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Brazil Politics

Economic Agenda & Proposals in Congress – Current Stage

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We herein provide another weekly update on the current state of play regarding the main economic proposals and/or reforms under discussion in Congress. A brief description of the proposals can be found in Table 1. Chart 1 shows the stage of each of the measures under consideration in Congress.

Bottom-line: Last week, the government unveiled a package of measures kickstarting its post-Social Security Reform economic agenda. The package was delivered to the Senate via three PECs (constitutional amendment proposals): (i) Federative Pact; (ii) Fiscal Emergency; and (iii) Public Funds. The Economy Ministry intends to submit other measures in the coming days: (i) Administrative Reform (tomorrow); (ii) pro-(faster)privatization program; and (iii) the first part of its Tax Reform. Among all these proposals, those that seem most likely to be discussed in Congress this year are the Emergency and Federative Pact PECs. On another front, the government plans to submit a package of measures today to spur job creation, especially amongst younger people. The following proposals should also advance in Congress by year-end: (i) bill on Sanitation Legal Framework - expected to be voted in the Lower House next week; (ii) Parallel Social Security Reform PEC – voting the amendments in the first round in the Senate should be concluded tomorrow; (iii) Military Social Security Reform - the final draft of the bill will be voted by the Lower House special committee by next week and the text will go to the Senate; (iv) FGTS - the MP that creates 'birthday month withdrawals' must be voted by the Senate by November 20. The text approved by the House last week increased immediate withdrawals from R\$500 to R\$998.

- **Post-Social Security Reform Economic Agenda:** Last week, the government submitted a package of measures called Plano Mais Brasil, thus starting its Post-Social Security Reform Agenda. The package was delivered to the Senate by President Bolsonaro via three Constitutional Amendment Proposals (PECs): (i) Federative Pact; (ii) Emergency PEC; and (iii) Public Funds. The Economy Ministry intends to send the other measures in the coming weeks: (i) Administrative Reform; (ii) bill to fast-track privatizations; and (iii) the first part of its Tax Reform. The 3 PECs submitted last week will begin to pass through the Senate. The Administrative Reform and the Privatization Bill will start to be analyzed by the Lower House, and the Tax Reform will start being discussed in a joint congressional committee. Among all these proposals, those that seem most likely to move forward this year are the Emergency and Federative Pact PECs. Some Senate leaders believe the Emergency PEC can be approved by the Senate still this year. But it seems difficult for the Senate to finalize a vote still in 2019 due to the short timeframe here (plus parliamentary recess). Lower House speaker Rodrigo Maia said he will prioritize the Golden Rule PEC (PEC 438/18) in the Lower House, which has similar content to the Emergency PEC. If the Senate PEC is approved first, it will be added to PEC 438/18 and President Bolsonaro will be able to write into law what they both possess in terms of common ground. Final approval in one of the two legislative chambers looks likely only in 2020. The Federative Pact could also move forward in 2019 as it is in the interest of Congressmen themselves. The Administrative Reform, which House Rep Rodrigo Maia once said was his number

one priority, will only be discussed next year. He also stated that as the PEC will only deal with new servers, it does not have the same urgency as the Emergency PEC.

