



Country Tax Guide: Brazil

About this Guide:

This guide is based on information provided by international tax experts at IBFD to provide employers with a general overview of the tax treatment of key benefits in kind granted to resident employees. It is intended to offer practical insights to help multinational employers better understand potential tax implications when structuring benefit programs in-country. The guide does not include different tax concessions granted to non-residents and/or expatriates, tax reliefs employees may claim in their own tax returns, option arrangements and low interest bearing loans. While the content reflects extensive research and the expertise of IBFD, it is provided for informational purposes only and does not constitute formal tax advice. Employers are strongly encouraged to consult qualified tax advisors for guidance tailored to their specific business operations, workforce profile, and benefits design in the relevant jurisdiction.

Source of Information

The tax treatment of benefits in kind granted by employers to employees is not governed by a single legal instrument in Brazil. Instead, it is regulated by a broad legal framework composed of the Income Tax Law (Law No. 7,713/1988), the Consolidation of Labor Laws – CLT (Decree-Law No. 5,452/1943), the National Tax Code (Law No. 5,172/1966), among others.

Additional guidance can be found in administrative and judicial precedents, such as RFB Consultation Solutions No. 35/2019, 4007/2019 and 4023/2021; CARF Decisions No. 2102-003.754 and No. 2301-001.691; Superior Labor Court (TST) Summary No. 367; Superior Court of Justice (STJ) Summary No. 310; and CARF Summary No. 64.

Main principles

As general rule, benefits are fully taxable (more specifically subject to individual income tax (Imposto de Renda de Pessoa Física - IRPF) and also subject to social security contributions payable by both employees and employers.

For tax purposes, Brazilian tax law classifies employee benefits under two main categories:

1. Indemnity nature: Benefits granted to compensate expenses or disadvantages arising from the employment relationship. These are generally not subject to individual income tax or social security contributions.
2. Remuneratory nature: Benefits granted as compensation for work performed. These are subject to individual income tax and social security contributions.

The classification depends on the purpose and use of the benefit, not its label or form of payment. Regularity and the possibility of conversion into cash are key indicators of the remuneratory nature.



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Some legally defined benefits, such as meal or transportation assistance, retain their indemnity nature even if provided regularly, provided that specific legal requirements are met.

The exemption of individual income tax on indemnity payments derives from Article 43 of the CTN, which requires an increase in net worth for taxation. Art. 20 of Law No. 8,212/1991, on its turn, determines that the employee's social contribution is calculated considering the amount of the monthly contribution salary based on progressive rates of 7.5%, 9%, 12% and 14%. Regarding employer social security contributions, Article 22(I) of Law No. 8,212/1991 establishes a 20% rate exclusively on payments intended to reward work (remuneratory).

Benefits in kind, when considered to be remuneratory, are fully taxable by corporate income tax and social security contribution and valued at their cost to the employer or at market value.

Benefit types

Meals

- Meal allowances provided via meal cards or vouchers are not included in the IRPF or social security base, provided they are not paid in cash (RFB Consultation Solution No. 35/2019). There is no stated limit but excessive amounts may be challenged by the tax authorities.
- Employers participating in approved worker meal programs (PAT) may deduct twice the expenses from Corporate Income Tax (IRPJ), pursuant to Law No. 6,321/1976.
- Meals provided in kind (e.g., on-site meals or food baskets) must respect CLT limits: up to 25% of the contractual salary and must not include alcoholic beverages or harmful substances (CLT, art. 458).
- Meals provided during business trips are classified as cost reimbursements and are tax-exempt (RFB Consultation Solution No. 4007/2019).

Cars

- Vehicles provided for essential work-related activities (like area sales) are considered indemnity benefits and are not taxable, even if used outside working hours (TST Summary No. 367; CARF Decision No. 2301-001.691).
- Where use is unrelated to job duties, the benefit is classified as salary in kind and is taxable (Decree No. 9,580/2018, art. 36, XVII).
- Flat subsidies for personal vehicle expenses are taxable. Reimbursements based on documented business travel are tax-exempt (RFB Consultation Solution No. 4023/2021).



