



Government changes tax rules on financial investments and other matters

June | 2025

Provisional Measure No. 1.303/2025

On June 11, 2025, the Federal Government published Provisional Measure No. 1,303 (“**PM 1,303**”), which establishes new tax rules for:

- i. financial investments;
- ii. net gains obtained on stock exchanges;
- iii. virtual assets;
- iv. securities lending transactions;
- v. investment funds;
- vi. incentivized securities;
- vii. non-resident investors.

PM 1,303 also changes certain tax rules applicable to legal entities, including increases in:

- i. the Social Contribution on Net Profit (“**CSLL**”) rate for certain financial institutions and other entities regulated and supervised by the Central Bank of Brazil
- ii. the Withholding Income Tax (“**WHT**”) rate applicable to payments of interest on net equity (“**JCP**”)

The tax burden on fixed-odds betting activities (“**BETs**”) has also been increased.

In addition, PM 1,303 modifies the rules governing the offsetting of federal tax credits.

According to the explanatory memorandum, PM No. 1,303 aims to equalize the tax rates applied to financial market transactions. Furthermore, certain changes to the tax legislation introduced by PM 1,303 are expected to increase revenue collection by the Federal Government, which could neutralize the reduction in the tax collection resulting from the changes to the Tax on Financial Transactions (“**IOF**”) introduced by Decree No. 12,499, published on the same date.



PM1,303 will come into effect on January 1, 2026 (subject to conversion into law), except for the increase in the CSLL rate and the higher tax burden on fixed-odds betting activities, which will come into effect on October 1st, 2025.

General regime for domestic financial investments

General regime



- Income from financial investments subject to the general regime, earned from January 1, 2026 onward, will be subject to WHT at a **unified rate of 17.5%** (unless exempt).
- In the case of individual beneficiaries, the WHT (17.5%) will be treated as an advance payment of the tax due in the Annual Income Tax Return (“**DAA**”), rather than as a final tax, as provided under the current legislation.
- PM 1,303 allows **losses on financial investments to be offset**.
- Gains from the disposal, write-off, or liquidation of assets or rights that are not traded on stock exchanges or organized over-the-counter markets remain subject to the general capital gains rules, and are subject to income tax at progressive rates ranging from 15% to 22.5%, as a final tax in the case of individual beneficiaries.

Losses on financial investments

- Losses on financial investments realized from January 1, 2026, onward may be offset against income from financial investments declared in the same section of the DAA. Accumulated losses can be carried forward to offset income in future tax years, subject to a five-year limit.
- Losses incurred up to 31 December 2025 remain subject to the existing rules.

Taxation regime for net gains

Scope of application

| | |
|--|---|
| <div></div> <div>Investments traded on:<ul style="list-style-type: none">– Stock Exchange market– Over-the-counter (OTC) market</div> | <div></div> <div>Not applicable to fixed-income securities (e.g., public and private bonds, fixed-income gold, capitalization bonds, and certificates of structured operations).</div> |
|--|---|

General rules

| | |
|--|---|
| Individuals | Quarterly calculation with taxation of net gains at a rate of 17.5%, treated as an advance payment of the amount due in the DAA for financial investments. Exemption on net gains from transactions with stocks traded on the stock exchange, up to a limit of R\$ 60,000.00 per quarter. |
| Legal entities taxed based on the actual profit, presumed profit, or arbitrated profit systems | Net gains are included in the calculation basis for IRPJ and CSLL. |
| Legal entities that are tax-exempt or opt for the Simples regime | Quarterly calculation with taxation of net gains at a flat WHT rate of 17.5%, applied definitively. |

Offsetting and deductibility of losses

- **Offsetting of losses:** Elimination of rules that prohibited the offsetting of operations of different natures (e.g., day trade operations). Offsetting is permitted against net gains (i) within the same calculation period; and (ii) earned within up to 5 subsequent calculation periods.
- **IRPF | Offsetting losses with other financial investment income:** Offsetting losses with other financial income (such as fixed income, for example) is permitted in the DAA.
- **IRPJ/CSLL | Deductibility of losses in the calculation of actual profit system:** Losses determined under the net gains regime are deductible from the calculation of actual profit, provided they meet the general deductibility requirements.

Securities lending

- Change in the WHT rate applicable to the lender's remuneration, replacing the progressive rates of 22.5% to 15% with a flat rate of 17.5%.
- In general, the tax treatment provided for transactions of this nature, in other respects, remains the same as under the current legislation (Law No. 13,043/2014).

Virtual assets

Scope of application

- Transactions involving virtual assets.
- Transactions in which the virtual assets are held in custody by the taxpayer residing in Brazil.
- Transactions involving virtual assets classified as financial investments abroad.



