

Collection of rural land tax and the problem of (RE) land distribution in Brazil

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SUMMARY

Land in Brazil has always been concentrated in the hands of a few families, known as latifundia, and rural activity represents a significant portion of GDP. Although, under a socialist government for several decades, the equitable distribution of wealth and land, as promised in campaigns, never materialized, the government paradoxically further increased land concentration due to tax mismanagement. This article explores the paths that led to this situation of mismanagement of the Rural Land Tax, which further exacerbated inequality and poverty in Brazil and highlights the injustice of the tax system, which creates privileges for the wealthiest at the expense of public revenue, generating ever greater concentration of wealth.

Keywords: Rural Land Tax (ITR), land, extra-fiscality, large estates, collection.

ABSTRACT

Land in Brazil has always been held by a few families, in the so-called latifundia, and rural activities represent a significant portion of GDP. Despite the socialist government's decades-long campaign promise, the equitable distribution of wealth and land never materialized. Paradoxically, the government further increased land concentration due to tax mismanagement. This article explores the paths that led to this mismanagement of the Rural Land Tax, which has further exacerbated inequality and poverty in Brazil and highlights the injustice of the tax system, which creates privileges for the wealthy at the expense of public revenue, generating an ever-increasing concentration of wealth.

Keywords: Rural Land Tax (ITR), land, extra-taxation, latifundia, tax collection.

1. INTRODUCTION

During the period of Portuguese domination as well as in the Brazilian empire, there was no tax on rural land property, given that at this time only the powerful people, often related to the nobility, could have rural properties. It was not, therefore, the objective of the State at the time was to tax the wealthiest class, given that the class the owner of the land was also the creditor of the taxes.

This fact continues to this day, given that the portion of people who hold large fortunes has a lobby in Congress to avoid having its assets affected by taxes, with the burden falling on of all state revenue from the less affluent classes in the same way as what was seen in Imperial Brazil.

The rural land tax was introduced into the Brazilian legal system only in Federal Constitution of the Republic of 1891, and initially the competence for its collection was the responsibility of the states.

For a long time, the competent entity for collecting ITR was the states where where the rural property was located. The 1946 constitution, in its original wording (art. 19, item I) maintained jurisdiction with the states.

It was only in the 1960s that, influenced by the first reform ideas agrarian that Congress transferred the ITR jurisdiction to the Union through amendment no. 5 of 1961. And with amendment no. 10 of 1964, the competence was transferred to the municipalities. It was only with the 1969 Constitution that the competence returned to the union, however the entire product of the collection was destined to the municipalities (art. 21, III, §1º and 24, I) (BALEEIRO, 2006, p. 232). Initially, it is noted that the Rural Territorial Tax – ITR is a personal tax on real estate assets.

Brugnaro et al. (2003 cited by Bacha, 2014, p.34-35), stated in their 2003 study that at the time Brazil was already losing around 2 billion reais annually due to poor billing carried out of the ITR. And the losses only increased over time.

Despite this, the collection of other taxes, which fall on other activities economic increased exponentially in the period, despite the poor collection of ITR, as will be seen in the study.

Furthermore, it is public knowledge that in Brazil consumption is taxed more, therefore falling under tax burden on the poorest sections of the population. According to Angelo's data Marsiglia Fasolo in a publication on the website of the Central Bank of Brazil, (2024) about 42.9% of total taxes collected come from consumption, to the detriment of 17.7% of total taxes collected from capital, that is, from the wealthiest layer of the population.

In this work we will analyze the collection of ITR, a tax on capital that is levied about very important economic activity in Brazil, which represents a very high share of GDP, but poorly charged as we will see.

2. THEORETICAL FRAMEWORK

2.1 Rural Property for Tax Purposes.

Article 153, VI of the Federal Constitution speaks of rural territorial property. It is understood, therefore that "only land should be taxed. The reference to real estate is therefore justified by nature, to restrict the scope of the tax" (NASCIMENTO, 2002, p. 79), that is, only the properties described in art. 79 of the Civil Code may be taxed with ITR.

