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THE IMPACTS OF THE "PAYROLL TAX RELIEF" ON AN INFORMATION TECHNOLOGY COMPANY

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ABSTRACT

In order to accelerate the growth of productive investment, the technological effort and the innovation in domestic companies, as well as the increase the competitiveness of national goods and services, the program "Brasil Maior" was established, in 2011. One of the measures imposed by this plan is the replacement, for some sectors of the economy, of Social Security Employer tax (taxes on labor) to Social Security tax on revenue, or "Payroll tax relief". In this sense, the objective of this paper is to investigate the impact of this substitution on labor charges expenditures incurred by an Information Technology company located in Florianópolis. An exploratory research was carried out through a case study with qualitative and quantitative approaches. The results indicate that after the implementation of the Social Security tax on revenue, the company achieved savings in social security tax expenditures. Finally, it was found that as of the period when the company could opt for the payment of one or another social security contribution, it has been more interesting to opt for the social security contribution on total revenue.

Keywords: Payroll tax relief. Social Security Employer tax. Social Security tax on revenue.

1 INTRODUCTION

With the slogan "Innovate to compete. Compete to Grow" *Brasil Maior* Plan was established in 2011, aiming to accelerate the growth of productive investment, the technological effort, the innovation of national companies, as well as to increase competitiveness of national goods and services (Plano Brasil Maior, 2011).

According to the provisions of Brasil Maior Primer, *Brasil Maior* Plan integrates instruments from various ministries and bodies of the Federal Government whose initiatives and

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programs are combined in an integrated and comprehensive effort to generate employment and income for the benefit of Brazilian people." Among the measures instituted by *Brasil Maior* Plan is the replacement of the Pension Fund Contribution (CPP) for the Social Security Contribution on Gross Revenue (CPRB), or the "payroll exemption", for some sectors of the economy. The CPRB was established by Provisional Measure No. 540, of August 2, 2011, which was subsequently converted into Law 12,546 of December 14, 2011.

Among other rules, this provisional measure has established the replacement of CPP, whose incidence consists in the application of the 20% rate on the payroll, by CPRB, which consists of applying a rate determined by law, on the gross revenue calculated by the companies. The measure have failed to cover all sectors of the economy, being initially restricted to only a few, including Information Technology (IT) and Information and Communication Technology (ICT) companies, which, according to Dallava (2014), were the most benefited from the payroll tax relief in 2012, in terms of tax exemption.

Moreover, in 2012, these sectors showed a greater positive variation in the number of employees compared to 2011 (Dallava, 2014). Under the new rule, the sectors of companies defined by law were forced to collect this substitute contribution, regardless of whether they were exempt or not. Since the introduction of payroll tax reliefs, there have been several changes in legislation, which, in addition to including new sectors, have changed the rates levied on gross revenue. The most recent amendment, which came into force by December 1, 2015, besides the increase in tax rates, have allowed companies to opt for the payment of one contribution over another, namely: CPP or CPRB. Therefore, they will no longer be required to collect the Social Security Contribution on gross revenue, provided that they collect the 20% on the payroll again.

Considering the foregoing, a case study is carried out on the impacts of "payroll tax reliefs" on labor expenses incurred by an information technology company located in Florianópolis. Based on information provided by the company regarding gross revenue and payrolls settled within the period from 2011 to 2016, comparing the company's expenses with social security contributions from three periods: the period in which the social security contribution should be collected on the payroll (until November, 2011); the period in which the collection on gross revenue became mandatory (December, 2011 to November, 2015); and the beginning of the period in which the company may choose to pay one or the other (as of December, 2015). For the latter period, it was calculated how much the company disbursed by contributing to the CPRB and how much it would spend if it resumed CPP collection, a relevant assessment aimed to tax savings. Eckert, Mecca, Biasio and Silveira (2013), Oliveira, Petri, Casagrande and Rosa (2014) and Echevarrieta, Magalhães, Casagrande and Rosa (2015), in a metallurgical auto parts manufacturer, in Furniture industries and in a hotel, respectively, the authors have found that the replacement of the social security employer contribution to social security tax on gross revenue represents, in fact, a reduction in the tax burden of the companies analyzed.

