



Legislative Agenda

The focus of parliamentary activities in 2026 will be directed toward the elections. On one hand, the government will seek to approve the end of the 6x1 work schedule, while the opposition will attempt to generate political noise through the INSS CPI and push for an investigation into the Banco Master scandal.

Congress will also be called to ratify the agreement between Europe and Mercosur.

It is also important to monitor actions at the Supreme Federal Court, especially the advancement of a code of ethics, which is the minimum necessary to prevent further deterioration in confidence in institutions.

Legislation Approved at the End of Last Year

2026 Annual Budget Law (Law No. 15,346)

Enacted in January 2026, it sets federal revenues and expenditures, projecting a primary surplus of BRL 34.3 billion (0.25% of GDP). The minimum wage is set at BRL 1,621.00 (a 6.8% increase). The tolerance margin is 0.25 percentage points of the GDP, implying a lower bound of zero for the target. Approximately BRL 70 billion will be excluded from the calculation to meet the target: excess court-ordered payments (precatórios) (BRL 41.1 billion), reimbursement of INSS beneficiaries affected by illegal deductions (BRL 2.8 billion), temporary education and health expenditures (BRL 2.2 billion), state-owned enterprise expenses (BRL 10 billion), and strategic national defense projects (BRL 2.5 billion). In other words, it will be possible to run a deficit of BRL 70 billion (0.6% of GDP) and still be considered compliant with the zero-deficit target.

Taxation of Bets, Fintechs and Interest on Equity (Law No. 128/25)

Betting Taxation. The Gross Gaming Revenue (GGR) bracket will rise from 12% to 13% in 2026, 14% in 2027, and reach 15% or up to 18% from 2028 onwards. Part of the increase will be allocated to social security and healthcare.

Fintechs and Financial Institutions. The Social Contribution on Net Profit (CSLL) for fintechs, capitalization companies, and credit companies will increase from 15% to 17.5% through December 31, 2027, reaching 20% as of 2028. Other institutions: banks and card/acquiring companies will see CSLL rise from 9% to 12% through 2027 and to 15% thereafter.

Taxation on Equity Interests (JCP). Withholding income tax on JCP distributions increases from 15% to 17.5%.

Income Tax Exemption, Dividend Taxation and Minimum Tax on High Income

Income tax exemption for monthly income up to BRL 5,000.00, with a gradual discount for income up to BRL 7,350.00.

Dividend Taxation: 10% withholding tax on dividends exceeding BRL 50,000 per month per company. Exempt dividends: profits earned through December 31, 2025 and distributed thereafter remain exempt.

Minimum Tax Rate of up to 10% for annual income above BRL 600,000. Effective date: the new rules take effect on January 1, 2026, with full impact on the 2027 tax return.

10% Reduction in Tax Benefits

The reduction applies linearly to several benefits, exemptions, zero rates, and reductions in tax bases, limiting the benefit to 90% of its original value. Affected sectors: companies using special regimes, presumed credits, and federal exemptions (except those constitutionally protected) will face higher tax burdens. Exceptions: constitutional immunities, the Manaus Free Trade Zone, and basic food basket items are generally protected. Estimated fiscal impact: BRL 20 billion.

Restrictions on Habitual Tax Debtors

Definition: taxpayers with tax debts exceeding BRL 15 million, exceeding known assets, recurring without justification. Sanctions: suspension of tax benefits, prohibition from public procurement, loss of eligibility in the National Registry of Legal Entities (CNPJ), and faster administrative collection procedures. Exceptions: public calamities, recent proven negative financial results, or temporary financial distress without bad faith. Objective: increase federal revenue and curb unfair competition.

State Debt Full Repayment Program (PROPAG). Complementary Law No. 212 of January 13, 2025

Renegotiation of state and Federal District debt with the Union, revising terms under previous laws. Creates the Federative Equalization Fund (FEF), managed by Banco do Brasil, funded by part of interest payments and aimed at compensating states with low investment capacity, focusing on education and public security.