Therefore, as Navarro Coêlho (2007, p.520) states, "excluding property by intellectual property and real estate by legal destination, for example, ships that, by legal fiction, are thus considered to be able to support the real right of guarantee over real estate, the mortgage" So, the economic basis for charging ITR is found in real estate by nature or physical accession, which are located in rural areas.

Law 5,868/72 defined rural zone in its article 6 as "one that is intended for agricultural, livestock, plant extraction or agro-industrial exploration and which has an area greater than one hectare".

After Extraordinary Appeal No. 93,850-MG, the STF understood that the above law was unconstitutional because the National Tax Code is a complementary law, and therefore, can only be modified by complementary law. Thus, the only criterion left to define the zone rural from what was not an urban area. In other words, the concept of rural area is sought in art. 32, § 1 of the CTN. Therefore, properties that do not have the improvements referred to therein will be considered rural.

Urban zone as we know is "that area delimited by municipal law, observing the outlining requirements provided for in the supplementary law (in this case the CTN)". (SABBAG, 2009, p.977-978). In other words, all properties that are not urban, consequently belong to the rural area and, therefore, in this category of rural area is where the economic base for the collection of ITR.

In other words, it is more important for classifying the property as urban or rural criterion of the economic purpose of the property, since it was simply decided the criterion the location of the property is insufficient to classify it as urban or rural. Therefore, for that ITR is levied on a property, it is necessary to prove that it is used for agricultural purposes, plant extraction or rural business etc. In this way, as Silvia Opitz recalls (1983, p.38): "



It is not the situation of the property that qualifies the building as rustic or urban, but the natural purpose that arises from its use: therefore, an urban building is any building for the residence of its owner, and a rustic building is any building that is constructed and intended for rustic things, such as all rural properties with their improvements, and all buildings intended for the collection of cattle, confinement of wild animals and storage of fruits, whether built in cities and towns, or in the countryside. (OPITZ, 1983, p. 38).

Therefore, at the other end of the discussion are the so-called "recreational sites", as well as gas stations on the side of the highway where, although they are located outside the urban area, there are intended simply for leisure, commercial or residential purposes that have nothing to do with with a rural property. In this case, the municipality must proceed to charge of the IPTU on these properties, since although they are outside the urban area, they are not intended for rural use.

2.2 The Rural Module.

Important for understanding the object to be taxed, rural property, understanding how it is classified for legal purposes. We initially have the Rural Module which is a measure of land area, the minimum size of which would meet all development needs economic benefit of the colonist who owns it and general social progress. This would thus prevent, in the legislator's understanding, the existence of tiny rural areas, smallholdings that do not they guarantee sustenance to their owner and are, therefore, uneconomic figures.

It is defined in art. 4, item III of the Land Statute as follows:

Art. 4 For the purposes of this Law, the following are defined: [...]

II - "Family Property", the rural property that, directly and personally exploited by the farmer and his family, absorbs all their labor force, guaranteeing their subsistence and social and economic progress, with a maximum area fixed for each region and type of exploitation, and eventually work with the help of third parties;

III - "Rural Module", the area determined under the terms of the previous paragraph. (BRAZIL, 1964).

Paulo Torminn Borges, cited by Benedito Ferreira Marques (2015, p. 50) defined it as "the area of land that is worked directly and personally by a family of average composition, with only occasional assistance from third parties, it is necessary for subsistence and at the same time sufficient time to support the social and economic progress of the family in question."

The rural module measurement varies from region to region, due to factors such as fertility of the soil and proximity to food consumption centers, as the price of food tends to vary due to transportation. It is finally set by INCRA, observing these parameters.

As Fernando Pereira Sodero's doctrine also highlights in Benedito's work Ferreira Marques (2015, p. 51) lists the main characteristics of the rural module as:

- I. It is a measure of area;
- II. The area set aside for family property constitutes the rural module.
- III. It varies according to the region of the country where the rural property is located;
- IV. Varies according to the exploration style;
- V. It implies a minimum income to be obtained, that is, the minimum wage.
- VI. Income must provide the farmer and his family not only with his subsistence, but still economic and social progress.

As can be seen, the concept of a rural module is similar to that of a family property. In way in which, a property smaller than a rural module will be a minifundio, and a larger property that a rural module will be a small rural area.