2 THEORETICAL REFERENCE

2.1 Social security charges on a payrolls and on revenue

According to Martins (2009: 24), expenditures refer to the "purchase of any product or service that generates financial sacrifice for the entity (disbursement), such sacrifice being represented by delivery or promise to deliver assets (usually cash)". Among the various expenses incurred by organizations are those related to the workforce, which represent a high percentage of billing for many companies, especially those focused on providing services.

In information technology companies, according to Kimura, Pereira and Antunes (2012), labor costs represent a large share of the total expenditures, as these services require the intensive use of intellectual capital. Workmanship costs comprise labor charges and social charges. The amounts paid directly to the worker, such as salary, vacation, vacation premium, 13th salary, remunerated weekly day-off, among others, are considered labor charges. Recalls made by the employer for the benefit of employee are considered social charges. Are considered social charges the Government Severance Indemnity Fund for Employees (FGTS) established by art. 15 of Law no. 8,336/90, the Social Security Employer tax and the Occupational Accident Insurance (SAT) (items I and II of article 22 of Law 81,212/91) and contributions to other entities and funds, including the education-wage and contributions to INCRA, SENAI, SESI, SENAC, SESC, SEBRAE, DPC, AEROVIÁRIO FUND, SENAR, SEST, SENAT, SESCOOP, as established in Attachment I of Normative Instruction no. 971/2009. As a CPP, employers must collect 20% on salaries paid to employees. Regarding SAT, the legislation has established that employers collect from 1% to 3%, according to the degree of risk of their activity. And 5.8% for other entities and funds, so called third parties. With regards to FGTS to be deposited for the employee, the company shall collect 8%.

According to Martins (2009, p. 135), social charges in Brazil "are totally dependent on the payment made, making them a variable cost in relation to the workforce itself and directly proportional thereto", while, according to Author, in other countries these charges assume a fixed cost nature, once they relate more to the number of people than to the amount paid. Thus, considering the volume of these expenses, as well as their variation in relation to the amounts spent on labor, adequate measurement is key for companies to obtain an effective control over the costs related to each employee. In addition, the measurement and control of these expenditures become essential for the economic sectors that obtain more intensive labor expenditures, such as the service sectors.

The Social Security Contribution collected by the companies is intended to finance Social Security and, according to the Federal Constitution of 1988, may incur on payrolls, revenue / income or profit.

> Art. 195. Social security shall be financed by society as a whole, both directly and indirectly, pursuant law, through resources from the budgets of the Federal Government, the States, the Federal District and the Municipalities, and from the following social contributions:
> I – of the employer, the company and the entity assimilated thereto in accordance with the law, incurred on:
> a) the payroll and other income from work paid or credited, in any capacity, to the individual who provides services, even without employment relationship;
> b) the revenue or earnings;
> c) the profit;
> [...]
> § 12. The law shall define the sectors of economic activity on which contributions in the form of subsections I, b; and IV of the caput, shall incur non-cumulatively.
> § 13. The provisions of § 12 apply even in the event of gradual, total or partial replacement of the contribution incurred in the form of item I, a, by that incurring on revenue or income (Federal Constitution 1988, 1988).

The Social Security Contribution payable by companies is provided for in art. 22 of Law no. 8,212/1991, which, among other measures, establishes the Social Security Costing Plan. Employers shall collect, as Social Security Employer tax, 20% of the total remuneration paid to employees, self-employed and independent workers providing services to them. According to Ansiliero et al. (2010) and Kertzman (2012), the increase in the employer's rate in the last decades - which at the origin of the pension was only 3% (Law Eloy Chaves of 1923) having changed to the current 20%, has had a major impact on labor-demanding companies and sectors, thus discouraging the generation or formalization of employment links. Thus, according to Ansiliero et al. (2010, p.10), "the replacement (whether total or partial) of 20% tax rate for the contribution on revenue or income would produce some relief for firms and labor-demanding sectors" (...). In this sense, Silva, Paes and Ospina (2014, p. 518) suggest that such replacement is "made in sectors of the economy considered labor intensive."