Complementary Laws Related to the Tax Reform

The tax reform regulation was consolidated through complementary laws, including LC 227/2026, enacted in January 2026, unifying five taxes (PIS, Cofins, IPI, ICMS, ISS) into a dual VAT system: CBS (federal) and IBS (subnational). The transition runs from 2026 to 2032, featuring a selective tax ("sin tax"), cashback for low-income families, and maintenance of the basic food basket exemption. Since January 1, 2026, taxpayers must show IBS and CBS on invoices, with optional disclosure for services at the initial stage.

2026 Agenda

End of the 6x1 Work Schedule

The debate over changes to working hours is one of the government's declared priorities for the year. The Speaker of the Chamber of Deputies forwarded proposals on work-hour reduction and the end of the 6x1 schedule to the Constitution and Justice Committee, clearly aligning with politically popular issues that may generate electoral returns.

Public Security Constitutional Amendment (PEC)

This is a complex issue. Different political forces will seek to provide voters, during the elections, with a response on one of the topics that most concerns the population.

PEC 18/2025. Chamber of Deputies. Rapporteur: Deputy Mendonça Filho (União-PE). The proposal is expected to be placed on the legislative agenda shortly after Carnival (currently under review by a Special Committee, and subsequently by the plenary). Among the proposals under discussion are the creation of a Ministry of Public Security, dedicated exclusively to the issue (currently part of the Ministry of Justice), and the possibility of lowering the age of criminal responsibility. However, the main stated objective is to strengthen and modernize the State's tools to combat crime, improving coordination and integration among security forces nationwide.

The Constitutional Amendment seeks to amend five articles of the Constitution (Articles 21, 22, 23, 24, and 144) in order to restructure the system, granting the federal government authority to establish general guidelines for public security and social defense policy, which would also encompass the prison system. It constitutionalizes the National Public Security Fund (FNSP) and the National Penitentiary Fund (Funpen), ensuring continuous and stable transfers of resources, shared among all members of the Federation, and prohibiting budgetary contingencies.

Presidential Veto on Sentencing Guidelines

The President of the Senate, Davi Alcolumbre (União-AP), is in charge for bringing to a vote and attempt to overturn the veto issued by President Luiz Inácio Lula da Silva against the bill that amends the sentencing guidelines for those convicted in connection with the coup-related acts of January 8.

The bill reduces the final sentence in cases involving multiple criminal classifications arising from the same act, including cases that have already been adjudicated or are still pending, related to the attempted coup that took place between 2022 and 2023. This would apply, for example, to Jair Bolsonaro (PL), who was sentenced by the Supreme Federal Court (STF) to more than 27 years and three months in prison (a sentence that could be reduced to two years and four months).

The text also establishes a rule allowing for sentence reductions in situations where the crime was committed in the context of a crowd. In such cases, individuals who neither financed nor led the actions may receive a sentence reduction ranging from one-third to two-thirds. The measure distinguishes those who acted without a leading role from the organizers or financiers of anti-democratic acts.

Wealth Tax

Complementary Bill (PLP) 05/2026 submitted in February 2026. It establishes the Tax on Large Fortunes (IGF) in Brazil for net wealth above R\$ 10 million. The measure, provided for in the 1988 Constitution, aims to increase federal revenue and reduce inequality through progressive taxation on assets and rights.

Taxable Event: Ownership of assets and rights, such as real estate, vehicles, financial investments, and equity holdings.

Rates: Proposed rates range from 0.5% to 1% per year, potentially increasing according to the value of the estate.

Exemptions: Proposed exemptions include the primary residence up to a certain value (e.g., R\$ 2 million) and work-related instruments.

Cooking Gas Program (“Gas do Povo”)

The program aims to reduce the impact of cooking gas prices on the budgets of low-income households. The initiative primarily targets individuals registered in the Single Registry (Cadastro Único – CadÚnico), the database that consolidates beneficiaries of federal government social programs. The model currently under discussion предугадывает a gas voucher that fully covers the cost of a cooking gas cylinder.