According to the 2017 Agricultural Census, (IBGE, 2020, p. 294) 76.8% of properties rural properties are classified as family properties, totaling 80.9 million hectares, and representing 3,897,408 families. However, despite the huge percentage of properties to be classified as family-owned, covering a total of 80.9 million hectares this represents only 23% of the national arable area, showing that 77% of all arable land, owned by 23% of all farmers, making a total of only 1,175,916 properties are large areas of land that could be better taxed with ITR.

To meet all the needs of the rural family, if the type of rural property, in extension of area in Brazil had in its predominance of family properties, poverty would remain reduced in Brazil, as a huge number of families that today live as employees or small landowners could have their own land, thus sharing the income in Brazil. As is known, one of the major socioeconomic characteristics that make Brazil underdeveloped it is the concentration of income in the name of a few.

However, abstracting this doctrinal opinion, what must be clear are the elements of small rural property, according to Marques (2015, p. 57-59):

- I. The title deed of ownership of the land must be in the name of one of the family members.
- II. Exploitation by the domain holder and his family.
- III. Area of a module according to exploration and size, variable for each region.
- IV. Possibility of eventual assistance from third parties.

What characterizes putting an end to family property is that it is exploited by a family, their effective participation being essential. If, for example, the family rents the property the “family” character is distorted.

2.3 The Tax Module.

To meet fiscal criteria for the collection of ITR, Congress legislated in the sense that there was another category of rural area measurement that better fitted for the collection of ITR, since the concept of rural module was practically the same as family property, and in the words of Marques (2015, p.53) “and which must evidently suffer consistent variations in the types of agricultural exploitation added to the characteristics regional”. The criteria for setting the size of the area for ITR collection should be more uniform, disregarding the large variations that exist in the classification of the rural module.

Thus, the congress published this other form of measuring rural areas, based on the module tax and rural properties are classified as smallholdings, family properties, companies rural, latifundia by size and latifundia by exploitation. All these concepts are regulated by law 8,648/93, which regulated art. 185 of the Federal Constitution.

In this way, the fiscal module “improving the rural module composition system, with new elements and rates, the tax module, in comparison with the minimum fraction of installment plan, is what best meets the requirements for developing a more appropriate standard and consistent with reality” (MARQUES, 2015, p. 53). After that, the invention of the module fiscal, he became, in the words of Marques (2015, p. 53) “a constitutive element of fixing the ITR, representing here its primary function (art. 50, of the Land Statute, with the new wording given by law 6.746/79)”. Below, each classification of rural area for tax collection purposes.

3. MATERIAL AND METHOD

The methodological approach of this article comprises a study, in a first bibliographical moment, consisting of books produced about the legislation pertaining to systematic collection of ITR. This method was chosen because the doctrine present in the books

that address the topic are widely accepted in academic circles, given that the authors cited as having great renown in the national academic environment.

The data obtained from the bibliographic research were added to data obtained in articles scientists in the field, especially in the study of BACHA Carlos José Caetano Bacha and Leonardo Camarotti Ferreira Lima, as well as data on taxes collected obtained from the website of federal revenue.

In addition to this research, data was also collected regarding the values of hectare of land by region, as well as data from IBGE publications relating to national land structure, covering, in this study, the period from the 1990s to the present day.

The research is structured in an introduction, where the approach begins problem, a theoretical framework and a development where the problem is inserted and the data are compared, with a comparison of values and historical evolution of the period and a conclusion about the errors of the public administration when collecting ITR.

4. RESULTS AND DISCUSSION.

For the purpose of sizing the economic scope of the study, we took taking into account that the largest agricultural commodity producing regions are the south and southeast, the value The average price per hectare in these regions is R\$55,300.00 and R\$27,704, respectively.

In the north, northeast and southeast regions, the value is slightly lower, but still with high figures, with the average value per hectare being R\$5,533.00, R\$10,448.00 and R\$30,487.00 respectively (SIMIÃO, 2024). It should also be considered that these regions are of vast territorial extension, justifying a slightly lower average value.

For educational purposes, however, we will pay attention to the average value of a hectare of land in Brazil, which jumped from R\$ 17,000.00 thousand reais in 2019 to around R\$ 30,000.00 reais in 2024 (SIMIÃO, 2024), that is, an increase of 114% in the period.