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In this context, in 2011, through Provisional Measure no. 540 (later converted into Law 12,546, of December 14, 2011), the CPRB was established. This "new" contribution, popularly called payroll tax reliefs, replaced the CPP payment with a new social security contribution, whose tax rate and calculation basis are different. This, established by law, should focus on the gross revenues of companies. Ferrari, Kremer and Silva (2014, p.5) point out that payroll tax reliefs consist of two complementary measures:

> First, the government has eliminated the current social security contribution on the payroll and adopted a new model on corporate gross revenues (excluding export earnings), in line with the provisions of the Federal Constitution guidelines. And, secondly, this change in the base of the contribution also comprises a reduction in the tax burden of benefited sectors, because the rate on gross revenue was set at a lower level than that rate - the so-called neutral rate.

Kertzman (2012, p. 168), on the other hand, argues that payroll tax reliefs do not necessarily represent a reduction in total tax costs. According to the author, the intention is "to find a source of financing that is less aggressive to society, without loss of resources intended to social security."

Silva et al. (2014, p. 518), when analyzing the macroeconomic effects of the substitution of the employer to income contribution, have stated that "when the 1% or 2% income rate is replaced by the employer's rate, the great effects are due to the reduction of the tax burden, but without significant impact in reducing the distortions of the Brazilian tax system."

According to Kertzman (2012), the replacement of CPP by CPRB reflects the worsening of the social risk of involuntary unemployment. For Cavalcanti (2008, p.258) one of the goals of the replacement in taxation from payroll to the billing "is to stimulate the increase of formal employment relations". In this aspect, Silva et al. (2014, p.544) found that "labor-demanding companies show an increasing behavior towards labor demand, but that slows down as the rate on the sector's revenue increases."

When created, the measure was limited only to call centers, Information Technology (IT), Information and Communication Technology (ICT), clothing, leather and footwear sectors. Subsequently, it was expanded to 56 economy sectors. Since its institution, companies listed by legislation are now forced to replace the CPP collection with CPRB collection. After the enforcement of Law no. 12,546/2011, the companies listed would stop making the 20% contribution on the total payroll payable during the month to insured employees and individual employees, as well as to individual taxpayers who has provided services, as provided for in subsections I and III, of Art. 22 of Law no. 8,212 of July 24, 1991. They would proceed to establish the social security contribution with the application of the rate, as defined by law, on gross revenue, excluding canceled sales, unconditional discounts granted, revenues from exports, Tax on Industrialized Products - IPI (if included in gross revenue) and State Value Added Sales Tax (ICMS), when charged by the seller of the goods or the service provider as a tax replacement.

For information technology companies, the rate initially set by legislation was 2.5%. As of August 1, 2012, after some changes in the legislation, the rate went down to 2%. The most recent amendment, which came into force on 12/01/2015, has increased the tax rates to 4.5% on gross revenue (article 7 of Law 12,546 of 2011, as amended).

Besides the increase in tax rate, a recent change brought by Law no. 13,161/ 2015, allowed for the option of collecting the CPP. As of December 1, 2015 companies included in payroll tax reliefs may choose either to collect the CPP or the CPRB. Unlike CPP, which shall be collected through the Social Security Guide (GPS), the CPRB, in turn, shall be collected through the Federal Income Collection Document (DARF), both by the 20th day of the month following the month in which they become due.

