

Recent IOF-related disputes within Brazil's Executive, Legislative, and Judicial branches



- 1 **May 22-23, 2025**
Brazil's government issues **Decrees No. 12,466/2025 and No. 12,467/2025** to increase tax rates and create new taxable events for IOF
- 2 **June 4, 2025**
Liberal Party (PL) files **ADI No. 7,827**, seeking to recognize Decree No. 12,466/2025 and No. 12,467/2025 as unconstitutional
- 3 **June 11, 2025**
Decree No. 12,499/2025 issued by Brazil's government. It revokes the previous two decrees, amending some of their rules while maintaining others
- 4 **June 27, 2025**
Legislature publishes **Legislative Decree No. 176/2025** to suspend the effects of Decree No. 12,466/2025 and No. 12,499/2025. Socialism & Liberty Party (PSOL) files **ADI No. 7,839**, seeking to recognize the legislative decree as unconstitutional
- 5 **July 1, 2025**
Government files **ADC No. 96**, seeking to have Decree No. 12,499/2025 declared constitutional by the courts
- 6 **July 4, 2025**
Supreme Court Justice Alexandre de Moraes issues an interim order in regard to **ADC No. 96**, suspending the effects of all the decrees and ordering a conciliation hearing

- 7 **July 15, 2025**
Conciliation hearing between the branches of government **fails to lead to an agreement**
- 8 **July 16, 2025**
Justice Alexandre de Moraes issues decision on ADC No. 96, recognizing **Decree No. 12,499/2025 as constitutional with retroactive effects**, except for provisions regarding forfait/supplier risk
- 9 **July 17, 2025**
Paraná Federation of Industries (FIEP) joins proceedings as amicus curiae, requesting the retroactive effects of the decree be reviewed for the sake of legal certainty
- 10 **July 18, 2025**
Justice Alexandre de Moraes issues decision determining the **increased IOF rates are not applicable** to the suspension period
- 11 **Still to come...**
A ruling on the matter by the full panel of Supreme Court justices

How the IOF has changed

| | |
|--|---|
| BEFORE Original wording – Decree No. 6,306 | AFTER Justice Alexandre de Moraes' ruling – Decree No. 12,499 |
|--|---|

| IOF-Foreign Exchange | | |
|--|-------|-------|
| Payment institutions' obligations: acquisitions of foreign currency in travelers checks and for charging international prepaid cards; and funds transferred abroad from Brazilian bank accounts held by foreign persons or companies (when such funds are originally received as payments of obligations by institutions that participate in payment arrangements) | 3.38% | 3.5% |
| Inflows of funds related to foreign loans with a term of up to 364 days | 0% | 3.5% |
| Returns on funds invested by foreign investors in equity interests in Brazil | 0.38% | 0% |
| Acquisitions of foreign currency in cash; and transfers of funds abroad made available to a resident in Brazil or their spouse, partner or relative (whether by blood or marriage) | 1.1% | 3.5% |
| Transfers of funds abroad made available to a resident in Brazil for investment purposes | - | 1.1% |
| Inflows and returns of portfolio investments | 0% | 0% |
| Other non-exempt foreign exchange transactions conducted to transfer funds abroad that are not contemplated in the situations above | 0.38% | 3.5% |
| Other non-exempt foreign exchange transactions involving inflows of funds from abroad that are not contemplated in the situations above | 0.38% | 0.38% |

| IOF-Credit | | |
|---|------------------------|--|
| Loans of any type involving corporate borrowers; discount transactions; advances to depositors; loans with funds released in instalments; and credit limit overruns | 0.0041% Daily rate | 0.0082% Daily rate |
| Transactions with a corporate borrower opting for the Simples Nacional tax regime | 0.00137% Daily rate | 0.00274% Daily rate |
| Advance payment transactions to suppliers (forfait/supplier risk) | - | Levy of IOF suspended after being recognized as unconstitutional |
| Credit taken out by cooperatives | 0% | 0% Provided the cooperative has carried out less than BRL 100 million in credit transactions (as a creditor and borrower) during the previous calendar year |

| IOF-Insurance | | |
|---|----|---|
| Contributions to life insurance with survival coverage (VGBL) – up to December 31, 2025 | 0% | 0% Provided the sum of the amounts contributed to all plans the insured holds with the same insurer is BRL 300,000 or less 5% For contributions exceeding BRL 300,000 |
| VGBL contributions (as of January 1, 2026) | 0% | 0% Provided the sum of the amounts contributed to all plans the insured holds in a given month (even if from different insurers or entities) is BRL 600,000 or less 5% For contributions exceeding BRL 600,000 |

| IOF-Securities | | |
|---|----|-------|
| Primary acquisitions of shares in FIDCs (including by financial institutions) | 0% | 0.38% |

For more information on these changes and the potential related disputes, please contact Mattos Filho's **Tax** practice area