

DECREE 10,977/22 REDUCES IOF-EXCHANGE RATES GRADUALLY TO REACH ZERO IN 2029

- Decree 10,997/22, published on March 16th, 2022, establishes the reduction of IOF-Exchange rate to **zero**.
- Currently, a general rate of 0.38% applies, but the applicable rules provide for some exceptions.
- According to Decree 10,997/22, the reduction will be gradual until it reaches all exchange transactions.

Exchange Transaction	Current Tax Rate	New Tax Rate	Effective upon
For the entry of funds into Brazil as a loan granted for an average minimum term of 180 days or less (a 0% rate is already applicable to loans with a term exceeding 180 days)	6%	0%	3 days after publication of the decree
Related to the acquisition of goods and services abroad and foreign withdrawals by users of credit or debit cards.	6,38%	5,38%	January 2nd, 2023
		4,38%	January 2nd, 2024
		3,38%	January 2nd, 2025
Related to the acquisition of foreign currency in traveler's checks and for loading prepaid international cards to meet personal expenses in international travels.		2,38%	January 2nd, 2026
		1,38%	January 2nd, 2027
		0%	January 2nd, 2028
For the acquisition of foreign currency in cash and for the transfer of funds abroad to be available for a resident in Brazil .	1,10%	0%	January 2nd, 2028

- **As of January 2nd, 2029**, the **zero** rate of IOF-Exchange will apply to all exchange transactions.
- This reduction is connected to the process for the entry of Brazil into the Organization for Economic Co-operation and Development (OECD).
- In principle, IOF rates can be modified by the Federal government through decrees with immediate effect.

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