According to data from Embrapa (2018), approximately 66,321,886 hectares of Brazil were used as crops, and 112,237,038 were planted pastures, with the remaining area being forest, indigenous or urban.

Based on this data, S&P Global Commodity Insights estimated that in Brazil land suitable for agricultural activities has a total value of 6 trillion reais in 2023, according to Freire (2023).

Furthermore, it was analyzed by the same company S&P Global, Commodity Insights that the comparative return on investment in land for speculative purposes based on the municipality of Balsas, Maranhão, resulted in a net return of 523% in 15 years, surpassing the returns of public bonds and the Ibovespa (Freire, 2023).

Taking into account the monetary and geographical values reported above in the let us pay attention to the classification of properties for tax purposes, given that this classification is very relevant for the proper classification of the property for the correct collection of tax.

4.1 Classification of Rural Properties.

3.1.1 The smallholding.

It is the smallest amount of rural area existing in the legal system. In other words, corresponds to an area smaller than a rural module and family property according to art. 4, IV of the Land Statute. Smallholdings are (MARQUES, 2015, p. 53), "combated and discouraged in the agrarian legal system, insofar as it constitutes a distortion of the system Brazilian land, because it does not fulfill its social function. Furthermore, it does not generate taxes or makes it possible for smallholders to obtain bank financing."

Although the land is worked by the family and absorbs all of its labor force according to the concept of family property, smallholdings are uneconomical, as they do not offer income necessary for its holder, often requiring assistance from the government.

Still according to data from the 2017 Agricultural Census, (IBGE, 2020, p. 47) 81.4% of Rural properties can be considered smallholdings, given that, broadly speaking, have less than 50 hectares. However, although the majority of properties are only cover 12.8% of the country's total arable area, therefore representing a gigantic distortion.

3.1.2 The small property.

Established by law 8.629/1993, as required by art. 185 of the Federal Constitution, small properties rural is the property that has an area between 1 (one) and 4 (four) tax modules. For your



configuration requires only the size of the area, regardless of the intended purpose or how it is exploited (whether by the farmer or his family or by a third party other than the owner).

3.1.3 The average property.

Also defined by law 8.629/1993, it should be understood as a rural area greater than 4 (four) tax modules and up to 15 (fifteen) tax modules. You may also, as studied above to be family property, as it may not be.

3.1.4 The latifundium.

Latifundium is a very old legal entity, dating back to Roman law. In words of Silvia Opitz (2007, p.38): “the proper word is *latus fundus*. *Fundus* is already in itself a ownership of an area greater than the ordinary and limited unit of culture. *Latus* means wide, large. Therefore *latifundi*, vast funds or properties”. Later it was reached concept that latifundium means a large area of land with a single owner.

The best definition of latifundium, for tax purposes, is that contained in decree no. 84.685/1980 which in its article 22 established the following:

II - Latifundium, the rural property that:

a) exceeds six hundred times the tax module calculated in accordance with art. 5;

b) not exceeding the limit referred to in the previous paragraph and having a dimension equal to or greater than a fiscal module, is kept unexplored in relation to the physical, economic possibilities and social aspects of the environment, with speculative purposes, that is, deficiently or inadequately explored, in such a way as to prevent its inclusion in the concept of rural company; (BRASIL, 1980).

Finally, it is observed that the latifundium (MARQUES, 2015, p. 63) has two classifications: by extension and by exploitation. The first is directly linked to the size of the property, or that is, 600 times the fiscal module. And the second is when there is no or inefficient exploitation in rural property with more than one rural module.

Just like smallholdings, large estates also do not respect the function social property, as they produce nothing or little. And the large estates, by extension, are even worse, as they maintain a land structure of exclusion, thus causing serious social disturbances.

4.2 Legal Criteria for Charging ITR – Progressive Rates.

The Brazilian Federal Constitution of 1988, in its title VI, chapter I, recognizes plan, which legal entities under public law would receive a share of the power to tax, since this also constitutes one of the qualities of state sovereignty. Thus, the Magna Carta of 88 brings the chapter on the National Tax System, affirming political entities as holders



unique to this power to tax, regulating, from then on, a system of sharing tax powers. In the words of Luciano Amaro (2001, p. 93),

These political entities have, within certain limits, the power to create certain taxes and define their scope, subject to the criteria for sharing powers established by the Constitution. This power therefore encompasses broad political power regarding decisions on the creation of the tax itself and the scope of its incidence, although the legislator is subject to various guidelines. (AMARO, 2001, p. 93).