Social Media (Evangelical Caucus Proposal)

The Evangelical Parliamentary Front has instructed its members to vote against Bill No. 2630 (the “Fake News” bill), arguing that the proposal restricts freedom of expression and freedom of belief, and could result in the removal of passages from the Bible or conservative viewpoints.

Protection of Lawmakers’ Social Media Profiles: Support for legislative proposals that prevent the blocking or suspension of deputies’ and senators’ social media accounts by judicial decisions, leaving such determinations to the respective legislative chambers (the Chamber of Deputies or the Senate).

Monitoring of “Harmful Content”: The caucus actively scrutinizes proposals that could affect its values, including issues related to gender equality, abortion, and religious freedom, seeking to ensure that Christian values are not criminalized online.

Alternative Regulatory Proposal: Evangelical leaders have advocated for alternatives to centralized regulation, arguing that content moderation should be more transparent and should avoid ideological bias against conservative values.

Provisional Trade Agreement between Mercosur and the European Union

Signed in January, the text of the agreement was submitted to the National Congress by the Executive Branch. The vote is expected to take place on February 24. Negotiated for more than 25 years, the agreement creates an economic area encompassing approximately 718 million people and a combined GDP exceeding USD 22 trillion. The European Union has committed to eliminating import tariffs on approximately 95% of goods originating from Mercosur, while the South American bloc will liberalize around 91% of goods imported from Europe over transition periods of up to 15 years.

Nomination of Jorge Messias to the Supreme Federal Court (STF)

Nominated by President Lula to fill the vacancy left by Luís Roberto Barroso, the confirmation hearing is expected to take place between late February and March 2026, after Carnival, before the Senate’s Committee on the Constitution and Justice (CCJ). The nomination, initially scheduled for 2025, was postponed. Following the CCJ hearing, the nomination must be approved by an absolute majority (at least 41 votes) in the Senate plenary. The rapporteur is Senator Weverton (PDT-MA).

Special Retirement Conditions for Health Agents

Complementary Bill (PLP) No. 185/2024, approved by the Senate in November 2025, regulates special retirement for community health agents and endemic disease control agents. The proposal establishes minimum retirement ages of 52 for men and 50 for women, with at least 20 years of service in the role, guaranteeing full benefits and parity with active workers. The bill now proceeds to be reviewed by the Chamber of Deputies. The estimated fiscal cost is BRL 2 billion per year.

Time-Frame Rule for the Demarcation of Indigenous Lands

Constitutional Amendment Proposal (PEC) No. 48/2023, approved by the Senate in December 2025, establishes that Indigenous peoples are entitled only to lands that were occupied or under dispute at the time of the promulgation of the Constitution, on October 5, 1988. The proposal, viewed as a setback by Indigenous movements and supported by the agribusiness sector, prohibits the expansion of Indigenous territories and now proceeds to the Chamber of Deputies.

Parliamentary Inquiry Committees (CPIs)

INSS Joint Parliamentary Inquiry Committee (CPMI)

The CPMI was established in the Senate in August 2025 to investigate fraud schemes that resulted in irregular deductions of association fees from the benefits of millions of INSS retirees and pensioners, involving billions of reais between 2020 and 2025. The committee is chaired by Carlos Viana (Podemos-MG) and reported by Alfredo Gaspar (União-AL). The commission is currently hearing former INSS officials and is assessing the lifting of confidentiality protections for those involved.

Banco Master Investigation

With the support of 42 senators and 238 federal deputies, a request was formally filed to create a Joint Parliamentary Inquiry Committee (CPMI) to investigate alleged irregularities involving Banco Master, including the allocation of funds from public-sector pension funds.

Once submitted, the request to establish the Banco Master CPMI must be read in a session of the National Congress, for which no date has yet been scheduled. In the meantime, the Senate's Committee on Economic Affairs will request documents from the Central Bank and the Federal Police in order to monitor the case.

Organized Crime Investigation

The committee was established to investigate the development of organized crime within the country, in its various forms and manifestations, and to determine the causes of its expansion, including those arising from corruption by public officials who participate in or provide protection to such activities. It is chaired by Fabiano Contarato (PT-ES) and reported by Alessandro Vieira (MDB-SE).

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