

LEGAL ALERT

New IPTU collection creates confusion and increases in value

The City Administration of São Paulo promoted changes in the form of collection of the Real Estate and Urban Territorial Tax (IPTU) for the year 2020, with changes ranging from the way of sending the assessment notifications (“payment booklets”) to the readjustment amounts charged in percentages, often higher than inflation.

Several landlords and tenants ended up receiving the IPTU through the Postal Services with a short payment period, or even received such charge at the corresponding tax domicile. It is important to remind that, although the IPTU has rules for the Tax Authorities to proceed with the assessment notification, attention should be paid to the forecast for the sending of notifications by the Postal Services, as well as through the ‘São Paulo Citizen Electronic Domicile System’ (DEC). Therefore, it is recommended for those who have not yet received notification by the Postal Services to check their DEC message inbox.

It is worth reminding that Decree nº 58.592/2018, and subsequent amendments, have updated the unit values of square meter of construction and land contained in the Generic Values Plan by 3.5%, as well as the values of IPTU-related fines. Said decree also granted a 3% discount for payment at sight, if this is made by the regular maturity date of the first installment.

In practice, it was possible to verify that there were cases of increase in IPTU in around 40% of the properties, without the expansion of the built area or the loss of exemptions. The City Administration, in turn, does not clarify the reason for the increases, which have generated complaints and questions from taxpayers.

Therefore, if the taxpayer does not agree with the value of the IPTU, the former can challenge/contest it within 90 (ninety) days, to count from the date of maturity of the first installment or the single installment. In this case, the submission of challenge will suspend the enforceability of the tax credit, preventing collection by the City Administration.

It should be noted that there are other ways of reviewing the amounts demanded or paid, such as a refund request, or even the filing of legal measures with the objective of recovering or preventing the collection in case of any illegality.

The Tax area of Gasparini, Nogueira de Lima e Barbosa Advogados is available to provide clarifications on the subject.