PLAN B BRAZIL

INDEPENDENT INVESTMENT ADVISORY

Capital Gains Tax on Real Estate Sales in Brazil

15% AND HOW TO LEGALLY AVOID IT

The progressive capital gains tax scale and the legal reinvestment exemption — with exact conditions from a licensed attorney.

PREPARED BY PLAN B BRAZIL

SANTA CATARINA, BRAZIL

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The Short Version

"How much will I owe the government if I sell my property in Brazil?" — a question every investor asks sooner or later, and one that rarely gets a clear answer. Let's break it down — based on a consultation with Dr. Wilian Campos (OAB/SC 50.897), **WK International Services**, Florianópolis.

The Base Rate — Not Always a Flat 15%

Capital gains tax (ganho de capital tax on the difference between purchase and sale price) on real estate sales for individuals in Brazil is **15%** of the gain — for most transactions. But the rate rises for larger gains:

Progressive Capital Gains Tax Scale

For the vast majority of deals in Santa Catarina, the base 15% rate applies — the higher brackets only concern very large transactions.

The Reinvestment Exemption — What Almost No One Writes About

Brazilian law (Lei No. 11.196/2005) provides a mechanism for **full exemption** from this tax through reinvestment.

1 → 180 DAYS → 0%

Sale
You sell residential property in Brazil

Reinvestment
You buy another residential property in Brazil within this window

No Tax Due
Full exemption from capital gains tax

This isn't a special favor — it's part of the general tax code, available to any seller who reinvests according to the rules.

APPLICABILITY DEPENDS ON THE DETAILS

The mechanism is real, but not automatic. Conditions depend on:

- tax residency status (resident/non-resident)
- property classification (residential, not commercial)
- number of properties owned
- holding period of the sold property
- documented source of funds

Before a transaction, it's worth discussing your situation with a tax advisor (contador Brazilian tax consultant) — especially if you're not a Brazilian tax resident, since rules can differ for non-residents.

A Worked Example

You bought an apartment in Florianópolis for $200,000. A few years later, you sold it for $300,000. Capital gain: $100,000.

Without exemption
15% of the capital gain

With exemption
reinvested within 180 days

The difference is a real **$15,000** that stays with you, not the tax office.

Similar Reliefs Exist Elsewhere — Brazil Isn't Unique

🇧🇷
Brazil
Full exemption when reinvesting in property in Brazil within 180 days

🇵🇹
Portugal
Full exemption when reinvesting in a primary residence in the EU/EEA within 36 months

🇺🇸
USA
$250k/$500k exclusion for a primary residence; tax deferral when reinvesting in an investment property (Section 1031)

Why countries do this: governments don't want to tax someone who isn't extracting capital from the system — just moving it from one property to another within the country. The goal is to keep the market liquid: without the relief, people would hold onto old properties longer than needed just to avoid the tax. The exemption removes that distortion — it benefits the market as much as the seller.

The Annual Tax — IPTU

Separate from the sale tax — the annual municipal property tax **IPTU** municipal property tax, paid regardless of sale. Typically **0.3–1.5%** of the assessed value per year, varying by municipality.

Purchase Costs — For the Full Picture

If you're only planning a purchase — keep the one-off entry costs in mind too: **ITBI** property transfer tax — 2–3% of the value, plus notary and registration fees. Total transaction costs are usually **4–6%** of the property's value.

Bottom Line

> Selling real estate in Brazil is subject to a 15% capital gains tax (with progression for large amounts), but the law provides a legal way to avoid it — reinvesting in another residential property within 180 days. The exemption's applicability depends on your tax status — proper planning before purchase saves real money on sale.

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*Informational material, not tax advice. Facts confirmed by Dr. Wilian Campos (OAB/SC 50.897), **WK International Services**, July 2026.*

Your Path Forward

1

Consultation

We discuss your situation — residency, timelines, reinvestment plans.

2

Tax Planning

Introduction to a contador and attorney at **WK International Services**.

3

A Deal Without Surprises

Sale or purchase with a precise understanding of tax consequences.

YOUR PERSONAL ADVISOR

Konstantin Bievskikh

CRECI-SC 59616-F

+55 (48) 98811-7424

@KBIEVSKIKH · Telegram

kbievskikh@planbbrazil.com

planbbrazil.com

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