The Brazilian Government published Decree 9,580 (23 November 2018), which replaces the income tax regulations established by Decree 3,000 in 1999. The new regulations consolidate all the different pieces of income tax legislation published up to 31 December 2016. The Decree, therefore, includes different rules over 17 years, but does not include some changes introduced during 2017 and 2018.

Decree 9,580 includes some rules based on the new Civil Code (Law 10,146/02), as well as some important provisions of Law 12,973/14, which significantly changed the income tax legislation to incorporate the new accounting principles (aligned with IFRS) that Brazil adopted in 2013. It also covers the relevant changes made to Brazilian tax legislation related to the tax amortization of goodwill on merger and acquisition transactions, and the taxation of profits of foreign controlled and affiliated parties. (For more information on Law 12,973, see EY Global Tax Alert, Brazil enacts tax reform, dated 15 May 2014.)

The Brazilian corporate income tax consists of two different taxes:

- The basic income tax of 15% plus a 10% surplus
- The 9% social contribution on net profits (20% for most financial institutions, going down to 15% beginning 1 January 2019)
Decree 9,580 only covers the income tax portion of the corporate income tax, not the social contribution on net profits.

The Decree was effective on 23 November 2018.

We are still evaluating the new text and will soon comment on any relevant changes.

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