The tax on rural land property, the ITR, is the responsibility of the Union Federal, intended for this entity by article 153, VI of the Federal Constitution, as well as by article 29 of the CTN, the National Tax Code.

Initially, this tax capacity over rural property belonged to the States, and was attributed to Municipalities with Constitutional Amendment No. 5 of 1961. However, the municipal entity did not manage this competence in the best way, due to the proximity of existing interests between this and the large estates, as they were influenced by the wishes of such owners.

The Federal authority to establish this tax, as we know it today, arose with Constitutional Amendment No. 10 of 1964, which in addition to preventing interference from interests individuals, it also facilitates the actions of the Federal Union, since the extra-fiscal nature is clear of the tax in question. The main purpose of this taxation is to combat the large unproductive latifundia, with the institution of progressive tax rates, based on extensive unit of the property, as well as its degree of use.

However, in the original wording of the CF, there was no criterion for the institution of the tax. Although the ITR has a clearly extra-fiscal function and “has always been a tax intended to act as an auxiliary vehicle for state discipline of rural property” (SABBAG, 2009, p. 975) It was only with constitutional amendment no. 42/2003 which established §4º, I, II, III to art. 153 of the CF, which gave rise to some guiding criteria for the institution and collection of ITR.

Unlike IPTU, which is also a tax on assets real estate, it is observed that the ITR has a clearly extra-fiscal nature, as it aims to combat to unproductive large estates and encourage the maintenance of small and medium-sized rural properties.

Hugo de Brito Machado (2007, p.365), however, makes a long critique of agrarian policy Brazilian law that takes into account the constitutional criteria for collecting ITR, given that for the author, the aforementioned tax is still poorly collected, in these terms:

Considering also that the main purpose of the tax in question is not the collection of financial resources, its attribution to the jurisdiction of the Federal Union was due especially to the possibility of its use as an instrument of agrarian policy. Moreover,



It seems to us that, as such, the tax under study has been used precariously. Its full usefulness has not been extracted from it. Greater selectivity with a greater difference between the various rates, taking into account land productivity, could well make the ITR a valuable instrument for the development of agricultural activity in the country (MACHADO, 2007, p. 365).

In other words, the criteria affecting the institution and collection of ITR should be modified to provide a better land policy and promote agrarian reform. We will see below in detail each of the constitutional criteria for establishing and collecting ITR present in art. 153, §4º, I, II, III of the federal constitution.

3.3 Progressivity and discouragement of unproductive properties.

As mentioned above, progressivity was not a tax principle applied to ITR in the original wording of the Federal Constitution. It was only after constitutional amendment no. 42/2003 that Progressivity in the ITR was born.

The form of the progressive variation of the tax rate will be addressed at an appropriate time. It is appropriate, at this point make comments on the reasons that led the derived constituent to establish progressivity as a tax principle applicable to the ITR.

To encourage a land policy that efficiently protects the rural economy, the The Public Authority will use progressive taxation in accordance with Article 47 of the Land Statute.

Rural property is often used for purely speculative purposes. Therefore, the land is not used for the production of food, or raw materials for industries, but for simple enrichment with its appreciation.

As Silvia Opitz (2007, p. 223) states, “it is not surprising that in a reform agrarian policy uses this fiscal policy to obtain the greatest yield and productivity from the land”. It is necessary, as soon as the owner or possessor of rural property gives it an agricultural purpose and makes the land to produce effectively, respecting not only efficiency, but also respect for work and the environment.

By enacting constitutional amendment no. 42, the legislator of the derived constituent seeks to enforce the social function of property. Therefore, the progressive ITR (Tax on Income Tax) is not solely targeted at the efficient use of land. Any violation of its social function may lead to the progressive rate, and the revenue obtained may ultimately be used for agrarian reform projects of the Union, States, and Municipalities. (OPITZ, 2007, p. 223).

