


A NEW ERA FOR BRAZILIAN INVESTMENT FUNDS

QUICK GUIDE FOR FOREIGN INVESTORS

CESCONBARRIEU



THE LEGAL INTELLIGENCE CENTER

1. INTRODUCTION

On December 23, 2022, the Brazilian Securities and Exchange Commission (“Comissão de Valores Mobiliários” or “CVM”) issued Resolution No. 175 (as amended to date, “Resolution 175”), which comprehensively updated the regulatory framework governing Brazilian investment funds. The industry adaptation to the new regulation ended in June 2025, and all Brazilian investment funds have since been required to comply with the new regulatory framework.

Resolution 175 is the result of approximately two years of discussions between the CVM and the investment fund industry, representing the most significant regulatory development on the subject issued by the CVM in recent years.

Despite the innovations, investment funds continue to present a tax efficient route through which the Brazilian market can be accessed.

This guide outlines the main changes in the new regulatory framework for Brazilian investment funds and highlights tax impacts on the existing structures.

2. PRELIMINARY REMARKS

OVERVIEW ON THE BRAZILIAN INVESTMENT FUNDS INDUSTRY¹

As of September 2025, the Brazilian investment funds industry has achieved the milestone of BRL 10.8 trillion in total net worth, with more than 32,000 funds currently registered with the CVM. This marks an impressive 75% growth of such industry in the last five years and consolidates its position as one of the main pillars of the Brazilian capital markets and the Brazilian economy as a whole.

In particular, available data shows that the regulated market of structured funds (mainly: receivables investment funds, real estate investment funds, private equity investment funds and investment funds in agro-industrial production chains) has tripled its value in the last five years.

Also, investment funds in Brazil have surpassed, only in 2025, BRL 110 billion in positive net inflows (i.e., subscriptions less redemptions), representing the growing interest of investors in continuing to allocate new capital to this type of product.

All these numbers show steady and above-average global growth, gradually approaching mature mid-sized jurisdictions such as Canada, which held CAD 2.242 trillion in mutual funds and CAD 518 billion in ETFs at the end of 2024, totaling approximately USD 2 trillion. The ongoing regulatory convergence driven by the CVM and Brazilian selfregulators, combined with progress in transparency, diversification, and governance, has been driving the development of the Brazilian economy and supporting Brazil's gradual inclusion among the world's most relevant jurisdictions on investment funds.

¹ Data disclosed by the CVM through the following document, considering the closing of the third quarter of 2025: https://www.gov.br/cvm/pt-br/centrais-de-conteudo/publicacoes/boletins/boletim-economico/2509_cvm_boletim_economico_107.pdf

FUNDS' TARGET AUDIENCE

Brazilian investment funds may be offered to specific categories of investors with different profiles, based on such investors' experience, financial capacity, and professional knowledge of the capital markets. Brazilian regulations classify investors into three categories:



Professional investors: (i) individuals or legal entities with financial investments exceeding R\$10 million; (ii) financial institutions and other institutions authorized to operate by the Brazilian Central Bank, (iii) insurance and capitalization companies; (iv) open-ended and closed-ended supplementary pension fund entities; (v) investment funds; (vi) independent investment agents, portfolio managers, securities analysts, and consultants (with respect to their own resources); and (vii) other entities, as specified in applicable regulations.



Accredited investors: (i) professional investors, as listed above; (ii) individuals or legal entities with financial investments exceeding R\$1 million; (iii) individuals who have obtained recognition through qualification examinations or certification by the CVM; and (iv) investment clubs whose portfolios are managed by unitholders who are accredited investors.



Retail investors: all investors who do not qualify as professional or accredited investors.

REGULATORY CATEGORIES OF INVESTMENT FUNDS

Brazilian investment funds may be established under the following main regulatory categories, each governed by specific rules issued by the CVM and subject to different tax treatment:



Financial investment funds ("FIFs"), which invest primarily in assets with greater liquidity and are divided into the following subcategories:



Equity funds, which invest in shares issued by publicly traded companies or units issued by other equity funds, among other eligible assets.