Pursuant the new rules, the option for substitute taxation shall be expressed by the payment of the tax levied on the gross revenue related to January of each year, or to the first subsequent jurisdiction for which there is gross revenue, being irreversible for all calendar year. According to the new Law, exceptionally for 2015, the option shall be expressed by the payment of the tax levied on the gross revenue related to November (article 9, §13 and §14 of Law 12,546/2011). This wording has resulted in divergent understandings among taxpayers that were only clarified by the publication of the Normative Instruction n. 1,597 of December 1, 2015, which established that the collection with increased tax rate shall only be effective as of December, whose CPRB collection shall occur in January 2016. The same shall apply for taxpayers who, in December 2015, opt for the return to CPP taxation. Figure 1 presents a summary of the main differences between the two collection modalities.

CPP	CPRB
Applicable to all sectors	Applicable to specific sectors
Collection on salaries paid to employees	Collection on adjusted revenue (adjusted gross revenue) of companies
Collected through Social Security Form (GPS)	Collected through Federal Income Collection Document (DARF)
In terms of the final amount, it tends to be higher when the use of labor is high and revenue is low	In terms of the final amount, it tends to be higher in activities where the revenue is high and the use of labor is low

Figure 1. Summary of main differences between the collection modalities
Source: Research data (2016).

According to the differences presented in Figure 1, in economy the sectors where CPRB is applicable, the impacts on companies' expenses with labor charges may be representative. In this sense, managers should consider the adjusted billing and the proceeds paid to employees for simulation purposes. In order to illustrate these analysis in an information technology company, previous studies were used for exploring procedures employed and results achieved.

2.2 Previous studies

A survey of previous studies was made on this matter in an attempt to identify procedures used and results obtained. Therefore, Figure 2 shows the objective, the procedures used and the main results achieved.

Authors	Objectives	Procedures	Results
Eckert *et al.* (2013)	To analyze the impacts of payroll tax relief in an auto parts manufacturer	Exploratory research, through a case study, with qualitative approach	Significant reduction in the amount of labor charges after the payroll tax reliefs
Oliveira *et al.*(2014)	To verify the impact of the change in the form of calculation of social security contribution in companies within the furniture sector	Descriptive research in a case study, with a quantitative approach	Regardless of the divergence, both in revenue figures and with regards to the number of employees, in the two companies analyzed, both were exempted in their contributions, reaching 70% of savings in the two years under analysis.
Bertini & Wunsch (2014)	To evidence the impact of payroll tax relief on footwear industries	Assessment survey with qualitative and quantitative approach	Cost reduction and positive financial impact on companies analyzed
Echevarrieta *et al.* (2015)	To verify the influence of the social security contribution before and after the payroll tax relief of a Hotel in Florianópolis metropolitan area	Descriptive study, with case study and qualitative approach	Reduction of labor costs based on the reduction of the social security contribution, pointing to a payroll tax relief
Ludwig *et al.* (2016)	To verify if there was a costs reduction in two companies analyzed within	Case study with quantitative approach	The company that uses proprietary labor has benefited from changes in legislation, including the reduction in

	the civil construction sector		figures paid to social security, while the company that uses outsourced labor did not observe benefits, not even indirectly

Figure 2. Objectives, procedures and results of previous studies
Source: Prepared from the identified studies (2016).

Studies identified in Figure 2, although addressing different empirical objects in terms of size and economic segment, present similarities in the objectives, procedures and results achieved. The analysis of the impacts of payroll tax reliefs on the labor charges incurred is common to the objectives of the studies. Except for Bertini and Wunsch (2014), all other researches used a case study as research procedure. Regarding the results, the positive aspects of payroll tax reliefs, including the reduction of labor costs incurred, were also demonstrated in all studies.

3 METHODOLOGICAL PROCEDURES

With regards to its objective, which is to compare the company's expenditures with social security contributions between 2011 and 2016, this research can be classified as descriptive, which, according to Triviños (1987), demands from the researcher a precise delimitation of techniques, methods, models and theories that guide the data collection and analysis, whose objective is to provide scientific validity to the work.

As to technical procedures, it is classified as a case study, which, according to Yin (2001, 32), "is an empirical research that investigates a contemporary phenomenon within its real-life context, especially when the limits between phenomena and context are not clearly defined." For Gil (2008, p. 57), "the case study is characterized by the deep and exhaustive study of one or a few objects, in order to allow its ample and detailed knowledge".

