

PROVISIONAL MEASURE REDUCES IOF GRADUALLY TO 0% UNTIL 2029

In March 2022, the Brazilian Federal Government announced a new decree to gradually reduce to zero the IOF (Financial Transactions Tax) rates on foreign exchange transactions until 2029.

The tax cut will cover four IOF triggering events and its rates, with gradual reductions for some rates and immediate reductions for other events.

The first group will involve short-term operations. The second will cover transactions with credit or debit cards, traveler's checks, and international prepaid cards. The third will involve foreign exchange transactions for the acquisition of foreign currency on demand in Brazil and for the transfer of funds from residents in the country to be available abroad. The fourth group, finally, will involve the generic rate applicable to the other exchange operations.

The reduction will be gradual and should begin in 2022.

Below is a table with a summary of the changes:

IOF (Financial Transactions Tax)	Schedule	Measure Adopted
Borrowing Abroad	immediate	6,00% à ZERO
Use of credit cards abroad	2023	6,38% à 5,38%
	2024	5,38% à 4,38%
	2025	4,38% à 3,38%
	2026	3,38% à 2,38%
	2027	2,38% à 1,38%
	2028	1,38% à ZERO
Acquisition of foreign currency in cash	2028	1,10% à ZERO
All other operations	2029	0,38% à ZERO