Fixed-income funds, which invest in bonds, notes, and other debt instruments issued by publicly traded companies or private companies, as well as in units issued by other fixed-income funds, among **other eligible assets.**



Foreign exchange funds, which invest in various types of assets and derivative instruments where the principal risk factor relates to foreign exchange rate variations.



Multimarket funds, which invest in all types of financial assets and securities permitted for FIFs;



Receivables investment funds (“FIDCs”), which invest in receivables and credit rights generally;



Real estate investment funds (“FIIIs”), which invest in real estate assets generally, as well as in equity interests in real estate companies and units issued by other FIIIs;



Private equity investment funds (“FIPs”), which invest in equity interests and convertible instruments issued by privately held companies.



Investment funds in agro-industrial production chains (“FIAGROS”), which invest in various equity, real estate, and financial assets related to the Brazilian agro-industrial sector.



Exchange-traded funds (“ETFs”), which invest in a basket of assets aiming to track and replicate the composition and performance of a financial index, in accordance with the index’s specific methodology;



Note: A fund may be structured with classes of units that are open-ended (units may be redeemed at any time) or closed-ended (units will be redeemed only upon liquidation of the fund, without prejudice to prepayments of units that may occur under certain conditions).

Typically, investment funds publicly traded on organized markets are structured as closed ended funds.

3. GENERAL RULES

UNITHOLDERS' LIABILITY

PREVIOUS REGULATORY FRAMEWORK

All units were required to be issued in a single class, forming a **single portfolio, subject to a single strategy and investment policy**. As a result, all units issued by the fund generally had the **same rights and obligations**.

CVM RESOLUTION 175

CLASSES

It is now possible to establish different classes of units forming **segregated** portfolios, each with its **own investment policy and financial statements**. All classes within the same investment fund must belong to the **same category of fund (e.g., FIFs may only be comprised of FIF classes)**.

MAIN RULES:

Each segregated portfolio is liable only for (and subject only to) the obligations of its respective class.

Each class may be subject to insolvency proceedings if the liability of the unitholders is limited and the assets of the class are insufficient to satisfy its respective obligations.

MAIN ISSUES:

The portfolio manager and the fiduciary administrator must be the same across all classes, which reduces the flexibility compared to umbrella structures existing in other jurisdictions;

Each class must maintain separate accounting records and have its financial statements audited individually, which reduces the principal cost benefits of the multiple class structure.

SUBCLASSES

Each class may be divided into different subclasses, which may be distinguished exclusively by

- (i) target investors (professional, accredited, or retail);
- (ii) amortization and redemption schedules; and
- (iii) service provider fees.

If the class is intended for professional or accredited investors, the subclasses may be distinguished by other political or economic rights.

The segregation into subclasses allows a single class to accommodate different types of investors, with different objectives and economic capacity, all following the same strategy and investment policy.

The segregation of portfolios into classes and subclasses allows a single fund to attract investors with different objectives and profiles, utilizing different strategies and investment policies within the same vehicle.

4. FINANCIAL INVESTMENT FUNDS (FIF)

Some of the main innovations of the new regulation regarding concentration limits are listed below:

CONCENTRATION LIMITS

MAIN CONCENTRATION LIMITS BY TYPE OF ASSET (joint limits not considered)

TYPE OF ASSET	PREVIOUS LIMITS	NEW LIMITS
Units issued by FIFs intended for retail investors	20%	No limits
Units issued by FIFs intended for accredited investors	Retail Investors: 20% Accredited Investors: 40%	Retail Investors: 20% Accredited Investors: No limit
Units issued by FIPs	Not allowed	Retail Investors: 15% Accredited Investors: 30%
Units issued by FIAGRO		Professional Investors: No limit
Receivables Certificates	Not allowed	Retail Investors: 20% Accredited Investors: 40% Professional Investors: No limit
Units issued by ETFs	20%	No limits
Brazilian Depositary Receipts	Not allowed	No limits
Fungible assets of a single issuance of securities by a publicly-held company and subject to a public offering		
Carbon Credits	Not allowed	Retail Investors: 10% Accredited Investors: 20%
Cryptoassets		Professional Investors: No limit

FIFs or classes of FIFs whose investment policy permits the acquisition of assets from a single securities issuance are not subject to concentration limits by issuer or by type of asset, provided that such assets are issued by a publicly held company and are subject to a public offering registered with the CVM.

