



# Where are the “rich” in Brazil?

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Marcelo Neri – FGV Social

## Abstract

According to estimates from FGV Social based on declared earnings in Income Tax registries over total population projections in each locality, the Brazilian State’s Capital with the highest income per inhabitant is Florianópolis (R\$ 3,998/month), followed by Porto Alegre and Vitória. Then, the ranking continues with São Paulo (4th), Curitiba (5th), Brasília (6th) and Rio de Janeiro (7th). When assessing the 27 Units of the Federation (also known as the Brazilian States), the axis Federal District–São Paulo–Rio de Janeiro assumes the top three places in the ranking, respectively. Brasília’s mean declared income is R\$ 2,981, but this estimate includes all citizens living in the city, in other words, it was not exclusively based on those individuals who had declared their earnings to the Brazilian Revenue Office. If we only consider the declarants in our estimates, Brasília’s mean income increases to R\$ 11,994. At South Lake, the richest Administrative Region in the city and home of the richest public servants in the country, declarants’ mean income reaches R\$ 38,460, while the mean declared income per inhabitant is R\$ 23,020. There is no single municipality in Brazil that surpasses this income threshold.

In other words, Brasília is the Unit of the Federation with the highest income and its South Lake district has three times the income of the richest Brazilian municipality. Regarding inequality between the Brazilian States, evidence shows that Brasília’s mean income is 8 times higher than in Maranhão, the poorest Unit of the Federation with only R\$ 363/month. Moreover, 17 out of the 27 Units of the Federation have a mean income below R\$ 1000, none of them in the South or Southeast regions. When looking at data for Brazilian States’ Capitals, the two richest Capitals are in the South region, while the poorest five are in the North Region of the country, with Macapá at the very end. These results suggest that North-South comparisons are truly important to understand the main income differences in the country.

The ranking of occupations shows that six out of the ten better-paid jobs are related to the public sector, according to Income Tax data. Therefore, the evidence shows that an administrative reform in the Brazilian public sector is indeed necessary. Evidence from Income tax registries also gives us insights for tax reforms aiming a more progressive tax scheme. The top-3 richest municipalities among all 5570 Brazilian municipalities are relatively small cities: Nova Lima (MG), Santana do Parnaíba (SP) and Aporé (GO). In addition to coastal cities such as Florianópolis, Vitória, Niterói and Santos, which usually attract the richest strata of the population since individuals with higher purchasing power usually prefer to live in cities with a higher quality of life, including (but not limited to) more economic opportunities. This phenomenon also happens because there are more job opportunities for doctors, lawyers, and liberal professionals in places with rich people. Thus, in our assessment, we have explored the lifestyle of the richest Brazilians.

**Executive Summary** – data from Income Tax registries assembled by the Brazilian Revenue Office allow us to better assess the income concentrated at the top of the income distribution when compared to household surveys, which usually underpin researches on poverty and inequality.<sup>1</sup> Consequently, we can think of the eligibility criteria for filing Income Tax as a kind of “wealth line” that allows us to identify the Brazilian citizens with the highest purchasing power according to the current tax legislation. This assessment might also be useful to identify new revenue sources for State actions related to Education, Health, Security and Poverty Alleviation.

In this note, we use fresh data from the Brazilian Revenue Office in order to pinpoint where the wealthiest group of Brazilians live. As in poverty assessments, we want to compare the “rich” with the whole of the population. We calculate the share of declarants in relation to the total population, as well as income declared in Income Tax registries divided by each inhabitant or by each declarant. In doing so, we do not consider other sources of income (e.g. informal jobs or any other type of income that is not declared in Income Tax registries). Therefore, the mean income declared in Income Tax registries is the main estimate used here to rank geographic units.

Given our aim of presenting different possibilities or components related to this estimate, we calculate the mean income in two ways: (i) in relation to the total population, and (ii) only considering the individuals who submitted an Income Tax file to the Brazilian Revenue Office. The latter allows us to capture the wealthiest individuals among the already rich Brazilians, in other words, it enables us to understand who is indeed in the top of the income distribution. On the other side, Income Tax registries also allow us to estimate real assets and financial net values (i.e. discounting liabilities). One limitation that is worth mentioning is that some of the main assets in people’s wealth records are declared in historical value, such as real estate, cars and financial stocks. We will present these assets at face value, but our focus remains on estimating the mean income level in each locality. Let’s see our main findings.