- **Emergency PEC:** The PEC foresees the triggering of mechanisms to curb mandatory expenditures when the Golden Rule (preventing issuances of debt securities to pay current expenditures) is breached in a year, in the case of the federal government. For states and municipalities, the triggers will be activated whenever current expenditures exceed 95% of current revenues.
- **Federative Pact PEC:** The PEC deals with the redistribution of pre-salt resources with states and municipalities; untying, de-indexing and de-releasing measures from the Federal budget; and creates the Fiscal Council of the Republic to discuss the financial situation of the federative entities. The economic team estimates that up to R\$400 billion in resources will be transferred to states and municipalities over the next 15 years. As the PEC aims to increase the volume of resources to be shared by the Union with subnational entities, it tends to have the support of parliamentarians.
- **Public Funds PEC:** The proposal decouples resources currently standing in government funds. The idea is to use part of the resources of these funds to reduce a portion of public debt; building a large infrastructure fund; and creation of a poverty eradication fund. The Union alone has 281 public funds, which have R\$220 billion stopped. With PEC, initially, around 248 funds should be extinguished.
- **Administrative Reform:** The reform tackles points such as stability for civil servants, reduction of working hours, wages and salary adjustments. Also, it aims to tighten the performance evaluation of civil servants and create a new working relationship between civil servants and the Brazilian State. The government plans to send the reform to the Lower House tomorrow. House chairman Rodrigo Maia said analysis of the proposal will only start in 2020 and that, since the PEC only focuses on new civil servants, it does not have the same urgency as the (aptly entitled) Emergency PEC. The PEC should face strong resistance in Congress: the Pro-Civil Service Joint Congressional Front features 235 out of 513 House Reps and 7 out of 81 Senators.
- **Tax Reform:** The government intends to submit its proposal in three steps. The 1st, which has no date to be submitted, creates a Federal VAT by unifying PIS and Cofins, with instruments (dual VAT) for states' inclusion. When this 1st part is sent, a mixed committee will be formed for the joint discussion of government, Lower House, and Senate proposals. In the 2nd stage of its proposal, the government intends to send the income tax (IR) reform, which may include correction of tax brackets, taxation of profits and dividends, and reduction of taxes for legal entities. Step 3 would include the payroll tax exemption, with some offsetting other than financial transaction tax.
- **Measures to spur job creation:** The government intends to submit this measure today. The measures to stimulate job creation in the country will last 2 years and, according to the government, will cost the Treasury R\$5 billion, with the reduction of 30% of the payroll. Companies that choose to hire young people between the ages of 18 and 29 who are in their first job, or people over 55, will be exempt from social security contributions and other payroll charges, such as the S System salary and education salary. The package will be implemented by provisional measure (MP).
- **Golden Rule (PEC 438/18):** Last week, the Lower House legal committee held a public hearing to debate the proposal. There is no requirement to vote on the opinion of the rapporteur, House Rep João Roma (Republicanos), in the committee. However, House chairman Rodrigo Maia said he will prioritize negotiations in the Lower House later this year.
- **Taxation of profits and dividends (Bill 2015/19):** The bill creates 15% income tax on the distribution of profits and dividends by companies to partners or shareholders. The Senate economic affairs committee has postponed (again) the vote on the bill, and this time has no set date. As the committee has a final decision on the bill, if it is approved by the committee, it can go to the Lower House without having to go visit the Senate floor (unless there is an appeal signed by 9 Senators). However, if it reaches the Lower House, it'll probably be in standby mode. House chairman Rodrigo Maia won't include the matter on the agenda before the Tax Reform advances in the House. Congressmen's resistance to taxation of profits and dividends is low so, once it is voted by the House, the likelihood of approval is high.

- **Social Security Reform Parallel PEC (PEC 133/19):** The Senate approved last week the main text. The four amendments should be voted tomorrow. Afterwards, the text will be voted in a 2nd round in the Senate, before going to the Lower House, where its procedural passage should be slower (only in 2020) due to resistance from several House Reps to certain aspects of the proposal.
- **Sanitation bill (PL 3261/19):** Congressmen involved in the discussion of the proposal say that the bill could be voted on the Lower House floor on November 19. Then, the bill will be assessed again by the Senate. According to the bill's rapporteur in the special committee, Geninho Zuliani (DEM), the feedback from Senate leaders on the report was positive, reducing the likelihood of changes to the text that undermine the essence of the bill. The bill is expected to be approved in both legislative chambers by the end of this year.
- **Military Reform (PL 1645/19):** The Lower House rejected an appeal for consideration by the Lower House floor. Thus, after approval of the final text by the House special committee, the matter goes straight to the Senate.
- **FGTS (MP 889/19):** The Lower House approved last Wednesday (11/07) MP 889/19, which changes the rules for withdrawals from the Workers' Severance Fund (FGTS). The Provisional Measure creates 'birthday month withdrawals', whereby workers can use part of the money each year. According to the approved text, the immediate withdrawal of R\$500 allowed by the original Provisional Measure becomes R\$998. The withdrawal of residual amounts of up to R\$80 will occur 180 days after publication of the law resulting from the Provisional Measure. The text also ends the additional payment by companies of 10% of FGTS account balances in the event of unfair dismissal. The Provisional Measure must be voted in 1 round in the Senate by November 20 otherwise it expires.

