



# Webinar - Brazil Tax Reform: Impact on Nordic companies

9 December 2025

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# Welcome & introduction

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Today's session will be opened by **Petteri Rapo**, Partner at our Helsinki office.

The main presentation will be delivered by our Brazil tax specialists: **Francisco Moreira** and **Alexandre Monteiro** from Alma Law.

- Svalner Atlas is the leading independent tax and transaction advisory firm in the Nordics and Benelux.
- With 400 professionals, we deliver expert, cross-border advice that helps clients navigate complexity with confidence.
- Svalner Atlas was formed in 2024 through the merger of top-tier firms in Sweden, Finland, and the Netherlands. In 2025, we expanded into Norway and Denmark and united all operations under the Svalner Atlas brand.
- We advise across all areas of tax, transactions, ESG, valuation, accounting and legal, serving multinational companies, private equity firms, family businesses and private clients.



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# Brazil Tax Reform: Impact on Nordic Companies

# Agenda



1. Brazil Pillar two status
2. Interest on net equity
3. MLI signature
4. Dividend Withholding Tax
5. Insights on the upcoming VAT reform



# Brazil Pillar 2 status

## Legal Status

- Brazil has enacted Pillar 2 domestic rules
- Introduction of a Qualified Domestic Minimum Top-up Tax (QDMTT)
- Rules aligned with OECD GloBE framework
- Calculation based on GloBE income and adjusted covered taxes for the full fiscal year
- The Additional CSLL must be paid by the last business day of the 7th month following the end of the fiscal year
- Detailed reporting obligations to be defined by the Brazilian tax authorities

## Main Practical Challenge

- Treatment of Brazilian tax incentives under Pillar 2

## Recognition

- On 18 August 2025, the OECD Inclusive Framework formally recognized Brazil's Additional CSLL (per Law 15.079/2024 + IN RFB 2.228/2024) as a Qualified Domestic Minimum Top-up Tax (QDMTT).
- Recognition as QDMTT with Safe Harbour represents a key milestone in Brazil's compliance with the global rules of the OECD Pillar Two.



# Interest on net equity

## Concept and purpose

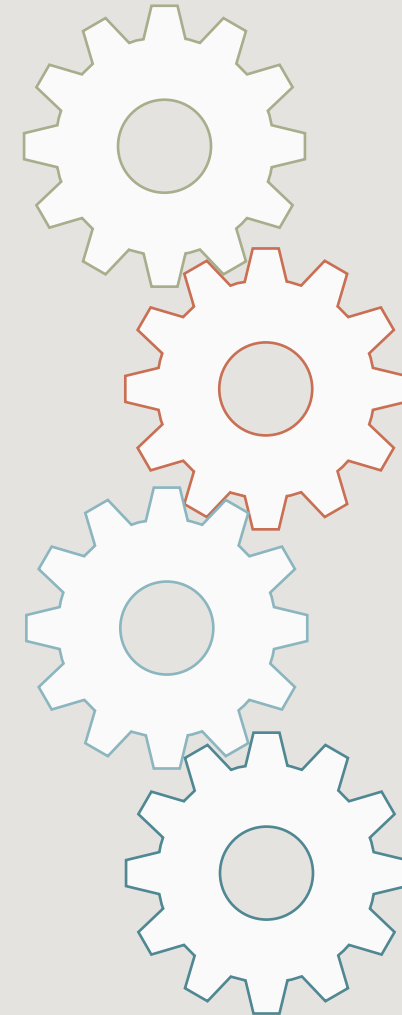
- Brazilian mechanism to remunerate shareholders
- Treated as deductible expense for corporate income tax purposes

## Strategic importance

- Longstanding tax planning tool in Brazil
- Relevant for dividend policy and cash flow management

## Reform pressure and political debate

- Increasing scrutiny by tax authorities and policymakers
- Proposals to: (i) restrict deductibility; (ii) higher withhold; (iii) abolish the regime
- No definitive change approved so far



## MLI signature



### Legal Status

- On 20 Oct 2025, Brazil formally signed the OECD Multilateral Convention to Implement BEPS Treaty-related Measures (MLI).
- Until ratification, existing DTAs remain in force under current wording — changes will only apply after formal deposit.
- MLI has no legal effect yet in Brazil. The Government will submit the MLI text to Congress as an international treaty.
- After congressional approval, Brazil deposits the instrument of ratification with the OECD.

### Other treaties

- Brazil and the United Kingdom have signed a Double Taxation Agreement (DTA), but it has not yet been ratified by the Brazilian Congress.
- Brazil and the United States do not have a Double Taxation Agreement. Discussions have occurred intermittently, but no formal treaty negotiation is currently concluded.
- Brazil and Sweden are engaged in discussions to modernize their existing tax treaty.