Certain concentration limits by type of financial asset may be increased when the portion that exceeds the ordinary limit is composed of assets that have a market maker:

TARGET-ASSET	LIMITS			
	GENERAL PUBLIC		ACCREDITED INVESTORS	
	MARKET-MAKER	WITHOUT MARKET-MAKER	WITH MARKET-MAKER	WITHOUT MARKET-MAKER
FIF	100%			
ETF	100%			
FII	20%	40%	40%	60%
OPEN-ENDED FIDC	20%	NOT APPLICABLE	40%	NOT APPLICABLE
CLOSED-ENDED FIDC	20%	40%	40%	60%
OPEN-ENDED FIAGRO	15%	NOT APPLICABLE	30%	NOT APPLICABLE
CLOSED-ENDED FIAGRO	15%	25%	30%	40%
FIP	15%	25%	30%	40%

INVESTMENTS ABROAD

Generally, the standard thresholds for investments abroad follow the same thresholds that were established under the previous regulatory framework (as set forth in the table below).

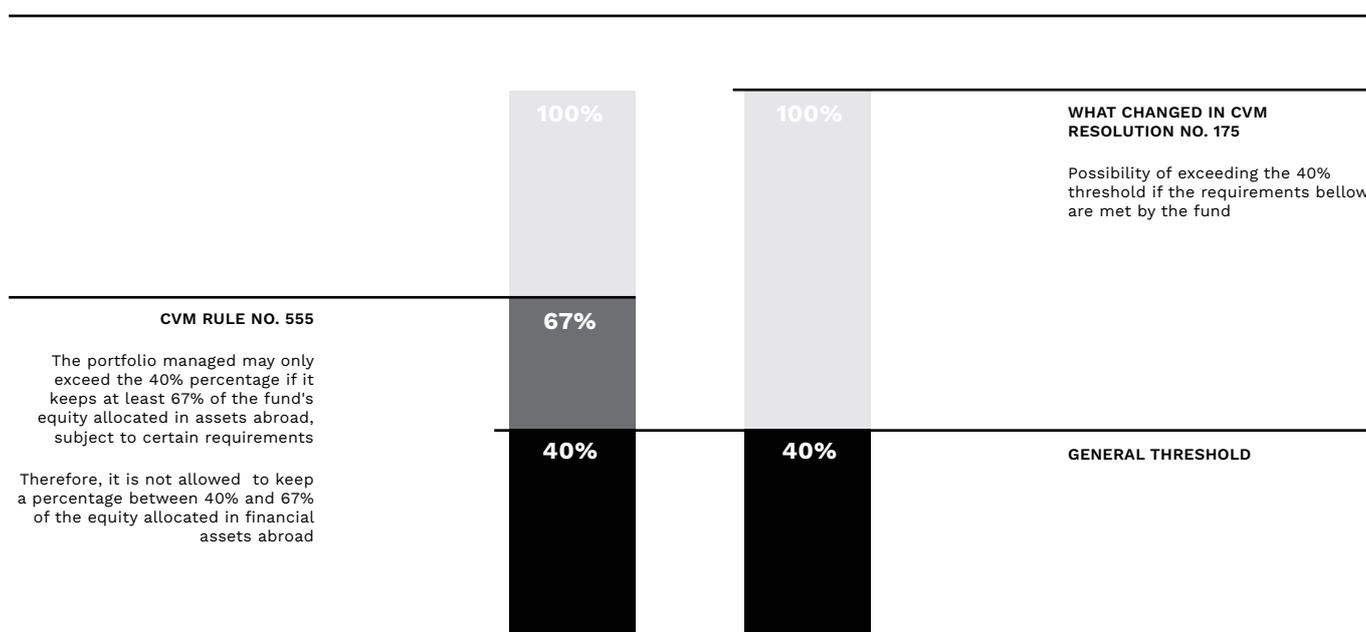
LIMITS	PREVIOUS RULE	NEW RULE
NO LIMIT	Funds classified as "Fixed-income - External Debt"	Classified as "Fixed-income - External Debt"
NO LIMIT	Funds exclusively intended for professional investor that include in their denomination "investment Abroad"	Funds exclusively intended for professional investor
40%	Funds exclusively intended for accredited investors	
20%	Funds exclusively intended for the general public	

However, CVM Resolution 175 introduced additional flexibilities to such standard limits, as detailed below.