Table 1: Proposals on the Economic Agenda

Measure	Comment	Initial Stage	Current Stage
Social Security Reform (PEC¹ 6/19)	Changes retirement rules for RGPS ² and RPPS ³ workers. Some changes: (i) establishment of minimum retirement age of 62/65 for women men; and (ii) equal RGPS and RPPS rules. The fiscal impact of the approved version of the PEC is of R\$800bn in 10 years.	Lower House	Approved ✓
Social Security Reform Parallel PEC (PEC 133/19)	In order to avoid a delay in processing the Social Security Reform, with a return of the text to the Lower House, some changes were proposed in a parallel PEC, such as: (i) inclusion of states and municipalities by passing ordinary law; (ii) increase in the death pension quota to 20% for dependents under the age of 18; (iii) reduction of the minimum contribution time to 15 years for all men; and (iv) charges levied on exporting agribusiness and small/medium enterprises in the Simples tax regime. There is a lot of resistance to point (iv). The senators are working to conclude the PEC vote in the Senate later this year. The Lower House vote is likely to take place in 2020.	Senate	Main text approved in the first round on Senate floor. Awaits vote on the amendments
Military Reform (PL⁴ 1645/19)	The proposal increases the length of service of active military workers (from 30 to 35 years) and contribution rates (from 1.5% to 10.5% in 2022) via a career restructuring plan and changes in the Armed Forces Social Security System. Military police and firefighters will also be included in the reform of the military's retirement rules. According to the Ministry of Economy, the net saving will be ~R\$10mn in 10 years.	Lower House	Approved in the Lower House Special Committee. Goes to the Senate
Tax Reform (PEC 45/19)	Proposes: (i) unification of 5 taxes (IPI ⁵ , ICMS ⁶ , ISS ⁷ , PIS/Cofins ⁸) via creation of IBS (Tax on Goods and Services); (ii) 10-year transition for taxpayers and 50-year transition for states and municipalities; (iii) creation of selective tax on alcoholic beverages and cigarettes; (iv) no more tax benefits. Each subnational entity can set its own rate. Other proposals (e.g. the government one) will probably be attached to this PEC. The tax reform will likely take longer than the social security reform as it involves the interest of many more sectors and isn't seen by congressmen as equally urgent. The approval process will end only in 2021.	Lower House	Awaits bill rapporteur's final report in the Lower House Special Committee
Tax Reform (PEC 110/19)	Proposes: (i) creation of a dual VAT (IBS): one national, replacing 5 taxes (PIS/Cofins, Education Salary ⁹ , IPI and Cide ¹⁰) and one for states/municipalities, replacing 2 taxes (ICMS and ISS); (ii) transition of 5 years for taxpayers and 15 years for subnational entities; (iii) creation of a selective tax(IS) on alcoholic beverages, cigarettes and others; (iv) maintenance of Manaus Free Trade Zone tax benefits (other tax benefits will require additional legislation). This bill is likely to be attached to the Lower House bill.	Senate	Awaits vote of the bill rapporteur's report in the Senate Legal Committee

¹PEC: Proposed Constitution Amendment; ²RGPS: Social Security regime of private-sector employees; ³RPPS: Social Security regime of public-sector employees; ⁴PL: Ordinary Bill; ⁵IPI: Industrialized Product Tax (National); ⁶ICMS: Sales Tax (State); ⁷ISS: Services Tax (Municipal); ⁸PIS/Cofins: Gross Revenue Taxes (National); ⁹Education Salary: Salary Tax (National); ¹⁰Cide: Fuels Tax (National).

Source: Lower House, Senate and BTG Pactual.