When comparing the 27 Units of the Federation, the Federal District, São Paulo and Rio de Janeiro, respectively, are at the top of the mean declared income ranking followed by the three Brazilian States at the South Region of the country (Rio Grande do Sul, Santa Catarina e Paraná, respectively). When looking at the declarants’ mean income only, the top-6 Units of the Federation remain the same, but Rio de Janeiro and Paraná go one position up in the ranking (now 2<sup>nd</sup> and 5<sup>th</sup>, respectively). At the end of the ranking, there are Brazilian States from both Northeast and North Regions of the country, such as Maranhão (last place in both mean income estimates) and Pará.

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<sup>1</sup> This occurs because there are incentives in household surveys for rich individuals to underreport their income. A list of references related to this topic in Brazil is presented at the end of this document.

**Table – Ranking of the Mean Monthly Income declared in Income Tax registries over Total Population (R\$ Brazilian Reais) – Units of the Federation in 2018**

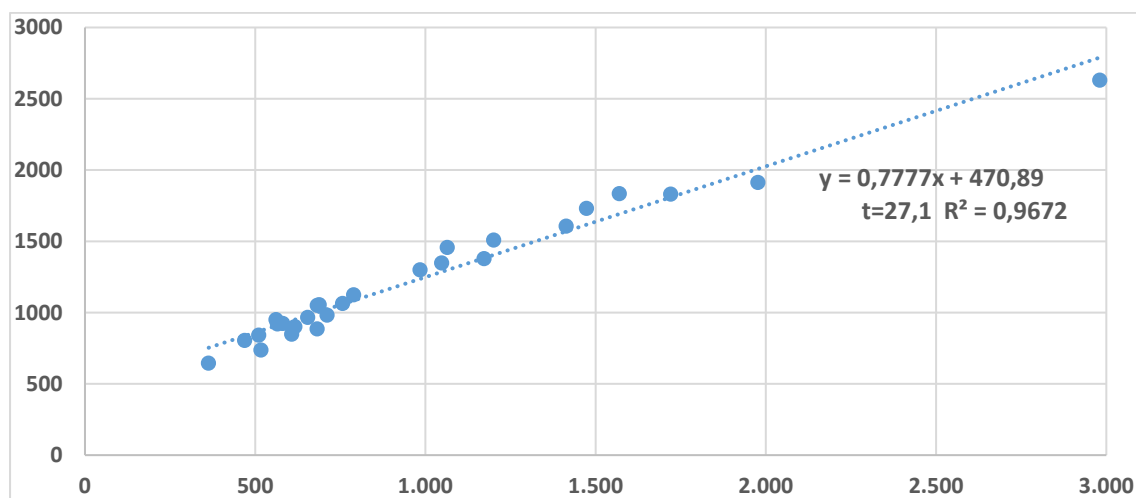
Unit of the Federation (Brazilian States)	Monthly Declared Income over Total Population	Rank
Federal District	R\$ 2,981	1
São Paulo	R\$ 1,977	2
Rio de Janeiro	R\$ 1,720	3
Rio Grande do Sul	R\$ 1,569	4
Santa Catarina	R\$ 1,473	5
Paraná	R\$ 1,413	6
...	...	...
Pará	R\$ 469	26
Maranhão	R\$ 363	27

Access all rankings and maps at: <https://cps.fgv.br/en/where-are-the-rich-in-brazil>

Source: FGV Social using Income Tax registries (IRPF 2018) and data from the Federal Court of Accounts (TCU/IBGE 2019)

There is a positive and high correlation between the mean income declared in Income Tax registries and the mean income from household surveys (Continuous National Survey on Household Sample - PNADC), both based on total population in 2018, as presented in the Graph below.

**Graph – Mean Income comparisons: Household survey vs Income Tax registries in 2018 by Units of the Federation (R\$)**



Source: FGV Social using data from Income Tax registries (IRPF 2018) and household surveys (PNADC/IBGE 2018)

When looking at Brazilian States' Capitals, Florianópolis, Vitória, Porto Alegre and Curitiba, respectively, lead the mean income ranking based on Income Tax registries. Then, the ranking continues with the axis Federal District–São Paulo–Rio de Janeiro. The poorest five capitals are in the North Region of the country, with Macapá at the very end. These results suggest that North-South comparisons are important to understand the main income differences among Brazilians States and their Capitals.

Then, after dividing the Brazilian territory into 5570 municipalities, we observe that the richest municipalities are relatively small, being the top-3 richest cities Nova Lima (MG), Santana do Parnaíba (SP) and Aporé (GO), respectively. São Caetano (SP) - the leader in the ranking of Human Development Index by cities - appears in fourth place, followed by Niterói (RJ), Florianópolis (SC), Santos (SP) and

Vitória (ES). These municipalities also lead different rankings according to 2010 Census data, such as the rankings of doctors per inhabitant; or individuals with university degree among the population; or even access to the internet and car ownership, etc. Thus suggesting that coastal cities are more attractive to high-income individuals not only by their productive and economic attributes.

