**Brazil ITCMD Evolution**

The **Imposto sobre Transmissão Causa Mortis e Doação (ITCMD)**, Brazil's tax on inheritance and donations, has a historical lineage dating back to the late 19th century. The 1891 Constitution introduced this tax, which was subsequently regulated in 1898 with rates ranging from 0.5% to 22%, varying by state and the relationship between donor and recipient.

The 1988 Federal Constitution reaffirmed the states' authority to impose the ITCMD, setting a maximum rate of 8% and allowing for progressive rates based on the value of the transferred assets.

This constitutional framework underscores the tax's enduring role in Brazil's fiscal policy, reflecting its evolution in response to changing economic and social dynamics.

**Summary from Paper in folder:**

The document provides a detailed account of the evolution of the ITCMD (Imposto sobre Transmissão Causa Mortis e Doação) in Brazil. Key historical points include:

1. **Early Introduction**: The roots of inheritance taxation in Brazil can be traced back to 1809, when the "imposto sobre a décima ou taxa de herança e legados" was introduced through a decree by Dom João VI. This tax was based on the Portuguese system and levied on inheritance according to the degree of kinship.
2. **19th Century Developments**: In 1824, provincial autonomy was established, allowing provinces to levy taxes, including inheritance taxes. By 1867, this was formalized into what is now recognized as the Imposto de Transmissão de Propriedade (Inheritance Tax).
3. **Constitution of 1934**: The tax system was reorganized, and the inheritance tax was divided into two categories: "imposto sobre transmissão de propriedade causa mortis" (estate tax) for states and "inter vivos" (transfer tax) for municipalities.
4. **Modern Framework - Constitution of 1988**: The current structure of ITCMD was solidified, granting states exclusive authority over this tax. It introduced a cap of 8% on tax rates and allowed states to regulate specific aspects, including rates and base calculation.

This evolution reflects shifts in governance and the increasing importance of structured fiscal policy in Brazil. The ITCMD has remained a relatively minor source of revenue but is viewed as a tool for promoting wealth redistribution and addressing fiscal needs​.

**Legislative Reforms**

* The Brazilian Federal Constitution of 1988 allows states to impose ITCMD, with significant reforms proposed in 2023 aimed at simplifying the tax system(Ramos, 2023).
* The state of Paraná experienced a revocation of its ITCMD law in 2015, leading to immediate legal implications and a new law that adhered to the principle of anteriority, effective from January 1, 2016(Valle & Trevisan, 2018).