Under the previous regulation, funds intended for accredited unitholders could only exceed the 40% threshold if their bylaws expressly established a percentage equal to or greater than 67% of the fund’s net assets to be allocated to investments abroad. Such rule imposed a more restrictive structure, whereby the fund could not maintain any percentage between 40% and 67% of the portfolio allocated to financial assets located abroad.

CVM Resolution 175 now permits the 40% threshold to be exceeded without the need for the bylaws to expressly establish such higher percentage, provided that the class meets the requirements indicated below:

THRESHOLDS APPLICABLE TO ACCREDITED INVESTORS

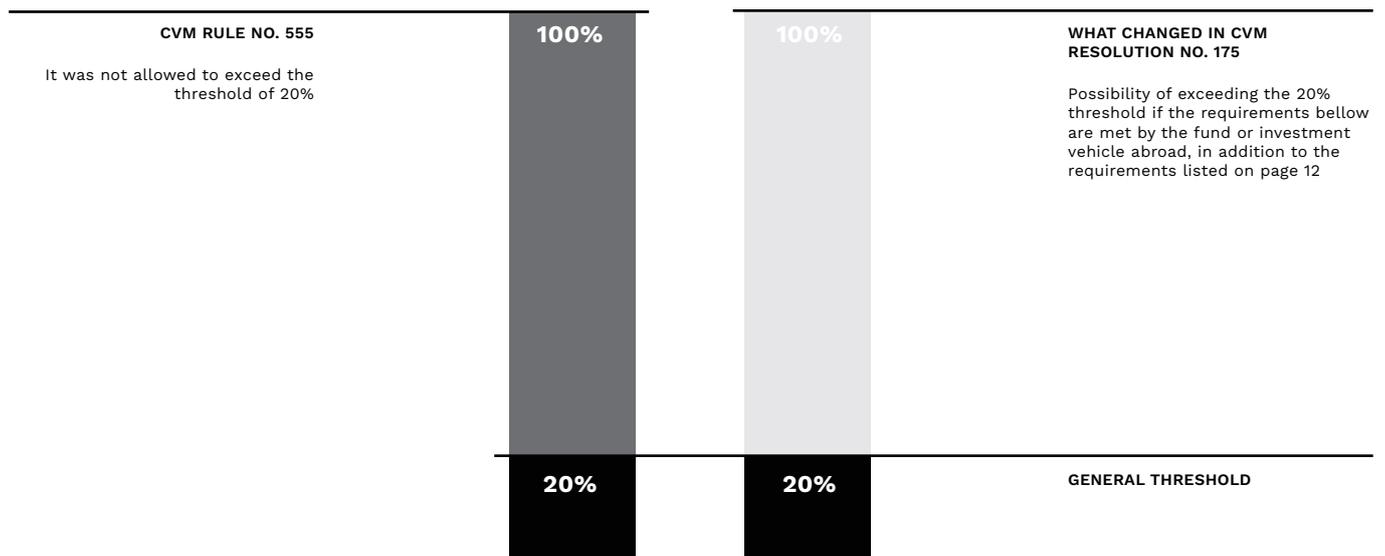


REQUIREMENTS FOR EXCEEDING THE 40% THRESHOLD:

- the categories of the classes of units must be preserved.
- the fund’s bylaws must specify, with respect to the assets that may be acquired abroad:
 - jurisdiction of origin.
 - whether the portfolio management is active or passive.
 - whether the acquisition of units in funds and investment vehicles abroad is permitted.
 - the risks to which the assets are exposed.
- the portfolio manager must ensure that funds and vehicles invested in abroad are subject to various requirements, such as:
 - financial statements audited by an independent audit firm.
 - documents approved by a local securities regulator or maintained at its disposal and made available to investors; the local securities regulator must be a signatory to a Multilateral Memorandum of Understanding with IOSCO or to an information exchange and cooperation agreement with the CVM (an “accepted securities regulator”).
 - frequent calculation of unit value that is compatible with the liquidity of the class that invests in such assets.
 - risk management rules that include formal requirements for monitoring, review and assessment.