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Commuting

- Transportation vouchers (*vale-transporte*) are exempt from IRPF and social contributions, provided they are issued as vouchers and the employee contributes 6% of their salary (Decree No. 10,854/2021, arts. 110 and 114). The employer can deduct from the employee's salary the costs related to transportation up to 6% of salary. If the effective cost is lower, the deduction must follow the percentage incurred; if the effective cost is higher, the employer must cover the difference, as he can only deduct up to 6%.
- Direct transportation provided by the employer (e.g., company shuttles) is also exempt.
- If transportation is paid in cash, it becomes taxable, except in legally permitted cases (e.g., domestic workers).

Childcare

- Childcare and nanny assistance for children up to 6 years old are indemnity in nature and exempt from taxation (STJ Summary No. 310; CARF Summary No. 64).
- Employers may reimburse employees for private childcare expenses, and such reimbursements are tax-exempt (Law No. 8,212/1991, art. 28, §9(s)).

Well-Being

- Medical and dental assistance, whether directly provided or through private health insurance, is indemnity in nature and tax-exempt if not paid in cash (CLT, art. 458, §2(IV); Law No. 8,212/1991, art. 28, §9(q)).
- Following the 2017 labor reform (Law No. 13,467/2017), the benefit remains tax-exempt even when differentiated among employees, as long as criteria are contractual and not discriminatory.
- Co-participation by the employee does not change the tax treatment if contractually defined and not a disguised reimbursement.
- Gym reimbursements tied to wellness programs and collective agreements, duly documented, are considered indemnity and non-taxable (CARF Decision No. 2102-003.754. June 2025). However, the RFB has challenged this classification in the past and charges IRPF and social contribution on such payments. Although CARF has been expanding its interpretation of wellness programs recently so an argument could be made to tax authorities.

Tuition Assistance:

- Educational assistance for employees or dependents (basic education or job-related technical training) is tax-exempt under CLT, art. 458, §2(II).
- To be exempt from social contributions, monthly benefits must not exceed 5% of employee remuneration or 1.5 times the minimum contribution wage, whichever is higher.



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- Tax authorities of the tax revenues services (RFB) consider undergraduate and graduate tuition taxable, but Brazilian Superior Courts often classify it as indemnity.
- Learning grants (financial support) for minors under 14 are exempt in accordance with art. 28, §9(u) of Law No. 8,212/1991 and art. 64 of the Child and Adolescent Statute (ECA).

Other Benefits, If Any

Private pension plans:

- Payments made by a company to fund a supplementary pension plan — whether an open plan (offered by financial institutions and accessible to the general public) or a closed plan (restricted to employees and managed by a non-profit pension entity) — are not considered on the calculation basis of the Social Security Contribution, provided that the plan is available to all employees and company officers, as established in art. 28, §9(p) of Law No. 8,212/1991.
- The company is allowed by Article 13, item V, of Law No. 9,249/1995 to deduct from its IRPJ and CSLL bases the amounts paid to finance supplementary pension plans for its employees and directors.
- However, in accordance to Article 11, paragraph 2, of Law No. 9,532/1997, these payments must not exceed 20% (twenty per cent) of the total remuneration paid to employees and officers enrolled in the plan.

Daily allowances:

- Daily allowances (per diems) paid by the employer are exempt from the Social Security Contribution under art. 28, §9º(h) of Law No. 8,212/1991.
- Amounts paid to cover transportation, meals, and accommodation provided by the company to employees hired to work in locations far from their place of residence — such as construction sites or remote areas requiring travel and lodging — tax exempt, as per art. 28, §9º(m) of Law No. 8,212/1991.
- Also, as mentioned above, meals provided during business trips are classified as cost reimbursements and are tax-exempt (RFB Consultation Solution No. 4007/2019).

Accommodation/free housing is considered salary in kind and is taxable, unless required by the job (e.g., rural workers or security staff) (CLT art. 458; Law No. 8,212/1991, art. 28(l); TST Summary No. 367).

Cultural and recreational benefits (e.g., tickets, books, leisure activities) are tax-exempt (through the Vale-Cultura program) if offered broadly and not linked to performance goals or salary replacement (Law No. 8,212/1991, art. 28, §9(y)).

Uniforms and work-related clothing provided due to functional need are also tax-exempt (art. 28, §9(p)).



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Reimbursement by employers of energy and Internet expenses incurred by employees working remotely (home office) is not considered to be of a remuneration nature and cannot be included in the taxable base for individual income tax and Social Security Contribution purposes (RFB Consultation Solution No. 63/2022 and No. 87/2023).