The ITR is calculated based on the land value of the property, which is understood to be corresponding to the value of bare land, the VTN. To arrive at the value of bare land, disregard all existing improvements on the property, plantations and other items that add value to the property. The VTN covers only trees and hanging fruits, as well as airspace and basement, aspects that cannot be separated from the property.

Since ITR is an extra-tax contribution, as previously mentioned, the Union uses rates to generate the collection percentage, thereby seeking to discourage the unproductive latifundium and the accumulation of land under the control of a few people, in order to subsidize agrarian reform.

The quantitative aspect constitutes the “dimension of the pecuniary obligation, making the amount owed by the taxpayer/responsible, that is, the actual amount to be collected into the coffers public”, that is, the tax rate (MELO, 2007, p. 228).

Speaking of numerical criteria, according to Machado (2003, pp 363-364) in the terms of Law No. 9,393/1996, the ITR rates will vary from 0.03% to 20%. Thus, small rural plots with an area of less than 50 hectares, if they have an equal degree of exploitation or greater than 80%, they will pay only 0.03%. If the use of the land is restricted to 30% of the capacity the percentage rate increases, reaching 1.00% of the calculation base.

Table 1 - Rate progression according to law no. 9,393/1996.

| Total area of the property (in hectares) | DEGREE OF USE - GU (IN %) | | | | | |
|---|---------------------------|--------------------------|--------------------------|--------------------------|----------|-------|
| | Greater than 80 | Greater than 65 to 80 | Greater than 50 to 65 | Greater than 30 to 50 | Up to 30 | |
| Up to 50 | 0.03 | 0.20 | 0.40 | 0.70 | 1.00 | |
| Greater than 50 up to 200 | 0.07 | 0.40 | 0.80 | 1.40 | 2.00 | |
| Greater than 200 up to 500 | 0.10 | 0.60 | 1.30 | 2.30 | 3.30 | |
| Greater than 500 up to 1,000 | 0.15 | 0.85 | 1.90 | 3.30 | 4.70 | |
| Greater than 1,000 up to 5,000 | 0.30 | 1.60 | 3.40 | 6.00 | 8.60 | |
| Over 5,000 | 0.45 | 3.00 | Developed | 6.40 | 12.00 | 20.00 |

by the author according to data from law 9393/96.

Regarding medium-sized rural areas, with an area ranging from 100 to 500 hectares, if the utilization percentage is 80%, the rate will be 0.15%. However, if the same area if it only reaches 30% utilization, the rate will reach a percentage of 4.70%.



Regarding large rural properties, with an area greater than 5,000 hectares, variations in the tax rate also follow the degree of use. Thus, areas with 5,000 or more hectares with 80% or more utilization have a rate of 0.45% on the basis of calculation. However, on the other hand, if the use is restricted to 30% of the property's capacity, the percentage rate reaches 20% on the value.

As can be seen, the rate is variable and is not obtained solely by taking into account the value of the property. Production volume is also relevant for assessing the *quantum debeat*. Therefore, as Coelho (2007, p. 521) says, “the tax to be paid does not depend, as Paulo de Barros Carvalho erroneously preaches, from the simple application of the tax rate on the calculation basis. The Degree of Land Utilization (GUT) and the Degree of Efficiency are taken into account of the Land (GET)”. Therefore, there are different quantification criteria for the tax rate.

It should be clear that the taxable area within the rural property excludes: areas of permanent preservation; legal reserve; private reserve of natural heritage; forest easement; of ecological interest for the protection of ecosystems, as declared by act of the competent body, federal or state; demonstrably unfit for the activity rural, declared of ecological interest by means of an act of the competent federal or state body (MELO, 2007, p. 440). In other words, the calculation of the percentage of use takes into account only the useful area. If this were not the case, in certain regions of the country it would be impossible to observe the regulations tax without violating environmental regulations.

As could not be otherwise, the doctrine challenged the ITR rate, because “with this rate, so high, the tax has an undeniable [...] confiscatory effect, giving rise to thus, because the question of its constitutionality in view of art. 150, IV, which prohibits the Union, States and Municipalities to use taxes with confiscatory effects” (MELO, 2007, p. 440). If observe how Sabbag (2009, p. 980) did the 20% rate “inexorably the property will be confiscated within 5 years ($5 \times 20\% = 100\%$)”. Indeed, within 5 years if the the owner of the property does nothing on the property, and continues to allocate the latifundium only to speculation it will be confiscated.

