Fiscal package: Provisional measure could have an impact of around BRL 19 billion in 2026

XP Short Note

The provisional measure to substitute the IOF tax increase was published yesterday. The discussion was mainly focused on revenue-raising measures, but changes in expenditures were also included. Our preliminary estimates indicate a potential impact of BRL 18.9 billion in the next year. In our view, the revenue will not be sufficient to fully offset the reduction in the IOF (assuming that one-third of its effects will be maintained), and new measures could ensue. In addition, changes on the expenditure side are positive but far from ensuring the sustainability of the spending limit next year.

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The government has reduced the IOF rates... The main changes were: i) reduction in the fixed rate of IOF credit for companies, from 0.95% to 0.38% (the daily rate remains unchanged); ii) 80% reduction in the risk-weighted loan operation ("risco sacado", in Portuguese), with the elimination of the fixed rate of 0.95%; iii) IOF taxation on life insurance with survival benefits (VGBL) will be applicable only for contributions above BRL 300k in 2025 and BRL 600k in 2026; iv) collection of a minimum rate on credit right investment funds (FIDC); v) exemption from the IOF on the return of foreign direct investments in the country. According to a statement from the finance minister last Sunday, one-third of the impact of the original decree remains in place.

...But increased other taxes to offset losses... Taxation of crypto assets, taxation on real estate and agribusiness securities, increase in rates for online betting companies ("bets"), equalization of CSLL rates for financial companies ("fintechs"), raise in the income tax on interest on equities (JCP in the Portuguese acronym) and changes in tax compensations are the main proposals to raise revenues.

... and proposed some (limited) cuts in expenditures. The inclusion of the program to encourage students to attend and conclude high school ("pé de meia") in minimum education spending, the reduction in the period of temporary benefits obtained through document analysis (Atestmed), the limitation on compensation between social security regimes and access to temporary benefits for fishermen ("seguro defeso") to budget availability should have some impact on spending, but do not represent structural changes. We detail the main measures and their impacts.

Effective impacts (BRL bn)

Breakdown	2025		2026	
	XP	Gov	XP	Gov
Revenue	**2.7**	**10.5**	**14.1**	**20.9**
Taxation on crypto assets	NA	NA	NA	NA
Taxation of exempted securities	-	-	2.0	2.6
Increase of tax rate for bets	0.4	0.3	2.5	1.7
Change in CSLL for fintechs	0.3	0.3	1.6	1.6
Increase of tax rate on IoE	-	-	6.0	5.0
Change in tax compensations	2.0	10.0	2.0	10.0
Expenditures	**2.0**	**-**	**4.8**	**-**
Pé de meia program	-	NA	-	NA
Temporary benefit for fishermen	0.3	NA	0.5	NA
Temporary benefits of social security	1.7	NA	4.3	NA
Total	**4.7**	**10.5**	**18.9**	**20.9**

Source: Ministry of Finance, XP

Revenue-raising measures

1. Taxation on crypto assets

Description: The provisional measure establishes that income from transactions involving virtual assets, including financial arrangements with virtual assets that are digital representations of value traded or transferred by electronic means, will be subject to a taxation of 17.5% for individuals. For companies, gains or losses will be included in the tax base for IRPJ and CSLL.

Impact: It is not possible to estimate the impact of this measure due to the lack of information. However, we point out that the potential should be very small.

When: Due to the need to comply with the principle of annual anteriority for tax increases, the effects should only take place in 2026.

2. Taxation on real estate and agribusiness securities and incentivized debentures

Description: The measure establishes a 5% tax on real estate and agribusiness credit securities and infrastructure incentive debentures, eliminating the current exemption.

Impact: We estimate an annualized impact of BRL 10 billion to BRL 12 billion from the increase in the tax rate from exemption to 5% - this is the double we estimated before since we included the effects of the increase in tax rates for infrastructure incentive debentures. Despite the high potential, we point out that the effective gain should be just a small portion of it in the next year, given that the stock of securities will not be taxed, maturities are long on average, and the market tends to widen issuances until the end of this year. By adopting a hypothesis regarding the average maturity of these securities, we calculate an effective impact of BRL 1.2 billion. Government's estimates indicate an impact of BRL 2.6 billion in 2026.

When: Due to the need to comply with the principle of annual anteriority for tax increases, the effects should only take place in 2026.

3. Increase of tax rate for online betting companies ("bets")

Description: The tax rate on Gross Gaming Revenue (GGR) for companies that promote online betting (fixed odds betting) increases from the current 12% to 18%. There is some doubt as to whether the contribution needs to be paid retroactively. In our view, as this is not a social contribution or tax, it is possible that the increase will take effect immediately.