Virtual asset representing another type of financial investment: income, including net gains, will be taxed according to the rules applicable to the underlying financial investment.

Temporary assignment of virtual assets: income will be subject to WHT, in accordance with the rules set forth in Chapter II of PM 1,303.

Individuals resident in Brazil and legal entities that are tax-exempt or opt for the Simples regime

Taxation of net gains (the positive difference between the disposition value and the acquisition cost) at a flat rate of 17.5%, under a quarterly calculation regime



Deduction of costs and expenses charged by intermediaries is allowed, provided they are actually paid and supported by proper and valid documentation.

Offsetting of losses incurred in transactions with virtual assets is allowed within the same calculation period and up to five previous calculation periods



Offsetting with other financial investment income in Brazil reported in the DAA is not allowed.

Legal entities taxed based on the actual profit, presumed profit, or arbitrated profit systems

Net gains from transactions involving virtual assets are included in the calculation basis for IRPJ and CSLL, and the deduction of losses is prohibited.

Incentivized securities

WHT imposed at a 5% rate on income earned by individuals (final taxation) or legal entities (advance payment) on mortgage bonds (*letras hipotecárias*), LCI, CRI, CDA, WA, CDCA, LCA, CRA, CPR, LIG, and LCD, as well as securities related to investment and infrastructure projects under Article 2 of Law No. 12,431/2011

Incentivized debentures (Article 2 of Law No. 12,431/2011)

- Regarding the securities referred to in Article 2 of Law No. 12,431/2011, an inconsistency is observed between Article 41, item VI, and Article 54 of PM 1,303, as both establish different WHT rates on income earned by legal entities from such securities (5% and 17.5%). It is expected that this inconsistency will be resolved by the legislator during the legislative process.
- PM 1,303 did not change the zero reduction of the WHT rate applicable to income earned by non-resident individuals from securities issued in accordance with Article 1 of Law No. 12,431/2011.
- Income, including net gains, as well as realized losses from the financial investments mentioned above, may not be offset in the DAA.
- Rules applicable only to investments made after December 31, 2025.

Infrastructure debentures (Law No. 14,801/2024)

- Income derived from infrastructure debentures provided for in Law No. 14,801/2024 is subject to WHT at a rate of 17.5% for non-resident beneficiaries, except if they are residents or domiciled in a low tax jurisdiction or beneficiaries of privileged tax regimes. In such cases, the applicable WHT rate remains 25%. Income from these debentures earned by investment funds that are exempt or subject to a reduced rate upon redemption, amortization, sale of shares, or distribution of income is subject to WHT at a rate of 5%.
- The tax benefit granted to the issuer under Article 6 of Law No. 14,801/2024—allowing the deduction of the total interest paid or accrued, plus 30% of the interest on such debentures paid during the fiscal year—was not changed by PM 1,303.

Non-resident investors

General regime

- Income from financial investments and virtual assets in Brazil earned by non-resident investors is subject to WHT in accordance with the rules applicable to Brazilian resident individuals.
 - In practice, the WHT rate for most transactions becomes 17.5%, with certain exceptions.
- Investors residing or domiciled in a low tax jurisdiction (Article 24, Law No. 9,430/1996) remain subject to a WHT rate of 25%.

Special regime

- The special regime is limited to net gains from transactions involving shares, subscription warrants, subscription receipts, and share depositary receipts earned by investors under the scope of Joint Resolution No. 13/2024, issued by the Central Bank of Brazil and the Brazilian Securities and Exchange Commission.
- In these cases, income is exempt from income tax, provided the investors are not residents or domiciled in a low tax jurisdiction (Article 24, Law No. 9,430/1996).
- Other types of income, even if earned in the financial or capital markets, are subject to the general regime.

Regime migration

- **From the general to the special regime:** the difference between the market value and the acquisition cost will be taxed according to the capital gains rules (rates ranging from 15% to 22.5%, or 25% if in a low tax jurisdiction).
- **From the special to the general regime:** the transaction is carried out at market value, without taxation, with a step-up in the acquisition cost.