However, if we observe the agrarian doctrine, leaving aside the tax thinking, we observe that, as Benedito Ferreira Marques (2015, p. 64) reminds us,

Taxation can be an efficient means of reversing the situation of immobility experienced by owners of large tracts of unproductive land, who hold them solely for speculative purposes, as if they were commodities rather than productive assets. With heavy taxation, large landowners would be compelled to transform their properties into agricultural enterprises, or else they would have to sell or lease them, seeking to fulfill their social function” (MARQUES, 2015, p. 64).

In other words, the progressiveness of the rates was instituted to discourage the maintenance of unproductive properties. Therefore, confiscation will only occur after five years if the owner of the latifundio not take any initiative. Now, if the tax rate were 100%, the property would be confiscated in a year, then it would be unconstitutional. Now, since there is a five-year term As we have just stated, there is time for the incumbent to take action and reverse the situation.

4.3 Evolution of ITR Collection over Time – 1990 – 2025.

According to data from the Center for Advanced Studies in Applied Economics (Cepea), with data published in the Brazilian Confederation of Agriculture and Livestock (CNA, 2025) the GDP of Agricultural sector reached R\$ 2.72 trillion in 2024, thus the participation of agribusiness in the Brazilian economy in the period was 23.2%, with a proportional increase of 1.81% in period.

Despite this, in absolute volumes, according to Oliveira (2020) in 2018 the ITR raised the amount of R\$ 1.5 billion reais, of which the amount was raised with the tax in view of the more than 5 million rural properties in the country contributed with less than 0.1% of the Union's revenue, further evidence of the poor use of the tax.

How is it possible that an activity that moves R\$2.72 trillion, only collects 1.5 billion reais in taxes on the most essential assets for this activity, the agricultural property.

The following table was developed in the article “Evolution of ITR in Brazil”, by Leonardo Camarotti Ferreira de Lima and Carlos José Caetano Bacha, (2022, p.44), which we reproduce follow in order to summarize the entire evolution of ITR collection over time.

Table 2 - Evolution of the ITR value charged over time, values expressed in REAIS (R\$):

| North Year | North East | Midwest | Southeast | South |
|--------------------|---------------|----------------|----------------|----------------|
| 2000 26,414,817.99 | 59,239,519.71 | 128,437,034.66 | 414,250,820.07 | 188,075,706.81 |
| 2001 39,841,988.39 | 78,292,016.22 | 164,423,069.05 | 415,177,909.68 | 213,226,248.00 |
| 2002 32,151,567.60 | 65,008,591.23 | 143,252,763.18 | 353,646,801.35 | 185,183,029.98 |
| 2003 26,560,744.27 | 54,460,907.31 | 136,631,645.20 | 344,874,984.03 | 186,694,750.71 |
| 2004 22,607,482.80 | 54,819,221.10 | 132,815,539.26 | 299,163,800.65 | 189,564,459.39 |

