

BRASIL TELECOM SA
Form 6-K
December 22, 2004

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

THROUGH DECEMBER 22, 2004

(Commission File No. 1-15256)

BRASIL TELECOM S.A.

(Exact name of Registrant as specified in its Charter)

BRAZIL TELECOM COMPANY

(Translation of Registrant's name into English)

**SIA Sul, Área de Serviços Públicos, Lote D, Bloco B
Brasília, D.F., 71.215-000
Federative Republic of Brazil**

(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1).

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7).

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

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If "Yes" is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b):

Investor Relations

(55 61) 415-1140
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Media Relations

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ivette.almeida@annemcbride.com

Free Translation

BRASIL TELECOM S.A.

Publicly traded company

Corporate Taxpayer Registration 76.535.764/0001-43
 Board of Trade 53 3 0000622 9

NOTICE TO SHAREHOLDERS

PAYMENT OF INTEREST ON SHAREHOLDERS' EQUITY

Brasil Telecom S.A. (the Company) informs that the Company's Senior Management approved the payment of interest on shareholders' equity, which will be imputed to the dividends relative to the fiscal year 2004, pursuant to article 9 of Law 9,249/95 and Deliberation #207/96 of the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários). Following are the details regarding the payment:

1. AMOUNT

The total interest on shareholders' equity amount, net of taxes, to be paid is R\$377,825,000.00 (three hundred and seventy-seven million, eight hundred and twenty-five thousand reais), according to material fact released on 2004, as follows:

Date of the credit	Brazilian Ex-Date	Gross amount credited (R\$)	Gross amount per 1,000 shares (R\$)	Net amount of income tax per 1,000 shares (R\$)
01/30/2004	02/12/2004	238,100,000.00	0.441267654	0.375077506
12/31/2004	01/04/2005	206,400,000.00	0.381097658	0.323933009

2. DATE OF PAYMENT

Beginning January 14th, 2005.

3. FORM AND PLACE OF PAYMENT

Shareholders who have bank accounts and have provided their bank account information to Banco Bradesco S.A. (Bradesco), Depository Institution, will have their interest on shareholders' equity and dividends credited to those accounts.

The dividends and interest on shareholders' equity corresponding to shares deposited with the custodian agent will be credited to the respective stock exchange, which will then transfer the payments to shareholders through certified Brokerage Houses.

The remaining shareholders should proceed to a Bradesco branch of his or her choice, bringing along proof of banking account for registration (optional) and identified with the following documents:

A Natural Person: certified copy of his or her identification card, an Individual Taxpayer Registration (CPF) card and proof of address.

A Legal Person: certified copy of its Federal Taxpayer Registration (CNPJ/MF), and current consolidated articles of association or bylaws. In the case of Corporations, it must be presented the minutes of the general shareholders' meeting or the board meeting, which elected the current officers. Managing partners and officers with powers to represent the company must present a certified copy of their identity card, Individual Taxpayer Registration (CPF) card and proof of address.

If a shareholder is represented under power of attorney, agent of the shareholder must provide the public instrument of the grant of power of attorney, certified copies of the attorney's identity card and an Individual Taxpayer Registration (CPF) card.

4. RETAINED INCOME TAX

The interest on shareholders' equity retains income tax at the rate of 15%, except for the shareholders who identify themselves as exempt from taxes at Bradesco in this condition, according to the Material Facts published on the newspapers Gazeta Mercantil (national edition), Jornal de Brasília, Valor Econômico and Diário Oficial da União, on the fiscal year 2004.

Brasília - DF, December 22, 2004.

Carla Cico

Investor Relations Officer

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 22, 2004

BRASIL TELECOM S.A.

By: _____ /s/ Carla Cico

Name: Carla Cico
Title: President and Chief
Executive Officer