Additionally, under the previous regulations, funds intended for retail investors could not exceed the 20% threshold for allocation to assets located abroad under any circumstances. Resolution 175, on the other hand, allows classes intended for retail investors to exceed the 20% threshold up to 100%, provided that the class meets the requirements indicated below (in addition to **all requirements for exceeding the concentration limits applicable to classes intended for accredited investors, as mentioned above**).

THRESHOLDS APPLICABLE TO RETAIL INVESTORS



REQUIREMENTS (BY THE INVESTED FUND OR VEHICLE ABROAD):

- asset pricing and leverage calculation methodology, as accepted and monitored by an accepted securities regulator.
- risk management that addresses potential asset-liability mismatches of the fund or investment vehicle abroad, including periodic reporting.
- liquidity management appropriate for the investment profile and redemption terms of the class that invests in the asset, with a minimum of weekly liquidity.
- rules that prohibit the fund or investment vehicle abroad from maintaining negative equity or that require unitholders to contribute additional resources above the committed capital to cover any losses.
- it is intended for retail investors in its home jurisdiction.
- funds or vehicles abroad must comply with the following thresholds:
 - 10% of its portfolio allocated to assets that are not listed on a stock exchange or similar organized market.
 - 20% of its portfolio allocated to bank deposits with a single institution or invested in assets from the same issuance

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RECEIVABLES INVESTMENT FUNDS (FIDC)

DISTRIBUTION OF UNITS TO RETAIL INVESTORS

PREVIOUS FRAMEWORK

Units issued by FIDCs could not be distributed to retail investors, but only to professional or accredited investors.

RESOLUTION 175

The new regulation permits the distribution of units issued by FIDCs to retail investors, provided that the following conditions are met:

- (i) junior units may not be acquired by retail investors;
- (ii) the fund's bylaws must establish a schedule for the amortization of units or the distribution of profits;
- (iii) for open-ended classes of units, the period between the redemption request and the payment of the redemption proceeds, together with any grace period, may not exceed 180 days;
- (iv) the investment policy must not allow for the acquisition of:
 - (a) credit rights arising from commercial purchase and sale agreements for products, merchandise or services for future payment or delivery, unless the assignors are: (i) public services concessionaire companies; or (ii) companies incorporated for the execution of investment projects in the sectors of infrastructure or economic production in research, development and innovation, that are considered to be a priority as regulated by the Brazilian Federal Government; and
 - (b) credit rights originated or assigned by the fund's administrators, portfolio managers, specialized advisors, custodians, asset registration entities, and related parties of such service providers.
- (v) the subclass of senior units must obtain a credit rating.

OTHER RELEVANT CHANGES

PREVIOUS FRAMEWORK

(i) Portfolio managers, advisors, fiduciary administrators, and related parties were prohibited from originating or assigning credit rights to the fund; and

(ii) Credit rights to be acquired by the fund could relate only to certain economic sectors, such as financial, commercial, industrial, and real estate;

(iii) Credit rating was mandatory for all units;

RESOLUTION 175

(i) The new regulation permits fund service providers to originate and assign credit rights to the fund, provided that:

(a) the fiduciary administrator, the portfolio manager, the asset registration entity, and the custodian of the fund are not related parties to each other (this requirement can be exempted in classes intended for professional investors); and

(b) the asset registration entity and the custodian of the fund are not related parties to the originator or assignor of the credit rights.

