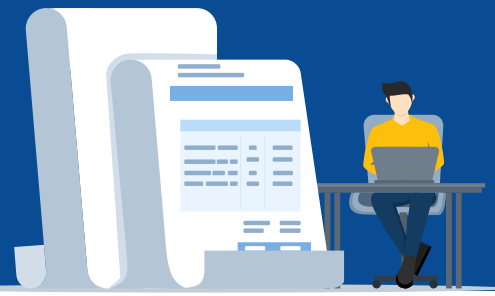


New rules for Income Tax and taxation of profits and dividends



Published on November 27, Law No. 15,270/2025 extends the exemption from Individual Income Tax (IRPF) and now taxes profits and dividends.

The new rules came into force on the date of publication of the law and will take effect on January 1, 2026.

Check out the highlights:

Income tax exemption and reduction

 **When**

Calendar year 2026



The law establishes:

- ▶ income tax exemption for those earning up to **BRL 5,000.00** per month;
- ▶ gradual reduction for incomes above **BRL 5,000.00** per month, up to **BRL 7,350.00**.



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Monthly taxation of high incomes



When

Calendar year 2026



To whom it applies

The payment, crediting, use, or delivery of profits and dividends by the same legal entity to the same individual resident in Brazil in an amount exceeding **BRL 50,000/month** is subject to withholding income tax at a rate of **10%**.

Annual taxation of high incomes



When

Calendar year 2026



To whom it applies:

Starting in fiscal year 2027, calendar year 2026, individuals whose total income received in the calendar year exceeds BRL 600,000 will be subject to minimum IRPF taxation.

Income taxed exclusively or definitively and income exempt or subject to zero or reduced tax rates will be considered in determining the minimum tax base.

Certain types of income are not included, such as capital gains, inheritances, donations, accumulated income, as well as exempt investments, savings, retirement pensions due to serious illness, and indemnities.



Important

Profits and dividends declared up to December 31, 2025, will be exempt, provided that all legal formalities are complied with, and that they are approved and paid by 2028, as provided for in the approval act.

This decision, however, must be evaluated considering, among other factors, the corporate model and specificities of each company.



Rate

Progressive tax rate between 0% and 10% for income between R\$600,000 and BRL 1.2 million, set at 10% for income above BRL 1.2 million.

Example:

Annual income: BRL 900,000

Considering the sum of applicable income such as salaries, dividends, financial investments, and rents, for example.

Tax rate = (Income / 60,000) - 10

Tax rate = (900,000 / 60,000) - 10

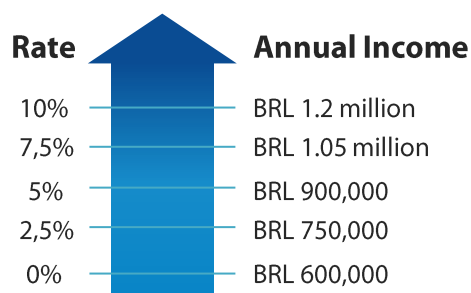
Tax rate = 15 - 10

Tax rate = 5%

Amount payable: R\$45,000

Tax on profits/dividends

The tax rate will be progressive, increasing linearly as the value increases.





Reduction

A “reduction” was created to avoid possible double taxation on profits.

The sum of the tax paid by the company (IRPJ/CSLL) with the tax paid by the partner (profit distribution) should not exceed a ceiling. If the total tax burden exceeds the maximum rate (34%, 40%, or 45%, depending on the case), a reduction will be applied to keep the tax within the limit.

- ✓ The granting of the reduction is conditional upon the submission of financial statements.
- ✓ The effective tax rate and tax due by the legal entity may be calculated based on the consolidated financial statements of the paying source.
- ✓ Companies not subject to the actual profit taxation regime may opt for a simplified calculation of accounting profit.

Profits and Dividends sent abroad



When

Calendar year 2026



How it works

Profits or dividends paid, credited, delivered, used, or remitted abroad will be subject to withholding income tax at a rate of 10%. There are some provisions for exemptions and the possibility of applying IRPJ and CSLL reductions.



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Rio de Janeiro • São Paulo • Macaé

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