# Dividend WHT Tax – Law No. 15,270/2025

## Overall Objective

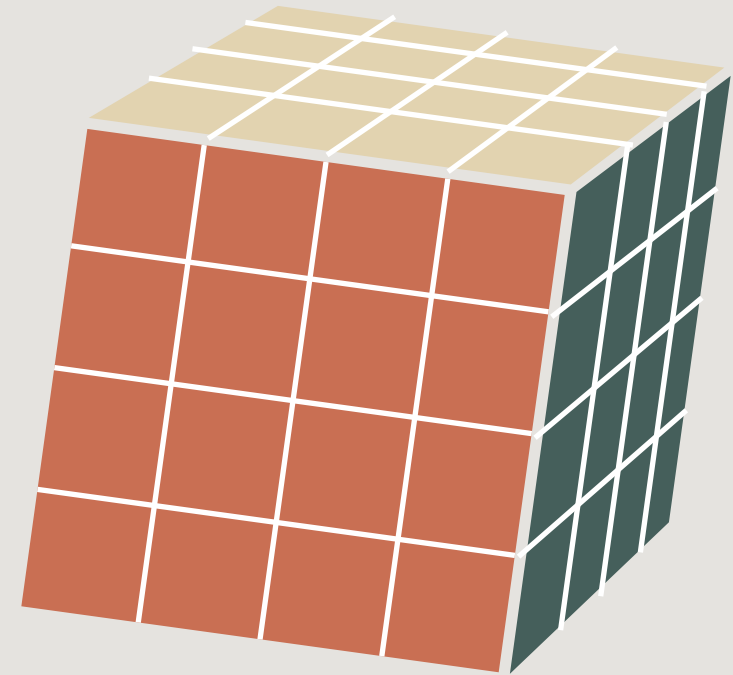
- Reform of individual income taxation in Brazil
- Combination of: (i) tax relief for low and middle-income individuals; (ii) increased taxation for high-income individuals
- Introduction of dividend taxation mechanisms

## Monthly Employment Income

- Effective as of 1 January 2026
- Individuals earning up to BRL 5,000 (~950 USD) per month will no income tax

## Monthly Withholding Tax (domestic dividend taxation)

- Effective as of January 2026
- 10% withholding income tax (WHT) on dividends
- Applies when dividends paid: (i) by the same company; (ii) to the same Brazilian tax resident; and (iii) exceed BRL 50,000 (~9,500 USD) in a single month







# Dividend WHT Tax – Law No. 15,270/2025

## Dividends Paid Abroad

- 10% WHT on dividends remitted abroad
- Applies regardless of recipient jurisdiction
- Exemptions preserved for: (i) 2025 profits; (ii) foreign governments and sovereign funds (subject to reciprocity)
- Possibility of a foreign tax credit-like mechanism to mitigate double taxation

## High Income Individuals Minimum Taxation

- Applies to individuals with total annual income exceeding BRL 600,000 (~115,000 USD)
- Annual minimum tax regime introduced from tax year 2026
- From 0% to 10% between BRL 600,000 and BRL 1.2 million (~230,000 USD)
- Flat 10% for income above BRL 1.2 million

## Tax Cap Mechanism (avoid overtaxation)

- Prevents excessive combined taxation
- A reduction applies to the individual minimum tax if: corporate effective tax rate + individual minimum tax exceeds the nominal corporate tax rate



# Insights on the upcoming VAT Reform

## Overview

- Comprehensive reform of Brazilian consumption taxation
- Replacement of multiple indirect taxes with a dual VAT system
- Objective: (i) alignment with international VAT standards; (ii) simplification; (iii) neutrality

## Taxes replaced by the VAT reform

- Federal: PIS; Cofins; IPI
- State/Municipal: ICMS; ISS
- Replaced by: CBS (Federal VAT); IBS (State/Municipal VAT); and Selective Tax (IS) for specific goods

## Expected VAT Rate

- Combined IBS + CBS estimated around 26%–27%
- Higher impact expected for services sector
- Replaced by: CBS (Federal VAT); IBS (State/Municipal VAT); and Selective Tax (IS) for specific goods



## Transition period

### Transition Period

**2026**

- Initial testing implementation (0,1% IBS e 0,9% CBS)
- Beginning of the standard e-Invoices and the National Systems
- Tests of the systems and ancillary obligations

**2027**

- CBS and Selective Tax are in force
- Possible implementation of the Split Payment
- IBS still in tests
- Termination of PIS/COFINS

**2029**

Progressive inclusion of IBS(10% a year)  
ICMS and ISS rates are reduced by 10% per year until 2032

**2033**

End of transition period

## Transition period

# Transition Period

Complexity of models running simultaneously



End of transition

IS

Test

Implemented

CBS

0,9%

8,8%

8,8%

8,8%

8,8%

8,8%

8,8%

8,8%

Test

Transition

IBS

0,1%

0,1%

0,1%

1,8%

3,5%

5,3%

7,1%

17,7%

PIS and Cofins

IPI

ICMS e ISS

2026

2027

2029

2033

End of transition

- Initial implementation with reduced rates (0,1% IBS and 0,9% CBS) – Test period
- Payments may be offset with PIS/COFINS
- Payment is not mandatory,
- CBS entries in force
- Start of ST collection
- IBS remains in testing and may be offset with CBS due
- End of PIS/COFINS

- Progressive inclusion of IBS (10% a year)
- Original rates of ICMS and ISS will be reduced by 1/10 a year

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Valores estimados

Thank you

