

Brazil	Incentive Plan/LTIP
<p>When will I be taxed in relation to my plan benefits?</p>	<p>Grant: No income tax. No social security.</p> <p>Vesting: No income tax. No social security.</p> <p>Transfer to participant: Income tax and social security on the market value.</p> <p>Sale by participant: Capital gains tax. No social security.</p> <p>Note: Brazilian tax rules are unclear with respect to the taxation of share plans and the moments of tax should be reviewed on a case-by-case basis. A decision of the Brazilian Superior Court of Justice (STJ) on 11 September 2024, held that share plan income does not form part of employment income for income tax purposes and that this tax would only be payable on the sale of the shares at capital gains tax rates, provided that certain requirements are met (i.e. the participant must incur an effective economic cost for the acquisition of the shares, so that the transaction corresponds to a buy and sale of shares, and not a free delivery of shares). The application of the decision to a particular plan should be checked but it is less likely to apply to a plan where there is no (or minimal) payment by the employee, as it will be unlikely to correspond to a commercial transaction. It is unclear whether the decision extends to social security discussions, as STJ only examined this subject from an income tax perspective.</p>
<p>What is the maximum rate of income tax payable in relation to my plan benefits?</p>	<p>27.5% (2026) on ordinary income. Any change in tax rates usually takes effect from 1 January.</p>
<p>Income tax rates</p>	<p>Personal income tax rates range between 0% and 27.5% (progressive rates). For personal income, the maximum rate applies to annual income over approximately BRL55,980 (2026). Effective from January 2026, Law 15,270/25 introduced a monthly tax reduction mechanism that may reduce the tax due (including to zero for lower monthly taxable income), resulting in zero tax due for taxable monthly income up to BRL5,000.00, and a linearly decreasing reduction for taxable monthly income between BRL5,000.01 and BRL7,350.00 (no reduction applies above BRL7,350.00).</p>
<p>Will my employer withhold income tax in relation to my plan benefits?</p>	<p>Employer withholding will apply if there is a recharge or if the shares are granted by the local employer or payments are made through payroll. It is uncertain whether the local employer is required to withhold tax on share plan income in the absence of a recharge or other involvement by the local employer. The most conservative approach would be to withhold income tax.</p>
<p>Are my plan benefits subject to social security contributions?</p>	<p>Social security may be payable on share-related income where the shares are granted by the local employer, payments are made through payroll or there is a recharge. The recent decision of the STJ may impact the payment of social security on share plan income, although social security was not within the scope of this decision and there is still no clear position from the courts regarding this matter. If social security is levied, employer and employee social security will be payable and the employer must withhold the employee's contribution.</p>
<p>Employee social security</p>	<p>Employee social security (max rate): 14% (rates from 7.5% to 14%).</p> <p>Employee social security (cap): the 14% rate applies to monthly income from BRL4,354.28 up to BRL8,475.55 (2026).</p>
<p>What is the maximum rate of capital gains tax?</p>	<p>15% (applicable to the disposal of foreign shares). Separate rates and exemptions apply where shares are sold on the Brazilian Stock Exchange.</p>

<p>What is the maximum tax rate payable on dividends?</p>	<p>15% fixed rate on dividends paid by foreign companies (applicable since 1 January 2024, under Law 14,754/23).</p> <p>Dividends distributed by Brazilian entities remain generally exempt for Brazilian-resident beneficiaries except that, effective from January 2026: (i) dividends paid/credited/delivered by the same Brazilian legal entity to the same Brazilian-resident individual exceeding BRL50,000.00 in a month are subject to 10% withholding income tax on the total monthly amount; and (ii) dividends paid/credited/delivered/remitted to non-residents are subject to 10% withholding income tax.</p>
<p>Do I have to report any income in relation to the plan to my local tax authority?</p>	<p>As a general rule, the Brazilian individual who receives an income, or any other amounts from foreign sources, is subject to the mandatory monthly payment named "carimê-leão". The employee will also usually report to the Brazilian Federal Revenue Office on an annual income tax return. This would cover reporting on income that has been withheld, if paid and reported by the employer (e.g. where the costs are recharged). If shares under an incentive plan are granted directly by the foreign parent company with no recharge, the employee will be responsible for reporting the amount and paying the tax through their annual Income Tax Return. The employee would also report and pay tax on proceeds of sale and dividends in the annual Income Tax Return. The monthly reporting of dividends payments under the 'carimê-leão' system was abolished from 1 January 2024.</p> <p>The employee is also required to report any foreign assets, if valued at USD1million or more, to the Brazilian Central Bank as at 31 December. Separate quarterly reporting applies to foreign assets valued at USD100million or more.</p> <p>There is no specific filing in relation to equity related incentives.</p> <p>Report name:</p> <ul style="list-style-type: none"> • annual Income Tax Return; and • foreign asset reporting is made electronically through the Central Bank website. <p>Tax period:</p> <ul style="list-style-type: none"> • the tax year is 1 January to 31 December; and • foreign assets are reported annually based on the value of the assets on 31 December. <p>Reporting deadline:</p> <ul style="list-style-type: none"> • the annual Income Tax Return must be filed by 31 May of the following year. Returns must be filed either online on the tax authority's website or through the Filing Tax Return Program; and • the foreign asset report must be filed by 5 April. If the employee has foreign assets valued at USD100million or more, the additional quarterly reporting deadlines are 5 June, 5 September and 5 December. <p>Payment of tax: tax payments may be made in up to 8 monthly and successive instalments (if the tax due is less than BRL100, it must be paid in a single instalment). The first or single instalment must be paid by the reporting deadline, with additional instalments due by the last business day of each month.</p>

Tax - Employee Notes



This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes; retention and holding periods; restrictions on the shares; clawback terms and periods; and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 9 February 2026. Changes in legislation or practice after this date may affect the tax treatment.

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