| | | | | | |
|------|---------------|----------------|----------------|----------------|----------------|
| 2005 | 30,920,057.03 | 91,086,652.24 | 128,543,558.36 | 298,573,107.86 | 196,255,182.82 |
| 2006 | 23,298,117.69 | 61,286,869.56 | 136,228,069.25 | 358,420,169.06 | 188,077,067.56 |
| 2007 | 25,096,834.14 | 60,788,752.91 | 143,510,091.70 | 374,872,376.02 | 203,678,865.08 |
| 2008 | 37,782,164.03 | 77,838,660.89 | 223,225,277.75 | 380,208,273.23 | 194,167,721.32 |
| 2009 | 43,301,325.43 | 73,611,018.06 | 252,216,116.31 | 333,382,406.35 | 202,633,208.73 |
| 2010 | 43,081,518.87 | 86,746,480.57 | 278,559,672.50 | 365,500,185.15 | 221,033,750.61 |
| 2011 | 44,593,820.97 | 97,656,994.35 | 302,686,928.98 | 374,828,401.62 | 229,406,783.84 |
| 2012 | 46,669,389.80 | 112,893,752.92 | 320,630,750.69 | 402,447,811.05 | 242,615,023.51 |
| 2013 | 55,426,466.09 | 117,233,704.23 | 403,647,156.06 | 415,669,176.35 | 275,212,126.59 |
| 2014 | 55,761,226.79 | 122,168,737.12 | 502,519,365.13 | 453,915,208.49 | 288,912,526.67 |
| 2015 | 77,213,876.37 | 129,030,596.02 | 615,060,087.73 | 504,129,089.66 | 350,834,475.27 |
| 2016 | 66,225,711.71 | 105,277,031.51 | 585,928,162.88 | 467,159,801.71 | 324,796,106.18 |
| 2017 | 75,764,293.26 | 113,384,685.86 | 635,315,764.87 | 510,326,016.79 | 347,178,011.81 |
| 2018 | 69,108,855.51 | 108,744,130.70 | 700,874,219.04 | 517,002,908.59 | 335,168,159.29 |
| 2019 | 78,184,883.94 | 113,000,080.21 | 793,274,459.00 | 562,533,998.15 | 398,799,863.32 |
| 2020 | 79,161,495.52 | 105,094,898.70 | 746,915,892.35 | 531,594,857.56 | 382,943,911.31 |

Reprinted from: Evolution of ITR in Brazil”, by Leonardo Camarotti Ferreira de Lima and Carlos José Caetano Bacha, 2022, p.44.

If we take into account, for example, the import tax for comparison purposes, amount collected was R\$ 2,881,744,538, that is, an increase of 45.44% compared to the previous year (FEDERAL REVENUE, 2024, p.15), evidencing a strong effort by part of the government in further burdening consumption taxes to the detriment of income taxes.

And, when we come across the ITR we observe a blatantly opposite scenario in in order to further burden large landowners and give rise to systematic extra-fiscality, the main reason for this tax.

According to the 2017 Agricultural Census, with data published in the agricultural atlas (IBGE, 2020, p. 47) the Gini index, applied for the purpose of comparing the size of areas rural areas recorded the number of 0.867, the highest level in the historical series, which is respectively 0.854 (2006), 0.856 (1995-1996) and 0.857 (1985), with the closer to 1, the more concentrated is the land.

5. FINAL CONSIDERATIONS.

It is observed that, despite the extra-fiscality of the ITR, in order to discourage the formation of large estates and land concentration only increased during the period, (the Gini index

is getting closer and closer to 1) despite this, the value of land also rose in the period from 2019 to 2024 by around 114%, according to a study by S&P Global Commodity Insights (SIMIÃO, 2024).

In the wake of this increase in the average value of a hectare of land, there was a concentration of lands in the name of an ever-decreasing number of families, and paradoxically, the ITR that should curbing this concentration had its revenue proportionally reduced if we take into account says that the value of land has more than doubled in 5 years.

In the end, when we compare the ITR with the increase in the collection of other taxes is that we are faced with the true demagogy of the government that intends to reduce the inequality, and highlights how inefficient the ITR collection is in terms of curbing formation of large estates.

However, the system of extra-fiscality of the ITR, present in the law that in theory sought, for through progressive rates to charge more from those who owned a larger share of agricultural land and thus revealing a means of combating large property is not having any practical effect. It was evidenced that over time, in addition to a greater land concentration, the value collected from rural land tax did not keep pace with the increase in the average value of hectare of land during the period, making clear the poor management at the time of tax collection.

Furthermore, there is a clear demagoguery of the government that instead of fighting the concentration of land, the main theme of its government ideology, through a efficient collection of ITR preferred to further ally itself with landowners who concentrate wealth, and further intensify the tax burden on the less privileged thus further worsening income concentration and generating more poverty in the countryside, given that over this time many small farmers were forced to sell their properties for large landowners.

The :ITR, therefore, remains an almost symbolic tax with the Brazilian government, although it has a promising scope, with great expectations of raising a high volume of taxes given the great economic value of land in Brazil, however it is poorly charged, and the government, which is always eager to increase revenue, must start consider reforming its charging structure to implement extra-fiscality that it proposes.

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