Measure	Comment	Initial Stage	Current Stage
Tax Reform (Government)	The reform will be sent in three steps. The first will be the creation of a Federal VAT, with the unification of PIS and Cofins, with instruments for states' membership (dual VAT). In the 2nd stage, the income tax (IR) reform will be sent, which may include correction of tax brackets, taxation of profits and dividends, and reduction of taxes for legal entities. Step 3 will include payroll tax exemption, with some offsetting measures (beyond the financial transactions tax), and the addition of IPI industrial products tax to the VAT. The government plans to send at least the first part of its tax reform in the coming days.	-	It was not yet sent to Congress
Taxation of Profits and Dividends (PLS¹ 215/18, PL² 3129/19 and PL 2015/19)	Three bills are underway: two in the Senate (PLS 215/18 and PL 2015/19) and one in the Lower House (PL 3129/19). The three proposals seek to tax the distribution of profits and dividends, but the ones in the Senate tax remittances of profits and dividends abroad (tax rate of 15% or 25%, depending on the country, without double taxation), while the one in the Lower House taxes profits and dividends in Brazil. (20% rate). PL 3129/19 also proposes the reduction of the IRPJ corporate income tax rate and revokes the possibility of a company distributing interest on equity. In our view, these points will be discussed in the context of the tax reform, which is Congressmen's priority when it comes to the tax issue. Thus, the bills will not advance in both chambers before the reform.	Senate/ Lower House/ Senate	PLS 215/18: CAE ³ of the Senate PL3129/19: CFT ⁴ of the Lower House PL 2015/19: CAE of the Senate
Golden Rule (PEC 438/18)	The PEC provides mechanisms for cutting mandatory expenditures, decoupling resources from funds, de-taxing government expenditures and reviewing tax incentives. The PEC has been seen as an instrument that enables Congress to control mandatory spending without having to change the PEC of the spending ceiling. The Minister of Economy, Paulo Guedes, already sent to the Senate a proposal of his own similar to PEC 438/18.	Lower House	Awaits report from new rapporteur in the Lower House Legal Committee
Emergency PEC (PEC⁵ 186/19)	This is part of the so-called "Plano Mais Brasil" and foresees the triggering of mechanisms to curb mandatory expenditures when the Golden Rule (preventing issuances of debt securities to pay current expenditures) is breached in a year, in the case of the federal government. For states and municipalities, the triggers will be activated whenever current expenditures exceed 95% of current revenues. According to the Economy Ministry, the fiscal impact of the PEC's triggers will be R\$28bn in 2 years (R\$12bn in first year and R\$16bn in second year). In 10 years, the impact totals R\$50bn.	Senate	Awaits bill rapporteur's report in the Senate Legal Committee
Federative Pact PEC (PEC 188/19)	This is also part of the so-called "Plano Mais Brasil" and foresees: (i) decentralizing pre-salt resources; (ii) creating a Fiscal Board that will meet quarterly to assess states' financial situation; and (iii) creating a State of Fiscal Emergency that de-indexes mandatory expenditures and creates automatic mechanisms for cutting spending. The economic team estimates that up to R\$400bn will be sent to states and municipalities in the next 15 years.	Senate	Awaits bill rapporteur's report in the Senate Legal Committee
Public Funds PEC (PEC 187/19)	This is also part of the so-called "Plano Mais Brasil" and does away with the majority of the 281 public funds and authorizes the use of resources to pay public debt via an ample revision of constitutional and infraconstitutional funds in order to free up ~R\$220bn currently frozen in these funds.	Senate	Awaits bill rapporteur's report in the Senate Legal Committee
Onerous Transfer of Rights (PL 5478/19)	It is one of the measures that make up the Federative Pact. It proposes that 30% of the funds raised by the federal government in pre-salt auctions be divided between states and municipalities - 15% for states and 15% for municipalities. In addition, the government has pledged to transfer 3% of resources to oil producing states (a change that will mainly benefit Rio). The remaining resources go to the federal government. The bill includes specifications that the municipalities can use the money to cover the social security deficit or for investments, while the states will have to use the money obligatorily to pay the social security deficit, using the remaining resources for investments.	Lower House	Approved ✓
Fiscal Balance Plan (PLP⁶ 149/19)	It is one of the measures that make up the Federative Pact. It allows states and municipalities with a C rating (not only A and B) in repayment ability to obtain a federally guaranteed loan. In contrast, states will have to comply with at least three of eight fiscal adjustment measures. In addition, the bill also alters the LRF to clarify issues such as staffing expenses, with 2024 the deadline to comply with the Treasury's rules.	Lower House	Awaits creation of Special Committee in the Lower House

¹PLS: Senate Ordinary Bill; ²PL: Ordinary Bill; ³CAE: Economic Affairs Committee; ⁴CFT: Finance and Taxation Committee; ⁵PEC: Proposed Constitution Amendment; ⁶PLP: Supplementary Law – when in the Lower House.

Source: Lower House, Senate and BTG Pactual.