Taxation of investment funds

Summary of the main changes in the taxation of investment funds

| | Before | After |
|--|---|---|
| General rule for income earned by investors residing in Brazil | | |
| Investment funds under the general regime: | <ul style="list-style-type: none">- Regressive rates + “come-cotas” according to investment term- Long term: 15% to 22.5% + 15% (“come-cotas”)- Short term: 20% to 22.5% + 20% (“come-cotas”) | <ul style="list-style-type: none">- Fixed rate of 17.5% (regardless of the investment term)- “Come-cotas” will be applied at a rate of 17.5% |
| FIDC, FIP, FIA, and Variable Income ETFs: | <ul style="list-style-type: none">- Investment entity: 15% without “come-cotas”- Non-investment entity: 15% + 15% “come-cotas” | <ul style="list-style-type: none">- Investment entity: 17.5% without “come-cotas”- Non-investment entity: 17.5% + 17.5% come-cotas |
| Special regime for income earned by non-resident investors | | |
| Non-resident investor outside a low tax jurisdiction | <ul style="list-style-type: none">- General rule: 15% without “come-cotas”- FIA: 10%- FIP e FIP-IE: 0% | <ul style="list-style-type: none">- General rule: 17.5% without “come-cotas”- FIA: 10%- FIP e FIP-IE: 0% |
| Non-resident investor in a low tax jurisdictions | <ul style="list-style-type: none">- Same tax treatment as Brazilian resident investors. | <ul style="list-style-type: none">- 25% |

| | Before | After |
|---|--|---|
| Changes in the possibility of loss compensation and in the nature of withholding: | | |
| Offset of losses in quota redemption or amortization: | <ul style="list-style-type: none">- Losses can only be offset against future gains in the same fund or in another fund managed by the same legal entity, provided that the fund is subject to the same tax regime | <ul style="list-style-type: none">- For losses incurred up to December 31, 2025, the current rules remain in effect.- After January 1, 2026, losses may be offset against income from other financial investments in Brazil declared in the DAA.- Any loss compensation for non-resident investors is prohibited. |
| Nature of the withholding: | <ul style="list-style-type: none">- Individual taxpayer: final taxation- Legal entity: advance payment of due IRPJ and CSLL- Tax-exempt legal entity and Simples Nacional optant: final taxation | <ul style="list-style-type: none">- Individual taxpayer: advance payment of the tax due in the DAA- Legal entity: advance payment of IRPJ and CSLL due- Tax-exempt legal entity and Simples Nacional optant: final taxation |
| Investment funds with specific regimes: | | |
| Fixed Income ETF: | <ul style="list-style-type: none">- General rule: regressive rates of 25%, 20%, or 15% (depending on the average maturity term of the assets in the portfolio) | <ul style="list-style-type: none">- General rule: 20%- Benefit for individuals: 7.5%, exclusively withheld at source (for funds whose portfolio is composed exclusively of incentivized assets – e.g., LCI, LCA, CRI, CRA, infrastructure debentures, among others) |

| | Before | After |
|---|--|---|
| Investment funds with specific regimes: | | |
| FII e Fiagro | <ul style="list-style-type: none">- Fund portfolio: partially exempt- Exchange-listed funds with more than 100 shareholders:<ul style="list-style-type: none">• Income: (i) individuals: exempt; (ii) legal entities: 20%• Capital gains: 20%- Non-listed funds:<ul style="list-style-type: none">• Fixed rate of 20% on income and capital gains | <ul style="list-style-type: none">- Fund portfolio: fully exempt, including rental income from real estate.- Exchange-listed funds with more than 100 shareholders:<ul style="list-style-type: none">• Income: (i) individuals: (a) exempt for units issued and paid in by December 31, 2025 and (b) 5% for units issued and paid in after December 31, 2025; (ii) legal entities: 17.5%• Capital gains: 17.5%- Non-listed funds:<ul style="list-style-type: none">• Fixed rate of 17.5% on income and capital gains |
| FIP-IE e FIP-PD&I | <ul style="list-style-type: none">- Individual: exempt- Legal entity, tax-exempt legal entity, and Simples Nacional optant: 15% | <ul style="list-style-type: none">- Individuals:<ul style="list-style-type: none">• Exempt for units issued and paid-in by December 31, 2025• For units issued and paid-in after December 31, 2025, the changes introduced by the PM 1,303 may raise questions as to whether the zero or 5% WHT rate applies exclusively to capital gains from the sale of units, or also to other income earned from these funds.- Legal entity, tax-exempt legal entity, and Simples Nacional optant:: 17.5% |

Legal entities

Taxation of investment funds

| | |
|---------------|---|
| General rule | <ul style="list-style-type: none">- Taxation of income under the accrual basis regime for IRPJ and CSLL. |
| Deferral rule | <ul style="list-style-type: none">- Deferral of taxation through the creation of a sub-account linked to the asset.- Taxation by the legal entity upon disposal, by the fund, of the asset linked to the sub-account.- Applicable to FIA, FIP, FII, FIAGRO, and funds recognized in accounting as financial instruments measured at fair value. |