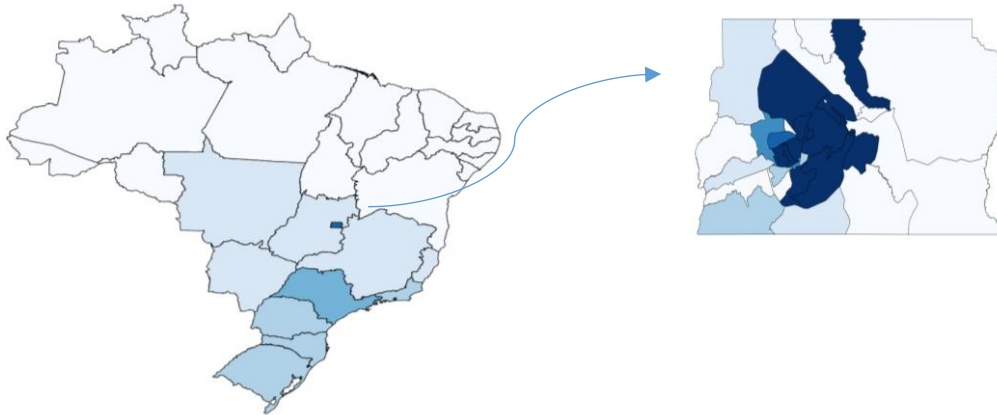
**Map – Mean Monthly Income declared in Income Tax registries over Total Population (R\$ - Brazilian Reais) by Brazilian Municipalities**



*Source: FGV Social using Income Tax registries (IRPF 2018) and data from the Federal Court of Accounts (TCU/IBGE 2019)*

At the richest Unit of the Federation, the Federal District - which also corresponds to the Brazilian Capital city Brasília, we analyzed the income distribution by Administrative Regions. The South Lake, home of the richest public servants in the city, appears as the richest Administrative Region. If South Lake were a municipality, it would be ranked number 3 among all 5570 Brazilian municipalities. Alternatively, if we consider the mean income per declarant living in this Administrative Region, it would then assume the first place of the previous ranking. Finally, the ranking of occupations shows that six out of the ten better-paid jobs are related to the public sector, according to Income Tax data (see the following [link](#) [in Portuguese]).

**Box: Maps** – Spatial representation of the results using fly-over maps are of central importance here. These devices allow us to visualize and identify territorial information that can be accessed in different geographical levels, such as local (municipalities and administrative regions of the Federal District), Units of the federation and their respective capital cities. All maps share the same scale and are accompanied by rankings that help the user to assimilate all available information.



**Box: Rankings** – In addition to fly-over maps, our website offers interactive rankings to support the user’s experience and his/her assimilation of all available information. These devices allow the user to rank different information in ascending or descending order. Moreover, they enable the user to select any local of interest. We developed rankings for all geographical levels.

**WHERE ARE LOCATED THE RICH PEOPLE IN BRAZIL ? - Municipalities**  
 FGV Social from IRPF 2018 and TCU/IBGE 2019 Data- 5570 municipalities

Portuguese  English

Search

Municipality		Declarants in the Population		Mean Income		Net Equity		Declarants' Mean Income		Declarants' Net Equity	
Municipality	State	%	Rank	R\$	Rank	R\$	Rank	R\$	Rank	R\$	Rank
Nova Lima - MG	MG	30,54%	8	6253,03	1	32820,35	2	20477,07	5	1053979,45	9
Santana de Parnaíba - SP	SP	26,95%	18	5384,77	2	279084,00	3	19980,05	6	1035422,38	10
Aporé - GO	GO	11,27%	1521	5233,93	3	736225,72	1	46452,52	2	653419,783	1
São Caetano do Sul - SP	SP	42,58%	1	4565,34	4	214099,50	4	10721,62	37	502808,82	29
Niterói - RJ	RJ	34,01%	4	4186,51	5	131999,52	17	12308,99	13	388099,54	62
Florianópolis - SC	SC	32,24%	5	3998,30	6	151856,42	9	12402,59	12	471052,80	37
Santos - SP	SP	36,27%	3	3763,84	7	140565,88	13	10376,08	39	397509,49	64
Porto Alegre - RS	RS	30,68%	7	3725,15	8	145051,23	12	12142,94	18	472825,96	36
Vitória - ES	ES	28,66%	14	3516,16	9	132039,06	16	12266,63	15	460637,49	39
Campos do Jordão - SP	SP	13,54%	955	3493,98	10	82853,52	54	25807,49	3	611978,77	16

Access all rankings and maps at: <https://cps.fgv.br/en/where-are-the-rich-in-brazil>

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