Profit participation programs through which the employees participate in profits or results of the company (profit sharing) is tax-exempt, according to Law No. 8.212/1991, art. 28, §9º(j).

Procedures

Resident individuals are subject to individual income tax on a worldwide basis, which is, in general, imposed at progressive rates on an annual basis, computed based on the calendar year. Also, as general rule, the cash basis applies to the recognition of income derived by resident individuals.

In accordance with Provisional Measure 1,294/2025, as of 1 May 2025, Brazil has increased the first range of the individual income tax monthly progressive table from BRL 2,259.20 to BRL 2,428.80. Therefore, the following table is now applicable:

Income (in BRL)	Tax Rate (%)
Up to 2,428.80	0
2,428.80 – 2,826.65	7.5
2,826.66 – 3,751.05	15
3,751.06 – 4,664.68	22.5
Over 4,664.68	27.5

Bill 1,087/2025, on its turn, proposes to raise the income tax exemption threshold to 5,000.00 BRL. If approved, this modification shall take effect starting in 2026.

Remuneratory income must be included in the employee's annual taxable income and are subject to withholding obligations by the employer, who must withhold the income tax due by the individual monthly (Law No. 8.212/1991, art. 30, I (a)). When no specific rule applies, the amount to be withheld is calculated by applying the general progressive rates indicated above to the taxable base assessed for the withholding procedure (e.g. total income less specific deductions applied for calculation of the taxable base for the purpose of the withholding tax). The tax must be withheld on each payment and, if more than one payment is made by the same payer, the withholding tax must be calculated on the sum of payments done to the individual during the month. The tax withheld is generally treated as an advance payment and credited against the taxpayer's final annual tax liability (Law No. 9.250/1995, art. 4, IV).



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Income derived by an employee in relation to the Profit Participation Programme (as per Law 10,101/2000 and Law 12,832/2013) is subject to a final withholding tax at source at the following rates:

Taxable income (in BRL)	Rate applicable to the income (%)
Up to 7,640.80	0
7,640.81 – 9,922.28	7.5
9,922.29 – 13,167.00	15
13,167.01 – 16,380.38	22.5
Over 16,380.38	27.5

Concerning social security contribution, the tax due by the employer is, in general, imposed at a rate of 20% on the remuneration paid or credited to employees and independent workers. For specific business sectors, this tax could be computed based on gross income (CPRB), which was calculated at rates varying from 0% to 4.5% depending on the company's activity and the products produced. However, Law 14,973/2024 introduced a transitory regime to phase out the CPRB for these business sectors and determined the return to taxation based exclusively on the payroll.

On the other hand, the tax due by the individual concerning its remuneratory income must be withheld by the employer according to the progressive table below, applicable from 1 January 2025:

Monthly wage (in BRL)	Tax Rate (%)
Up to 1,518.00	7.5
1,518.01 – 2,793.88	9
2,793.89 – 4,190.83	12
4,190.84 – 8,157.41	14

The contribution is fully deductible for individual income tax purposes.

Employers must report all remuneratory payments through the eSocial platform, particularly events S-1200 and S-1210. In case the employment contract is terminated, the payments must be reported under code S-2299, which includes remuneratory and indemnity payments.

Indemnity payments arising from lawsuits decisions must also be reported through eSocial platform (event S-2500).

Failure to comply with these obligations may result in tax assessments in which the tax due (individual income tax and social contribution), if not collected, would be charged together with the fines applicable. In most of the cases, a 75% (seventy-five percent) fine is applied on the total amount of the tax due (Law No. 9,430/1996,

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art. 44, I). However, the penalty can be increased to 100% in case of simulation or fraud, or even to 150% in case of recidivism.

If the taxes had been collected but the employer fails to report the information through e-Social in due time, it would also be subject to fines. In the event of late filing, the fine will be 1,500.00 per month (Provisional Measure No. 2,158-35/2001, art. 57, I (b)). If the information submitted is inaccurate, incomplete or omitted, the fine will be 3% of the value involved (Provisional Measure No. 2,158-35/2001, art. 57, III (a)).



The information contained in this country tax guide has been provided by the international tax experts at IBFD based on available data as of September 2025.

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