

June Set Record for Tax Collections

Federal tax collections set another monthly record in June, totaling R\$31.5 billion (US\$13.4 billion), a real increase of 10.83% over June 2004 and the highest total ever for the month. Collections for the first semester were R\$175.7 billion (US\$75 billion), also a record for the period.

June's numbers were swelled by a 202% increase in income tax payments on financial market profits. This was due to the fact that last November, these payments ceased being made on a monthly basis and are now made every six months, in June and December.

In the semester, corporate income tax collections rose 21.4% and revenues from the social contribution on net profits (CSLL) climbed 19.8%. Personal income tax payments increased 6.3% despite January's 10% adjustment in income tax brackets which the government claimed would lower collections. Tax analysts attributed the increase to higher employment in the formal economy where workers pay the income withholding tax.