Measure	Comment	Initial Stage	Current Stage
Court-ordered debt PEC (PEC¹ 95/19)	It is one of the measures that make up the Federative Pact. It proposes to extend the deadline for the payment of court-ordered debts until 2028 (current term is 2024) in the case of precatories issued for the benefit of legal entities, thus not affecting the payment schedule of individuals.	Senate	Awaits appointment of rapporteur in the Lower House Legal Committee
Administrative Reform	The proposal seeks to ease the burden on the government coffers via measures such as: (i) reducing the federal government employee headcount; (ii) no more career stability for civil servants; and (iii) wage cuts for civil servants (with a respective reduction in the working day). The complexity and diversity of the proposals will almost certainly require constitutional amendment proposals, bills and additional pieces of legislation. The reform is part of the government's liberal agenda and, as such, will seek to review the role of the State and change its administrative structure, with the merger of entities and privatization of companies.	-	It was not yet sent to Congress
Sanitation Regulatory Framework (PL² 3261/19)	It allows private companies to provide basic sanitation services via concession contracts and to open bids, with the participation of public and private companies. It ends the preemptive right of state companies. There was agreement to close the vote in the Special Committee on October 30 and on the Lower House floor shortly after. As the bill will be changed in the Lower House, it will have to return to the Senate. It is possible to complete the Senate vote still in this year.	Senate	Awaits vote on the Lower House Floor
New FX Market Regulation (PL 5387/19)	The bill, establishing a new legal framework for the FX market in Brazil in order to modernize and simplify the system, covers issues such as: (i) consolidating into a single law over 40 legal instruments issued since 1920; and (ii) defining which categories can have foreign currency accounts with the Central Bank, enabling Brazilians to have foreign currency accounts in the future.	Lower House	Lower House Special Committee
New Gas Law (PL 6407/13)	The project sets new rules for the country's natural gas market in order to make the sector more competitive. The proposal brings points such as: (i) changes in the Gas Law (11909/09); (ii) creation of a secondary market for natural gas consumers and potential consumers to acquire and use natural gas already contracted by another consumer in the so-called primary market; (iii) reduction to zero of the PIS/Pasep and Cofins tax rates on imports and gross domestic sales of natural gas, liquefied or gaseous.	Lower House	Awaits appointment of rapporteur in the Lower House CDEICS ³
LDO 2020 (PLN⁴ 5/19)	Provides for the guidelines for the preparation and implementation of the 2020 Budget Law. The text projects a minimum wage readjustment to R\$1,040 next year (no real gain), a primary deficit of R\$124.1bn for the central government, a GDP growth of 2.7%, among other points.	Congress	Approved ✓
Central Bank's Autonomy (PLP⁵ 112/19)	It deals with the technical, operational, administrative and financial autonomy of the autarchy and the mandates of its leaders. Currently, the Central Bank reports to the Presidency of the Republic. This matter has gained 'urgency status' and can be voted directly on the Lower House floor without having to pass through Committees.	Lower House	Awaits vote on the Lower House Floor
Eletrobras Privatization (PL 5877/19)	Eletrobras (holding company) privatization will occur via a dilution of the government's stake through a capital increase, with the issuance of Eletrobras shares to be sold on the market. Thus, the federal government will not be anymore a majority shareholder. The text also states that, at the end of the process, no shareholder may have more than 10% of the voting capital of Eletrobras. The text also states that, at the end of the process, no shareholder may have more than 10% of the voting capital of Eletrobras. Moreover, the proposal doesn't include the creation of a 'golden share'. Eletrobras's corporate restructuring will not affect two subsidiaries: Eletronuclear and Itaipu Binacional, since, for constitutional reasons, both should be under the control of the Union. Therefore, the project determines the creation of a state-owned company (public company or mixed economy company) exclusively to manage both.	Lower House	Awaiting an order from the Lower House chairman to start its procedural passage
End of the Kandir Law (PEC 42/10)	Revokes ICMS (VAT) exemptions for exports of non-industrialized and semi-processed products, as granted under the Kandir Law, to restore this revenue source for states and municipalities. The proposal faces massive resistance from the so-called 'ruralists'.	Senate	Awaits bill rapporteur's report in the Senate Legal Committee
PLC⁶ 79/2016 (Telecommunications)	The bill creates a new milestone for the telecom industry by establishing changes in the General Telecommunications Law in order to definitively migrate the provision of fixed telephone services to the private sector (doing away with public concessions).	Lower House	Approved ✓

¹PEC: Proposed Constitution Amendment; ²PL: Ordinary Bill; ³CDEICS: Economic development, industry, trade and services committee; ⁴PLN: National Congress Ordinary Bill;

⁵PLP: Supplementary Law – when in the Lower House; ⁶PLC: Lower House Ordinary Bill.