The case, an Information Technology company, is chosen based on three main reasons: the first concerns the fact that the company belongs to a sector covered by payroll tax reliefs, therefore, subject to study; the second reason is that we sought a case whose type of company had not yet been investigated in many studies, as seen in Figure 2; The third reason, which links to the second, refers to a case with intense use of labor, which makes it interesting to compare the collection on the income and on the earnings.

Regarding the approach to the problem, the research is classified as quali-quantitative, which, according to Koche (2006), is concerned with the understanding and interpretation of the phenomenon. Its main objective is to understand, explore and specify the existing scenario.

This research was carried out based on data from gross revenues and payrolls related to the period from January 2011 to December 2016. Data collection was performed using payroll reports made available by the company and the Profit and Loss Statement for the year provided by the Accountant, both issued monthly. Moreover, semi-structured interviews with managers and the Accountant of the company were also used to solve doubts about the reports received.

The data made available through semi-structured reports and interviews were analyzed and analyzed under the descriptive technique, which was implemented using electronic spreadsheets to calculate expenses with social security contributions: a) from employers (from January to November 2011); and b) on gross revenue (from December 2011 to 2016). Considering that as of December 2015 the companies could choose to pay one or another social security contribution, an analysis was made to identify which would be less costly for the company from that month on.

4 RESULTS

4.1 Company presentation

The company under study is a private equity company located in Florianópolis, which provides services to clients located in various regions of Brazil and started its activities in 2004.

According to the classification proposed by the National Bank for Economic and Social Development (BNDES), through Circulars 11/2010 and 34/2011, considering its income, it is a small company. It is currently made up of a team of 61 employees and taxes company income tax on actual profit.

Since the institution of the substitutive social security contribution, the company has obtained a growing revenue (gross revenue). The company's gross revenue, shown in Table 1, comprises the services provided in the years of 2011, 2012, 2013, 2014, 2015 and 2016. There have been no sales canceled, unconditional discounts granted, revenues from direct exports, Tax on Industrialized Products (IPI) and State Value Added Sales Tax arising from tax replacement (ICMS).

Table 1
Gross revenue reported – 2011 to 2016

Year	2011	2012	2013	2014	2015	2016
Gross Revenue	2.355.596,44	3.365.296,32	5.529.615,28	5.842.143,20	7.425.649,50	9.879.373,40

Note. Source: Research Data (2016).

Within the same period, the company obtained payroll expenses related to salaries, directors' fees, 13th salary, vacations, FGTS, SAT, outsourcing, food tickets, transportation vouchers, health plans and dental plans. Payroll expenses (remuneration, directors' fees, 13th salary and vacations) included in the Social Security Employer tax calculation basis, for the period from 2011 to 2016, are shown in Table 2.

Table 2
Proceeds from 2011 to 2016

Year	2011	2012	2013	2014	2015	2016
Proceeds	987.649,81	1.307.116,09	1.833.493,00	2.380.139,63	2.864.422,40	3.444.398,50

Note. Source: Research Data (2016).

In 2011, year in which payroll tax reliefs were established, the company had a team of 24 professionals. This team has continued until 2013, jumping to 38 in 2014, 50 in 2015 and 61 in 2016. With this information it is possible to show, through Table 3, the growth in gross revenue, earnings and number of employees within the period from 2011 to 2016. There has been a 43% increase in revenue in 2012 compared to 2011. The same occurred in 2013, when the increase was 64%, compared to that obtained by the company in 2012. In 2014 the growth of Revenues were lower (6%), presenting stronger growth in 2015 (27%) and 2016 (33%).