(ii) FIDCs are now authorized to operate in all economic sectors, without restrictions relating to the nature or origin of the credit rights;

(iii) credit rating is required only for senior subclasses of FIDCs intended for retail investors, and is no longer mandatory in other cases

Note: Classes and subclasses of FIDCs intended for accredited or professional investors enjoy regulatory flexibilities in comparison to those intended for retail investors, such as:

(i) exemption from the obligation to obtain credit rating for senior subclasses of units;

(ii) broader concentration limits or even exemption from concentration limits for the fund's portfolio;

(iii) investment in higher-risk credit rights, such as: (a) distressed credits; (b) credits originated by governmental entities; (c) credits resulting from lawsuits or arbitration proceedings; (d) credits against companies in bankruptcy proceedings; (e) credit derivatives; or (f) units issued by FIDCs that invest in high-risk credit rights;

(iv) right to pay senior or mezzanine units in kind;

(v) right to establish additional charges to be borne by the fund*;

(vi) greater flexibility to enter into transactions with related parties*;

(vii) greater flexibility to calculate service provider fees in accordance with any methodology or criteria set forth in the fund's bylaws*; and

(viii) greater flexibility to establish different voting and economic rights among different classes and subclasses.

* Flexibilization applies to all types of investment funds (not only to FIDCs).

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REAL-ESTATE INVESTMENT FUNDS AND INVESTMENT FUNDS IN AGRO-INDUSTRIAL PRODUCTION CHAINS

REPURCHASE OF UNITS

From now on, FIIs and FIAGROs may conduct a voluntary public offer for the acquisition (or repurchase) of units of their own issuance, in compliance with the rules and operating procedures established by the administrator of the secondary market where the units are traded.

This type of mechanism enables the fund, for example: (i) to mitigate any mismatch between the fair value of the units and the trading price on the secondary market; (ii) to encourage the trading of units, increasing the liquidity of the asset; and (iii) to signal management's expectations regarding future performance.

The repurchase can be carried out provided that:

- 1)** the repurchase price is lower than the net asset value per unit on the day immediately prior to the repurchase;
- 2)** the repurchased units are canceled; and
- 3)** the volume of repurchases does not exceed, over a period of 12 months, 10% of the total number of outstanding units.

However, the fund is prohibited from repurchasing units of its own issuance:

- (i)** whenever its service providers become aware of material non-public information relating to its investees that may substantially affect the value of the units or influence a unitholder's decision to buy, sell or hold units;
- (ii)** in a manner that would affect the orderly functioning of the market; and
- (iii)** with the sole purpose of obtaining financial gains from expected variations in the price of the units.

7. PRIVATE EQUITY- INVESTMENT FUNDS

POTENTIAL MODIFICATIONS TO BE EVENTUALLY IMPLEMENTED BY CVM

In addition to issuing CVM Resolution 175, at the end of 2024 the CVM's technical staff presented a proposal to amend the specific rules applicable to FIPs, with emphasis on the following points:

CURRENT FRAMEWORK

- Only professional or accredited investors may invest in FIPs
- FIPs intended for professional investors may invest 100% of their capital in foreign assets. The FIPs intended for accredited or retail investors are subject to the 33% threshold;
- Transactions involving a potential conflict of interest may be carried out by the fund, provided they are approved by the unitholders, regardless of the fund's target audience
- Every FIP must exercise "effective influence" over the management of investee companies, using at least one of the mechanisms specifically described in CVM Resolution 175
- Leverage is prohibited

PROPOSED MODIFICATIONS

- Investment in FIPs will also be possible for retail investors
- FIPs intended for accredited investors will also be able to invest 100% of their capital in assets abroad. The 33% restriction will only remain for investment funds intended for retail investors
- In funds intended for professional or accredited investors, transactions involving a potential conflict of interest may be carried out by the service providers, regardless of unitholder approval, provided this possibility is set forth in the bylaws
- FIPs will no longer be required to exert "effective influence" on the management of investee companies; it will be sufficient for the bylaws to describe how the fund intends to participate in management
- FIPs intended for professional or accredited investors may be leveraged, under the conditions described in the regulations

IMPORTANT: After receiving feedback from market participants on the proposed changes, the matter is currently pending consideration by the CVM's Board of Directors, which may approve, reject or modify the content of the proposal submitted by the technical staff, in its sole discretion. There is no assurance that the above changes, among others, will be implemented in exactly the form described above or as otherwise contained in the proposal already submitted.