Source: Lower House, Senate and BTG Pactual.

Measure	Comment	Initial Stage	Current Stage
Direct sale of cars (PL ¹ 3844/19)	The proposal seeks to change law 6729/79 by establishing that cars purchased at a discount directly from automakers can only be resold two years after the date of purchase. Direct vehicle sales currently have no minimum resale criteria. The bill has 'conclusive status'.	Lower House	Awaits bill rapporteur's report in the Lower House CDEICS ²
New Electric Sector Regulatory Framework (PLS ³ 232/16 e PL 1917/15)	Two bills on this subject are back on Congress' debating agenda this year: one in the Senate (PLS 232/16) and one in the Lower House (PL 1917/15). Both present a new business model for the electricity sector, seeking to gradually open up the market via changes in power generation and energy trading regimes. Despite some (few) differences, they converge on one point: portability of electricity bills. But the discussion should only move forward next year, as a bill is being prepared by the Ministry of Mines and Energy and should be sent by the end of the year.	Senate/ Lower House	PLS 232/16: CI ⁴ of the Senate PL 1917/15: Lower House Special Committee
Economic Freedom (MP ⁵ 881/19)	It institutes the Declaration of Economic Freedom Rights, establishes free market guarantees, regulatory impact analysis, and other measures.	Senate	Approved ✓
FGTS (MP 889/19)	It makes available the full withdrawal of the PIS/Pasep balance and institutes the 'FGTS Birthday withdrawal' that will allow the withdrawal of part of the FGTS account balance annually, in the employee's month of birthday. The bill rapporteur's also proposed the end of the additional 10% "fine" on deposits in the case of unfair dismissals	Congress	Approved in the Lower House. Goes to the Senate
Frauds (MP 871/19)	The measure is part of the government's effort to contain social security expenditures through a thorough analysis of the benefits granted. The new law (13846/19) creates an INSS benefit review program, with bonuses for experts who perform more medical expertise; requires registration of the rural worker made by the government, and no longer by the unions; and restricts the payment of imprisonment aid only to closed-sentence cases, prohibiting the payment to prisoners under a semi-open regime.	Congress	Approved ✓

¹PL: Ordinary Bill; ²CDEICS: Economic development, industry, trade and services committee; ³PLS: Senate Ordinary Bill; ⁴CI: Infrastructure services committee; ⁵MP: Provisional Measure.