Table 3
Annual growth of gross revenue, proceeds and number of employees

Year	2011	2012	2013	2014	2015	2016
Gross revenue (R$)	2.355.596,44	3.365.296,32	5.529.615,28	5.842.143,20	7.425.649,50	9.879.373,40
GR Annual Growth (%)	0,00	43%	64%	6%	27%	33%
Proceeds (R$)	987.649,81	1.307.116,09	1.833.493,00	2.380.139,63	2.864.422,40	3.444.398,50
Proceeds Annual Growth (%)	0,00	32%	40%	30%	20%	20%
No. of employees	24	24	24	38	50	61
No. of employees Annual Growth (%)	0,00	0%	0%	58%	32%	22%

Note. Source: Research Data (2016).

The expenses with proceeds were in line with the expansion of the company's revenue, but more timidly. They reached the highest percentage in 2013, when they showed an increase of 40% compared to the previous year. In 2015, still growing, expenses with proceeds were 20% higher than in the previous year. Concerning the number of employees, the company maintained the team from 2011 to 2013. It increased its position by 58% in 2014 (compared to 2013) and by 32% in 2015 (compared to 2014).

In 2011, 2012 and 2013 there has been growth in both gross and salary expenditures, directors' fees, 13th salary and vacations, while the number of employees remained unchanged. While in 2014, the number of employees increased over 50% and revenues grew by less than 10%, while expenses with revenues grew 30%. Based on these observations, the analysis of expenditures obtained by the company with CPP and CPRB in the period from 2011 to 2016 is proceeded with.

4.2 Analysis of results

For better evidence of research results, we first analyze the variations occurred in disbursements related to social security contributions payable within the period from January, 2011 to November, 2015. Then, the social security contribution payable as of December 2015 is presented, considering the possibility the company opts for the collection of the CPP or CPRB. In this case, the two options are compared in order to identify the most austere for the company. Finally, we present how much the company disbursed with social security contribution within the period from 2011 to 2016.

4.2.1 Social security contribution payable from January 2011 to November 2015

As already pointed out, up to November 30, 2011, the company was bond to the payment of CPP, that is, until that date 20% collection incurred on the salaries of employees and directors. In 2011, R$ 175,938.20 was collected as CPP, as shown in Table 4.

Table 4
Social security contribution payable from 2011 to 11/30/2015

Year	2011	2012	2013	2014	2015
CPP	175.938,20	-	-	-	-
CPRB	8.614,83	75.903,22	110.592,31	116.842,86	136.136,91
Total for the year	184.553,03	75.903,22	110.592,31	116.842,86	136.136,91

Note. Source: Research data (2016).

As of December 2011, the company was forced to pay the social security contribution at the rate of 2.5% on gross revenue. Table 4 shows the amounts disbursed by the company within that period. For the period beginning in August 2012 and ending on November 30, 2015, the law was changed and the CPRB collection rate went down to 2%. This fact has again reduced the value of the social security contribution to be collected by the company. With the payroll tax reliefs, the company began to disburse less with social security contribution. Regarding costs obtained in 2011, in 2012 related to this tax, the company perceived saving of almost 60%. Solely due to the increase in revenue, as of December 2011, a reflection was perceived on the payment of social security contributions, which gradually increased over the following years. In 2015, expenses with social security contributions still did not reach the level of expenses obtained by the company in 2011, when it has contributed with CPP most of the year.

It is worth emphasizing that, in 2015, the social security contribution for December was not considered, since CPRB started being calculated as of this months taking into account the increase of the rate to 4.5%. Once incurred directly on the gross revenue, expenses with social security contributions for the period between December 1, 2011 to November 30, 2015 were directly proportional, i.e., 2.5% on the gross revenue from 12/01/2011 to 07/31/2012, and 2% from 01/08/2012 to 11/30/2015.

4.2.2 Social security contribution payable as of December, 2015

As of December 1st, 2015, the company could choose to continue collecting CPRB or to resume CPP collection. However, the rate on gross revenue was 4.5% thereafter. Taking this fact and the data on gross revenue and earnings into consideration, Table 5 breaks down the disbursements made by the company as CPRB as well as those the company would have made if opted for CPP. We point out however, that the comparison between the collection methods was done only for the period showed in Table 5, since in previous periods the company was not able to choose one over another collection modality.