Impact: Based on a study by the National Association of Games and Lotteries (ANJL), we found an annualized impact of BRL 2.5 billion for next year. For 2025, given that the measure will only come into force in October with financial effects on tax collection in November, we estimate a gain of BRL 0.4 billion.

When: Due to the need to comply with the ninety-day anteriority for contribution increases, the effects should only take place in October this year.

4. CSLL on fintechs

Description: Fintechs (companies that use technology to offer financial services with a focus on online platforms and digital experience) currently pay rates of 9%, 15%, and 20% of net income (CSLL), depending on the operation.

The change aims to put fintechs on an equal footing with other financial institutions, eliminating the possibility of taxation at 9%.

Impact: Government's estimates indicate a gain of BRL 0.3 billion this year and BRL 1.6 billion next year. Due to the lack of information, we have adopted this estimate.

When: Due to the need to comply with the ninety-day anteriority for contribution increases, the effects should only take place in October this year.

5. Increase in tax rate on interest on equities (IoE)

Description: The proposal increases the current income tax rate on interest on equities (IoE) from 15% to 20%.

Impact: Considering data from the latest report on personal income tax figures, we estimate a gain of BRL 6 billion from the tax rate increase, slightly above the government's estimate of BRL 5 billion.

When: Due to the need to comply with the principle of annual anteriority for tax increases, the effects should only take place in 2026.

6. Change in tax compensations

Description: The provisional measure made minor changes to prohibit tax compensation that: i) arises from undue payment or payment in excess of the amount due, based on a non-existent collection document, or ii) whose credit is not related to the economic activity of the taxpayer.

Impact: Government's estimates indicate a gain of BRL 10 billion this year and BRL 10 billion next year. We adopted a more conservative assumption on this estimate given the recent frustration on Carf and tax transactions tax collection.

When: Immediately.

Spending reduction measures

1. Inclusion of Pé de Meia program expenses in the minimum spending on education

Description: The change includes expenses related to the program to encourage students to attend and conclude high school (pé de meia) in minimum education spending.

Impact: There is no direct impact in terms of expenditure reduction, but the change increases budget flexibility insofar as a larger share of discretionary education spending can be cut. However, even this increase in flexibility is limited, as discretionary education spending—which refers to the funding and investment of federal universities and institutes—is already at a low level.

When: Immediately.

2. Temporary benefit for fishermen ("seguro defeso")

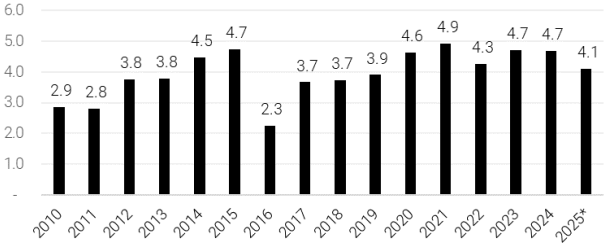
Description: Two changes have been proposed. The first is the requirement for local government approval of fisherman registration, a measure aimed at reducing fraud. The second is a budgetary limit on the benefit, which

will only be granted if sufficient endowments are available. This means that a queue for benefits may arise as it happens with bolsa-familia

Impact: Gains with changes should be very small. In constant prices, temporary benefit for fishermen remained close to BRL 5 billion in the last years. By assuming that the benefit will remain stable in nominal terms in the coming years, we calculate savings of BRL 0.3 billion this year and 0.5 billion next year.

When: Immediately.

Spending remain close to BRL 5 billion
Spending with temporary assistance to fishermen (BRL bn, prices of May/25)



Source: STN. *up to April

3. Changes in temporary social security benefits

Description: Two changes were added to the provisional measure. The first is the reduction from 180 to 30 days of the period for which temporary benefits (such as sickness benefits) obtained through document analysis can be paid without the need for a medical examination. The second change is the limitation of compensation between social security systems to the budget allocation. In our opinion, this is the most problematic measure, given that compensation expenditure is mandatory, and the absence of an allocation would only serve to push the expenditure forward.

Impact: Assuming that a portion (10%) of sickness benefits granted last year were due to fraud and considering a six-month benefit payment, we estimate savings of BRL 1.7 billion this year and BRL 4.3 billion next year from the change in the benefit period resulting from document analysis. With regard to the limitation on budget execution for compensation between regimes, the gain tends to be very small, given that any non-payments in one fiscal year must be compensated in the following fiscal year, at the risk of generating debt over time.

When: Immediately.

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