8

INVESTMENT FUNDS IN AGRO-INDUSTRIAL PRODUCTION CHAINS (FIAGRO)

Previously governed by a temporary and transitional rule (CVM Resolution 39), FIAGROs received a more permanent and comprehensive regulatory framework through the issuance of CVM Resolution 175, which introduced various improvements and flexibilities for this type of fund.



PREVIOUS REGULATORY FRAMEWORK

- Each FIAGRO was required to be classified under one of the following categories:
 - (i) FIAGRO-FIDC, which could only invest in assets eligible for investment by FIDC;
 - (ii) FIAGRO-FII, which could only invest in assets eligible for investment by FII; or
 - (iii) FIAGRO-FIP, which could only invest in assets eligible for investment by FIP
- It was not possible to combine the assets, so each fund was required to invest only in one type of asset (FIDC, FII or FIP).



CVM RESOLUTION 175

- FIAGROs may invest freely in any of the following assets:
 - (i) any real rights over rural real estate;
 - (ii) equity interests in companies that engage in activities that are part of agribusiness production chains;
 - (iii) financial assets, credit instruments and securities issued by individuals and legal entities that are part of agribusiness production chains;
 - (iv) agribusiness credit rights and real estate credit rights related to rural real estate;
 - (v) agribusiness receivables certificates and other securitization bonds backed by agribusiness credit rights and real estate receivables certificates and other securitization bonds backed by credit rights related to rural real estate;
 - (vi) receivables certificates and other securitization bonds backed by financial assets issued by individuals or legal entities that are part of agribusiness production chains;
 - (vii) units issued by classes of investment funds that invest more than 50% of their equity in the assets referred to in items (i) to (vi) above, which includes units issued by other FIAGROs, but is not limited to this category of funds; and
 - (viii) agribusiness carbon credits and decarbonization credits – CBIO.*

PREVIOUS REGULATORY FRAMEWORK

- FIAGROs could not invest in higher risk credit rights, such as (a) distressed credits; (b) credits originated by governmental entities; (c) credits resulting from lawsuits or arbitration proceedings; (d) credits against companies in bankruptcy proceedings; (e) credit derivatives; or (f) units issued by FIDCs that invest in high-risk credit rights;
- FIAGROs could not repurchase units of their own issuance

CVM RESOLUTION 175

- Unlike the requirements for FIFs, these carbon credits and CBIOs do not need to originate from a regulated market (which does not exist in Brazil to date), and may originate from the voluntary market. Thus, until a domestic regulated market is created, FIAGROs will remain the only vehicle that permits investment in Brazilian carbon credits and CBIOs
- It is now possible to combine all these assets in the same class of units, as a “multimarket FIAGRO” that explores and has exposure to different economic segments.
- Nevertheless, if a FIAGRO invests more than 50% of its equity in assets eligible for investment only by a certain type of investment fund (FIDC, FII or FIP), the rules applicable to such type of investment fund will apply subsidiarily to the FIAGRO, which may result in certain specific requirements and restrictions.
- FIAGROs intended for accredited or professional investors may now invest in higher-risk credit rights;
- FIAGROs may conduct a voluntary public offer for the acquisition (or repurchase) of units of their own issuance, in accordance with the rules provided in the previous section.

9 . EXCHANGE-TRADED FUNDS (ETFs)

Brazilian ETFs are passively managed investment funds that seek to track the performance of a specific benchmark index that meets the minimum requirements described in CVM Resolution 175.

To this end, the portfolio manager must allocate financial resources to a predetermined basket of assets, in accordance with the quantities, proportions and other portfolio composition rules established in the target index methodology. The portfolio manager must continuously monitor methodology changes implemented by the index provider over time, so that the fund's portfolio always corresponds to that indicated in the methodology in effect.

Contrary to the general trend in the Brazilian industry, ETFs are structured as open-end funds, but the units of their issuance are publicly traded on organized securities markets, with specific service providers acting as market makers to ensure that the trading value of each unit is aligned with the performance of the target index.