Table 5
Collection of CPP and CPRB social security contribution

Social Security Contribution	December, 2015	2016
CPP	47,740.37	688,879.70
CPRB	27,846.19	444,571.80

Note. Source: Research Data (2016).

The expenses with CPRB are lower than the expenses with CPP, that is, for the contributions payable, concerning 2015 and 2016, the option to continue the CPRB collecting has resulted in smaller social security burden to the company. Thus, Table 5 shows that it was more cost-efficient to the company to continue collecting the social security contribution based on gross revenue.

Considering that the tax rate on gross revenue is 4.5% and that the rate on payrolls is 20%, it is possible to affirm that if the value of payrolls is lower than 22.5% of company's revenues, it is more advantageous for the company to collect CPP. Accordingly, if payroll expenses exceed 22.5% of revenues, it is more advantageous to collect CPRB. The company under this study, has a history of payrolls expenses above 30% of the gross revenues, therefore, the best option is to collect CPRB.

4.2.3 Evolution in social security contributions payable from 2011 to 2016

With the introduction of payroll tax reliefs, as of 12/01/2011, the company reduced the collection of social security contributions, corroborating with the findings of the authors Ansiliero et al. (2010), Ferrari et al. (2014) and Silva et al. (2014), which argue that the change in the social security contribution calculation basis would result in a reduction in the tax burden of the beneficiated sectors. Compared with collections of 2011, the company has obtained savings in subsequent years until 2015. In 2012, the social security contributions paid by the company were less than 50% compared to what was paid in 2011. In the years 2013 and 2014, the payments reached an average of 60% above the amounts the company paid in 2011.

This study, therefore, have demonstrated that the replacement of CPP by CPRB represented a reduction in the tax burden of the company under analysis, as well as the results achieved by Eckert et al. (2013), Oliveira et al. (2014), Bertini and Wunsch (2014), Echevarrieta et al. (2015), Ludwig, Borgert and Kremer (2016), who found reduction in the collection of social security contributions in several other sectors, confirming positive aspects of payroll tax reliefs.

In 2016, due to the increase, from 2% to 4.5% (125%), in CPRB rate, the company has considerably increased the expenses with social security contributions. It is important to note that, although the rate has increased, the company actually observed a reduction in payroll expenses. This exemption has started at the end of 2011 and continues to be relevant to the company, so that in 2016 it was more interesting for the company to continue collecting CPRB.

5 CONCLUSION

the growth in corporate spending, along with the granting of benefits, concerning certain taxes, have strengthened the need for planning and preparing projections aimed at savings to organizations. In this sense, the objective of this research focused on investigating the impact of "payroll tax reliefs" on labor expenses incurred by an information technology company located in Florianópolis.

The findings of the study show that since established, payroll tax reliefs have been beneficial to the company, representing a significant saving in terms of labor charges, more specifically, of social security contributions. We, therefore, conclude that, with regards to social security contributions expenses, the company was, in fact, exempted. As of December 2011, the company has started to collect CPRB, which means its social security contribution payments initially decreased by over 50%.

Only in 2015, when it reached earnings almost 3 times higher than in 2011, the company collected as social security contribution amounts close to those it used to spent back then. For the company, as of December, 2015, expenses with social security contributions have increased, due to the 125% increase in the CPRB rate. It was also identified that, only if the value of the payrolls is lower than 22.5% of company's revenues, it is more advantageous to collect the Social Security Employer tax. Considering that if payroll expenses exceed 22.5% of revenues it is more advantageous to collect the social security contribution on gross revenue.

It should be noted that the company currently spends a little more than 30% of its earnings with payrolls. Therefore, the best option has been to collect CPRB since the establishment of payroll tax reliefs. As a natural consequence of the methodological procedures adopted, the results herein achieved refer only to the case studied, which belongs to a sector whose labor cost is the largest portion of the cost for revenue generation. Therefore, in sectors with lower labor demands the same results may not be repeated; which is the perfect scenario for future studies aimed at assessing this issue.

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