

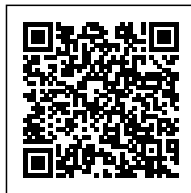
VPBG CONCLUDES TAX MEDIATION IN BRAZIL

Posted on 3 October 2022



Category: [Deal & transactions](#)

Tags: [Antonio Carlos Guidoni](#), [Fernando Villela de Andrade Vianna](#), [FRAPORT](#), [Helena Vicentini](#), [IPTU](#), [slider](#), [tax mediation](#), [VPBG](#)



Vella Pugliese Buosi e Guidoni Advogados, concluded the tax mediation in Brazil on the Urban Property Tax (IPTU) in public concessions.

The issue involved the discussion whether IPTU could be levied on an airport concessionaire (Fraport Brasil - Porto Alegre Airport - a subsidiary of the German operator FRAPORT AG).

The Municipality of Porto Alegre had charged FRAPORT IPTU between 2018 and 2021 for the entire airport premises - which would amount to a fee of R\$25MM per year.

The constitutionality of IPTU against utility concessionaires, such as FRAPORT, is a highly disputed issue in the Courts of Brazil and the Brazilian Supreme Court has yet to issue a final decision on this matter - although it is unknown when.

The Brazilian Supreme Court is divided on this issue and a decision can be found for both the constitutionality and unconstitutionality of the IPTU against utility concessionaires.

Concessionaires from different regulated sectors (railroads, highways, electricity, airports) are impacted by IPTU in a way that it can materially change the economic-financial balance of the concession contract.

After approximately 10 months of negotiation within a formal mediation process with the Municipality of Porto Alegre, in which the Secretary of Finance himself and two lawyers from the Municipality, one of whom is the Deputy Attorney General of the Municipality of Porto Alegre,

participated, a mediation agreement was reached whereby the Municipality of Porto Alegre agreed not to collect IPTU on all areas considered essential for the public service itself, and FRAPORT agreed to pay IPTU on those areas that are not related to the public service itself, but rather to economic activities, such as cafes, restaurants, and areas for car rental.

Vella Pugliese Buosi e Guidoni Advogados relied on partners (pictured from left to right) **Fernando Villela de Andrade Vianna, Antonio Carlos Guidoni and Helena Vicentini.**