Hedge contracts abroad

| | |
|--|--|
| <ul style="list-style-type: none">- Net results, whether positive or negative, obtained from risk hedging operations (hedge) must be included in the calculation basis for IRPJ and CSLL whenever they arise from derivative contracts with counterparties abroad.- Hedge losses will become deductible from the calculation basis of IRPJ and CSLL if (i) carried out at market prices; and (ii) recorded on stock exchanges or over-the-counter markets, whether organized or not, in Brazil or abroad. | <ul style="list-style-type: none">- PM 1.303 provides a kind of 'verification test' for losses: deduction of losses will only be allowed in cases where the price is formed in a market supported by a sufficient volume of transactions between third parties involving the respective asset – which will be subject to regulation by the Brazilian Revenue Service.- Additionally, PM 1.303 provides that the deduction of hedge losses must comply with the transfer pricing rules established in Law No. 14,596/2023. |
|--|--|

| Increase of the CSLL rate for certain legal entities | | | |
|--|--------|-------|---------------------------|
| Legal entity | Before | After | When it comes into effect |
| Payment institutions | 9% | 15% | As of October 1, 2025 |
| Capitalization companies | 15% | 20% | |
| Credit, financing, and investment companies - SCFIs | 15% | 20% | |
| Administrators of organized over-the-counter markets | 9% | 15% | |
| Stock exchanges and commodity and futures exchanges | 9% | 15% | |
| Clearing and settlement entities | 9% | 15% | |
| Other companies that, due to the nature of their operations, are considered financial institutions by the National Monetary Council (e.g., Direct Credit Companies – SCDs) | 9% | 15% | |
| Increase of the WHT rate applied to WHT | | | |
| WHT on JCP paid or credited | 15% | 20% | As of January 1, 2026 |

Taxation of fixed-odds betting (Bets)

From the revenue generated by the fixed-odds lottery bets, whether physical or digital, after the payment of prizes and income tax on the winnings, the percentage allocated to cover the operating expenses and maintenance of the fixed-odds lottery operator and other betting games **was reduced from 88% to 82%**. Additionally, **an obligation was created to allocate 6% to social security**, for actions in the health sector and without prejudice to the allocation provided in item IV-A (i.e., social security). The allocation of the remaining 12% was not changed.

Limitation on the offsetting of tax credits

| | |
|--|--|
| <ul style="list-style-type: none">- Maintaining the increasing restrictive trend regarding the offsetting of administrative tax credits—such as the prohibition on offsetting estimated IRPJ and CSLL payments and the limitation on the amount of judicially recognized credits that can be offset monthly—the Federal Government now introduces new situations in which DCOMPs (Declarations of Compensation) may be considered by the administrative authorities as undeclared. | <ul style="list-style-type: none">- The possibility of tax authorities recognizing DCOMPs as undeclared is limited to cases expressly provided for by law and has as its main consequences the imposition of a penalty of 75% or 150% (if the falsity of the declaration is proven) and the impossibility of contesting the offset debts administratively with suspension of enforceability of the offset debts — that is, they immediately become subject to registration as outstanding tax debts. |
|--|--|

New hypotheses of undeclared DCOMPs with immediate effect

| | |
|---|---|
| <p>Non-existent DARF (tax payment form)</p> | <ul style="list-style-type: none">- When the DCOMP credit arises from an undue payment based on a non-existent collection document.- The introduction of this hypothesis aimed to strengthen the protection against fraud.- The broad wording may imply restrictions on legitimate offsetting (e.g., credits arising from a final and unappealable court decision that are not directly linked to a collection document). |
| <p>PIS/Cofins credits</p> | <ul style="list-style-type: none">- When arising from the record of PIS/Cofins non-cumulative credits that have no relation whatsoever with the taxpayer's economic activity.- The introduction of this provision aimed to eliminate "ambiguities and divergent interpretations that have been exploited for fraudulent purposes," which gives this provision a discretionary and risky connotation for taxpayers in general. |

For further information on this topic, please contact **our specialists:**



Breno Sarpi

Partner

breno.sarpi@lefosse.com



Dante Zanotti

Partner

dante.zanotti@lefosse.com



Emmanuel Abrantes

Partner

emmanuel.abrantes@lefosse.com



Gustavo Haddad

Partner

gustavo.haddad@lefosse.com



Gustavo Paes

Partner

gustavo.paes@lefosse.com



Jayme Freitas

Partner

jayme.freitas@lefosse.com



Ricardo Bolan

Partner

ricardo.bolan@lefosse.com

Lefosse

Together in the decisions
that matter.

SÃO PAULO

RIO DE JANEIRO

BRASÍLIA

lefosse.com

