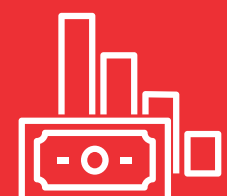


## 1. REDUCTION OF CORPORATE INCOME TAX RATE (IRPJ) AND TAXATION ON DIVIDENDS

	Current Scenario - Up to 2021	Bill of Law - Year 2022	Bill of Law - As from Year 2023
<b>CIT TAXES (IRPJ + CSLL)</b>	<b>34%</b>	<b>31.5%</b>	<b>29%</b>
<b>Dividends (WHT)</b>	<b>Exemption</b>	<b>20%*</b>	<b>20%*</b>
<b>Total effective rate</b>	<b>34%</b>	<b>45.2%</b>	<b>43.2%</b>

\*30% if beneficiary located in a low tax jurisdiction or subject to a privileged tax regime

\* monthly exemption of up to R\$ 20.000,00 if distributed by small entities and small sized companies



Interest on Equity: nondeductible expense as from 2022

Scope of disguised distribution of profit rules amplified

## 2. CHANGES TO THE ACTUAL PROFIT METHOD



- Extinction of the Annual Profit Method (only Quarterly Profit Method is allowed, with the possibility of offsetting tax losses in the following 3 quarters without the 30% limitation)
- Mandatory application of Actual Profit Method amplified (e.g., real estate revenues or royalties >50%, etc.)

## 3. INDIRECT TRANSFERS OF BRAZILIAN COMPANIES' SHARES: CAPITAL GAINS TAX

Applicable if:

- (i) at any time within 12 months before the transfer, market value of the assets located in Brazil = > 50% of the market value of the transaction AND transfer of = > 10% of ownership or of economic benefits of the (foreign) legal entity; or
- (ii) market value of the assets located in Brazil > USD 100M AND transfer of = > 10% of ownership or of economic benefits of the (foreign) legal entity

Further details to be provided by the Brazilian IRS

## 4. CORPORATE RESTRUCTURINGS/M&A DEALS



- Goodwill: no tax amortization for mergers and splits carried out as from year 2023;
- Intangible assets: minimum 20 year term for deductibility / amortization of intangible assets that do not have a different/specific legal or contractual term
- Capital contributions and capital reductions must be carried out at market value
- Exchange variation adjustments on foreign investments should be excluded from the cost of acquisition for purposes of calculation of capital gain or loss upon transfer of such investment

## Securities



Regressive rates from 22.5% to 15% replaced by 15% flat tax rate

## Investment Funds



**Open-end funds:**  
15% flat tax rate and annual periodic taxation ("come-quotas") only in November

**Closed-end funds:**  
15% flat tax rate, introduction of annual periodic taxation ("come-quotas") and taxation of the accrued profits on January 1st, 2022 (at 15% or 10% rate, depending on the collection date)

**Real estate funds:**  
end of exemption for individuals and flat tax rate of 15%

**FIPs:**  
in line with the previous proposals, introduction of two taxation regimes depending on its qualification or not as an investment entity.

## Transactions in the stock exchange market

**15%**

flat tax rate, including day-trade



Quarterly determination period (rather than the current monthly regime)

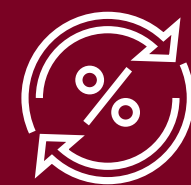


End of "whistleblower" ("dedo-duro")

Requirements for deduction of losses in transactions carried out at the organized over-the-counter market

Establishes presumption for the acquisition cost of assets traded on the stock exchange (the lowest closing price in the last 60 months)

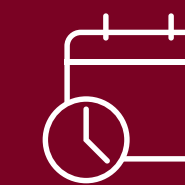
## BRAZILIAN INDIVIDUALS' INCOME TAX (IRPF)



Anti-deferral rules for Brazilian individuals: automatic taxation of profits recognized by foreign controlled entities located in low tax jurisdictions or subject to privileged tax regimes



Increase of the exemption threshold to monthly income of BRL 2,500.00



Optional step-up of real estate tax costs subject to a flat 4% capital gains tax rate (applies to real estate properties located in Brazil acquired with resources of lawful origin until December 31, 2020)