be able to reassess the primary result goal of 2020;

>> The rates of importation of products for medical-hospital use have been reduced to zero;

>> The Foreign Trade Board (Camex) zeroed Import Tax on 50 products to combat the coronavirus. The Resolution includes goods such as gloves, masks and ethyl alcohol to respirators, to facilitate the care of the population and minimize the economic impacts of the pandemic;

>> The National Treasury Attorney General's Office (PGFN) will suspend collection acts and facilitate the renegotiation of debts as a result of the pandemic. The measures will be published in the Official Gazette;

>> The Federal Revenue Service will simplify customs clearance of products for medical and hospital use intended for Covid-19 combat;

>> Suspension, for one hundred and twenty days, of the requirement of annual re-registration of retirees, pensioners and civil political amnesties, as well as of technical visits, for proof of life.

>> Increases in the amounts allocated to emergency measures from up to R$ 147.3 billion, initially, to R$ 169.6 billion. Of this total, R$ 11.8 billion will be directly allocated to combat the pandemic; up to R$ 98.4 billion to assist the most vulnerable population; and up to R$ 59.4 billion to maintain jobs;

>> The Government announced the creation of an emergency aid of R$ 200 per person for three months to support informal workers, the unemployed and individual micro-entrepreneurs (MEIs) who are part of low-income families. The measure will benefit 15 to 20 million Brazilians and inject up to R$ 5 billion per month into the economy, being financed with Union resources;

>> This emergency aid cannot be accumulated with social security benefits, Continuous Cash Benefit (BPC), Family Allowance or unemployment insurance;

>> Creation of a program to avoid layoffs during the pandemic period. The Ministry of Economy will create the Anti-employment Programme. The objective of the initiative is to facilitate labour negotiations in order to reduce the costs of the labour contract and preserve the employment ties, within the limits foreseen in the Federal Constitution;

>> The program foresees the adoption of the following measures: home office, anticipation of individual vacations, decree of collective vacations, adoption and expansion of compensation hours, proportional reduction of wages and working hours, anticipation of non-religious holidays, in addition to the deferment of Severance Premium Reserve Fund (FGTS) collection during the state of emergency, which had already been announced;

>> Due to the urgency of the Covid 19 crisis, the Census that would be carried out by the Brazilian Institute of Geography and Statistics (IBGE) was postponed to 2021. With this, the resources (R$2.3 billion) previously expected to be allocated in this activity will be directed for Health.

>> A non-automatic license for the export of products necessary to combat Covid-19 will be adopted, such as alcohol gel, antiseptics, masks and respirators. The objective is to prioritize the supply of these products in the internal market.

>> Non-automatic licensing will allow the government to assess export requests for products needed to combat Covid-19. Normally, exports of these products are not subject to any type of restriction. From now on, and for as long as necessary, the Brazilian government will monitor these exports to ensure full domestic supply of items essential to the fight against Covid-19, at the same time as it can release foreign sales of the productive surplus.

**March 17th**

>> The interest rate on consigned loans for retirees and pensioners of the National Institute of Social Security (INSS) will go from the current 2.08% per month to 1.80% per month, while the rate for the credit card will be reduced from 3% per month to 2.70% per month;

**March 16th**

>> Some of the measures announced are estimated to inject R$ 147.3 billion into the economy. Most of this (R$ 83.4 billion) will go to the older population and almost R$ 60 billion will go to maintaining jobs;

>> In order to give more working capital to the companies, the government has extended the payment by companies of the Severance Premium Reserve Fund (FGTS) and also the part related to the Union's share in the Simples Nacional;

>> In this sense, the contributions due to the S System (group of 10 institutions that play a very important role in the provision of education and training) will be reduced by 50% for three months so as not to affect the companies' cash flow;

>> The government has anticipated the second instalment of the 13th salary of retirees and pensioners of INSS for the month of May (instead of December). Previously, the government had already announced that the first instalment would be brought forward to April (usually paid in July);

>> To put even more resources to move the economy, the government will transfer the amounts not drawn from PIS/Pasep to the Severance Premium Reserve Fund (FGTS) to allow new withdrawals and bring forward to June the payment of the salary allowance;

>> To strengthen Health, the government will allocate the balance of the DPVAT fund (R$ 4.5 billion) to the Unified Health System (Sistema Único de Saúde - SUS);

>> Tax on Industrial Products (IPI – Imposto sobre Produtos Industrializados) will be temporarily suspended for domestically produced or imported goods that are necessary to combat the Covid-19;

>> Renegotiation of credit operations of companies and families, as the government has exempted banks from increasing the savings they have to leave in cash (provisioning) in case this renegotiation occurs in the next six months;

>> The government gave more artillery to the banks to carry out the eventual renegotiations and to maintain the flow of new loans because we lowered the need of equity for the so-called "leverage". In practice, banks will need to have less cash to make the transactions. This change alone can increase the lending capacity by around R$ 637 billion.

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