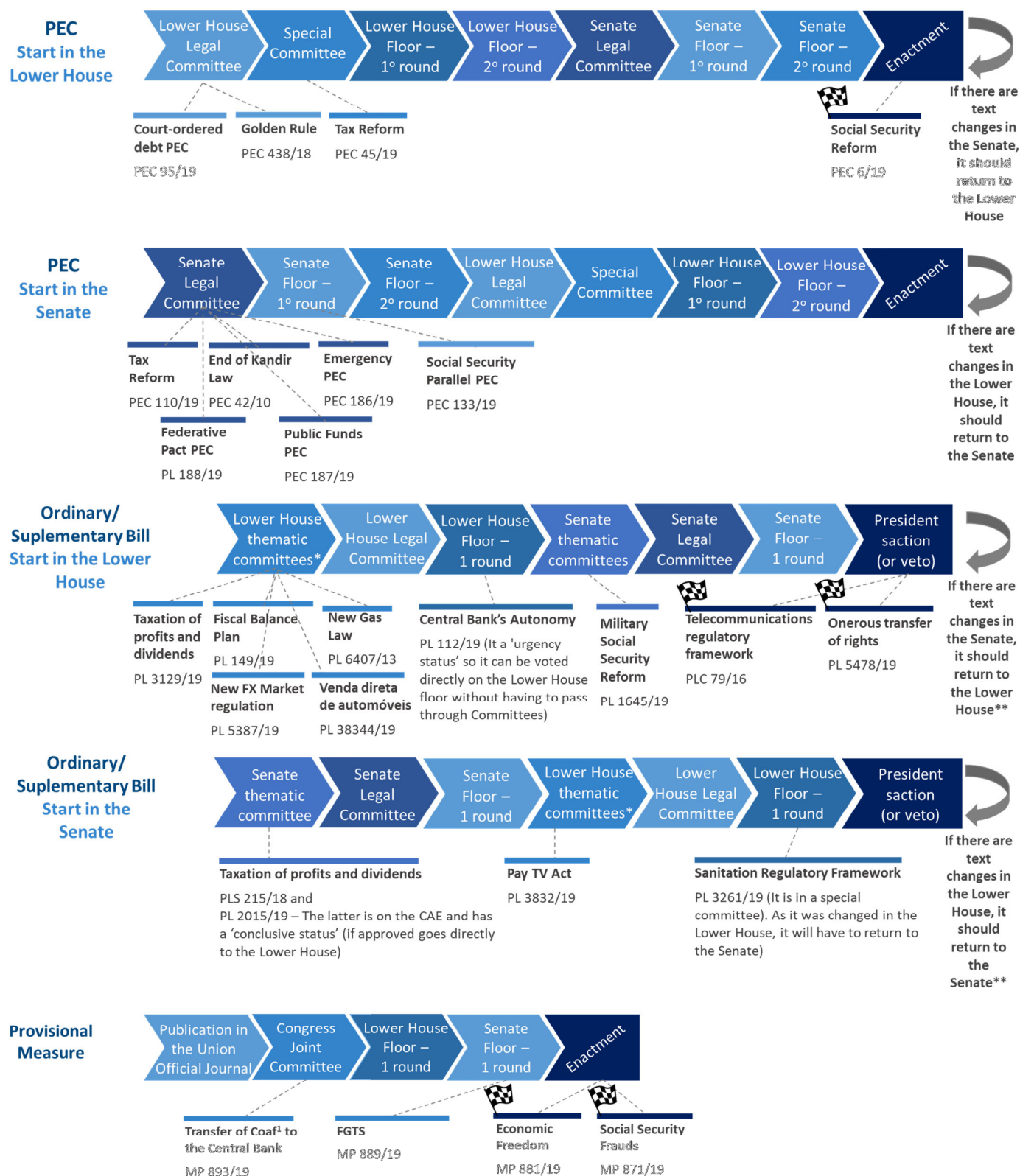
Source: Lower House, Senate and BTG Pactual.

Table 2: Procedural passage of the main legislative rules

	Constitutional Amendment (EC)	Ordinary Law (LO)	Supplementary Law (LC)	Provisional Measure (MP)
Votes required for approval	3/5 (308 federal deputies and 49 senators)	Simple Majority (more than 50% of total votes, excluding abstentions. An absolute majority must be present for the bill to be voted)	Absolute Majority (257 federal deputies and 41 senators)	Simple Majority (more than 50% of total votes, excluding abstentions. An absolute majority must be present for the bill to be voted)
Processing	Legal Committee in the Lower House (CCJC) ¹ ≈ Special Committee (CE) ≈ 2 rounds in the Lower House ≈ Senate Legal Committee (CCJ) ³ ≈ 2 rounds in Senate ≈ Enactment	Thematic committees (it may have a conclusive nature ²) ≈ Legal Committee in the Lower House (CCJC) ¹ ≈ 1 round in the Lower House ≈ Thematic committees (it may have a conclusive nature ²) ≈ Senate Legal Committee (CCJ) ³ ≈ 1 round in Senate ≈ Signed into law or vetoed by president	Thematic committees (it may have a conclusive nature ²) ≈ Legal Committee in the Lower House (CCJC) ¹ ≈ 1 round in the Lower House ≈ Thematic committees (it may have a conclusive nature ²) ≈ Senate Legal Committee (CCJ) ³ ≈ 1 round in Senate ≈ Signed into law or vetoed by president	Joint congressional committee ≈ 1 round in the Lower House ≈ 1 round in Senate ≈ Signed into law or vetoed by president

¹ If rejected, one-third of deputies may call a floor vote. ² This means that the bill would not need to be put to a floor vote. ³ If rejected, one-third of senators may call a floor vote. Source: Brazilian Constitution, Rules of Order of the House of Representatives, Rules of Order of the Senate and BTG Pactual

Chart 1: Procedural passage stage of the main legislative rules in Congress



* If there is financial impact, the proposal should pass in the Finance and Taxation Committee before going to the Lower House.

** When return to the Lower House or Senate, it cannot be changed again, so if the proposal is not approved it will be archived.

¹Coaf: Financial Activity Control Council

Source: Brazilian Constitution, Rules of Order of the House of Representatives, Rules of Order of the Senate and BTG Pactual

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