

Beer Makers in Brazil Busted for Half a Billion Tax Fraud

Contributed by Arthur Braga
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The tax embezzlement scheme allegedly practiced by the Schincariol beverage company may have diverted around US\$ 409 million (1 billion reais) in federal and state taxes from the public coffers.

This assessment was made by Ronaldo Lomônaco, deputy superintendent of the Federal Revenue office in São Paulo. The 70 individuals arrested so far are charged with tax evasion, active subornation of civil servants, and conspiracy.

According to the Federal Police, the distributors who acted as accomplices obtained injunctions to prevent the group from collecting taxes.

The investigations, which began 14 months ago, also discovered that the same receipts were used various times when products were shipped.

The Revenue office estimates that underbilled sales or sales without receipts represent 20-30% of the company's business operations.

"Operation Barleycorn" was carried out by 600 federal police and 180 Federal Revenue agents, who executed 134 writs of search and seizure and 79 arrest warrants.

According to the Federal Police, on the basis of a preliminary appraisal, over 60 people were arrested in an operation that covered 12 Brazilian states.

The Schincariol company controls approximately 14% of the Brazilian beer market and produces 2.1 billion liters annually of beer, soft drinks, mineral water, and other beverages. The group has around five thousand employees.

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