

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

Commission File Number: 001-14475

TELEFONICA BRAZIL S.A.
(Translation of registrant's name into English)

Av. Eng° Luís Carlos Berrini, 1376 - 28º andar
São Paulo, S.P.
Federative Republic of Brazil
 (Address of principal executive office)

Form 20-F

X

Form 40-F

Yes

No

X

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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):

Yes

No

X

TELEFÔNICA BRASIL S.A.

Publicly-held Company

CNPJ MF 02.558.157/0001-62 - NIRE 35.3.001.5881-4

NOTICE TO SHAREHOLDERS

DELIBERATION OF INTEREST ON OWN CAPITAL

Telefônica Brasil S.A. – (“Company”) announces to its shareholders that the Board of Directors, at its meeting held on December 19, 2016, deliberated, *ad referendum* of the General Shareholders’ Meeting, the credit of Interest on Own Capital (“IOC”), related to the fiscal year of 2016, in accordance with article 28 of the Company’s Bylaws, article 9 of the Law 9,249/95 and CVM’s Instruction No. 683/2012, in the gross amount of R\$ 604,145,000.00 (six hundred and four million, one hundred and forty-five thousand reais), subject to withholding tax of 15%, resulting in a net amount of R\$ 513,523,250.00 (five hundred and thirteen million, five hundred and twenty-three thousand, two hundred and fifty reais), based on the net profit shown in the balance sheet of November 30, 2016. The estimated value per share is described in the table below:

Amount per share (R\$)	Immune or Exempt Legal Entities (gross value)	Withholding tax (15%)	Taxed Legal Entities and Individuals (Net value)
Common shares	0.33551896714	0.05032784507	0.28519112207
Preferred shares (*)	0.36907086385	0.05536062958	0.31371023427

(*) 10% higher than the amount granted to each common share, in accordance with article 7 of the Company’s Bylaws.

In accordance to the article 28 of the Company's Bylaws, such Interest on Own Capital will be charged to the mandatory minimum dividend for the fiscal year of 2016, *ad referendum* of the General Shareholders' Meeting to be held in 2017.

The credit of Interest on Own Capital will be made on individual basis for each shareholder, in accordance to the shareholder registry book position by the end of December 30, 2016. After this date, the shares will be considered as "ex-Interest on Own Capital". The payment of these proceeds will be carried out before the end of the fiscal year of 2017, in a date to be defined by the Company's Board.

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The Immune or Exempt Legal Entities, according to the current legislation, must provide proof of such condition until January 4, 2017 to the “Departamento de Ações e Custódia” of Banco Bradesco S.A., the depositary bank, located at Cidade de Deus, s/n, Amarelo Velho Building, sub-solo – Vila Yara – Zip Code: 06029-900 – Osasco – SP.

Note: Values of Interest on Capital per common and preferred share may suffer future adjustments until December 30, 2016, due to possible acquisitions of shares within the Program for the Buyback of Shares to be held in treasury for subsequent sale and/or cancellation, according to Material Fact of December 09, 2015.

São Paulo, December 19, 2016.

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David Melcon Sanchez-Friera

Investor Relations Officer

Telefônica Brasil – Investor Relations

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Information available at: www.telefonica.com.br/ir

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.

TELEFÔNICA BRASIL S.A.
Date: December 19, 2016 By: /s/ Luis Carlos da Costa Plaster
Name: Luis Carlos da Costa Plaster
Title: Investor Relations Director