As open-end investment funds, ETF unit distributions are not subject to the traditional public offering rules issued by the CVM, and are conducted under a simplified and less burdensome regime, both from a cost and procedural complexity standpoint.

The regulation of ETFs did not change substantially with the issuance of CVM Resolution 175, but these vehicles continue to play an important role in the Brazilian investment fund industry, with consistent growth in trading volume and investor demand. This is a product with high liquidity, low cost and significant versatility, which enables simultaneous and simplified investment in a portfolio of assets that would otherwise tend to have greater complexity and lower liquidity.

A future change in ETFs regulation is expected by the market, since the matter was included by CVM in its regulatory agenda for 2026. One of the most expected change is the permission of actively managed ETFs, which already exists in foreign jurisdictions.

10. WITHHOLDING INCOME TAX

Investment funds are a pool of resources and as provided by applicable legislation, are usually not subject to corporate income tax on the gains and/or earnings connected to their portfolio,

This feature, along with the potential for investors to benefit from reduced withholding income tax rates (when compared to statutory rates applied to direct investment), provide for tax efficient alternatives through which resident and non-resident investors have accessed Brazilian market.

The table below provides for a snapshot of the statutory withholding income tax rates (“WHT”) applied to earnings received by unitholders of different investment funds outlined in the previous sections of this guide.

INVESTMENT FUND	UNITHOLDERS	WHT³
Investment Funds (General Rule)	Resident Individuals	22.5% to 15%
	Resident Entities²	22.5% to 15%
	Non-resident investors	15%
Receivable Investment Fund (FIDC)⁴	Resident Individuals	15%
	Resident Entities	15%
	Non-resident investors	15%

²The WHT rates indicated herein are based on the general rule applied to distributions made by each of the funds discussed in this guide. When referring to non-resident investors, it assumes compliance with Resolution CMN nº 13/24. The specific rate to be applied in the context of a specific transaction should be assessed on a case-by-case basis, considering the facts and circumstances of each investment.

³The WHT is usually an anticipation of the corporate income tax due, at 34%, by the resident entities investing in an investment fund.

⁴Certain funds, such as closed-end investment funds are subject to a periodic/semi-annual taxation mechanism. FIDCs (as well as other funds, such as FIPs) are outside of the scope of this semi-annual taxation, benefiting from a WHT deferral, provided they qualify as an Investment Entity, as defined by Law 14,754/23 and CMN Resolution 5,111/23, it will benefit from the WHT deferral. The semi-annual taxation does not apply to foreign investors investing in Brazil in compliance with Resolution CMN nº 13/24.

INVESTMENT FUND	UNITHOLDERS	WHT³
FIIIs and FIAGROs⁵	Resident Individuals	0% or 20%
	Resident Entities²	20%
	Non-resident investors	0% or 15%
Private Equity Investment Funds (FIP)	Resident Individuals	15%
	Resident Entities	15%
	Non-resident investors	0%⁶
Exchange Traded Funds	Resident Individuals	25% to 15%, for fixed income ETFs or 15%
	Resident Entities	Idem
	Non-resident investors	0% for fixed income ETFs or 15%

In November, 26, Law 15,270/25 was enacted and amongst other changes, it imposes WHT on dividend payments by Brazilian legal entities to foreign investors.⁷ Although the new provisions do not impact distributions made by an investment fund, the levy of WHT over dividend payments represents another variable in the tax landscape, that could influence an investment strategy, including, whether to invest in Brazil via an investment fund.

⁵Provided certain requirements are met, resident individuals may benefit from a 0% WHT rate, as opposed to the statutory rate. The 0% rate may also apply to non-resident individuals holding quotas of a FII, provided certain requirements are met. There are arguments to support that the 0% rate should also apply to non-resident individuals holding quotas of a FIAGRO.

⁶Only available for FIPs that qualifies as an “Investment Entity”

⁷As a general rule, dividend distributions by Brazilian resident entities to non-resident investors will be subject to a 10%, from January 2026 onwards.

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