

Regulated Carbon Market: Highlights of Federal Law No. 15,042/2024

On December 12, 2024, [Federal Law No. 15,042/2024](#) was enacted, establishing the Brazilian Greenhouse Gas Emissions Trading System (SBCE). This law aims to encourage the reduction of pollutant emissions and mitigate climate change. (See our previous alert on the regulation at [this link](#)).

Below, we outline the key aspects of the new regulation:

1. What is the SBCE?

The Brazilian Greenhouse Gas Emissions Trading System (SBCE) is a regulated framework to cap GHG emissions and facilitate the trading of assets related to the emission, reduction, or removal of GHGs in Brazil.

Its objective is to comply with the National Climate Change Policy (PNMC) and Brazil's international commitments by establishing environmental goals and financial discipline for asset trading.

The system will be implemented gradually, with sequential commitment periods. It ensures reliable structures for the measurement and verification of emissions, covers the entire national territory, and may interoperate with other international emissions trading systems. SBCE also provides economic incentives for reducing or removing GHG emissions while ensuring the electronic traceability of emission assets.

2. How will the SBCE be organized?

SBCE management will be structured across three levels:

1° Interministerial Climate Change Committee (CIM):

Responsible for the overall coordination of system policies, establishing general guidelines, approving the National Allocation Plan, and forming technical groups.

2° SBCE Managing Body:

Responsible for performing normative, regulatory, sanctioning, and appellate functions. This body will regulate the SBCE asset market, define monitoring methodologies, set emission benchmarks, and manage the SBCE Central Registry.

3° Permanent Technical Advisory Committee:

A technical forum to support system improvements, suggest criteria for accrediting methodologies, and provide technical input for the annual resource allocation plan. This committee will include representatives from the federal government, states, the Federal District, sectoral entities, academia, and civil society.

3. What are the assets regulated by the SBCE?

The SBCE will enable the structuring and trading of two primary types of assets:

1° CBE (Brazilian Emission Allowance):

Represents the right to emit 1 ton of carbon dioxide equivalent (tCO₂e). CBEs will be allocated by the managing body, either free of charge or through paid mechanisms, to regulated sources.

2° CRVE (Certificate of Verified Emission Reduction or Removal):

Certifies the effective reduction or removal of 1 tCO₂e of GHG emissions.

4. What is the difference between carbon credits and SBCE assets?

While carbon credits can be generated by various projects and traded on the voluntary market, CBEs and CRVEs are specific to the SBCE and used to meet regulated environmental commitments.

5. How will the SBCE be implemented?

The new legislation structures the SBCE in five phases, with the first phase dedicated to initial regulation, spanning 12 months, extendable by an equal period. The final phase anticipates the full operation of the system, aligning with the end of the first National Emission Allocation Plan.

6. What is the National Allocation Plan?

The National Allocation Plan will serve as the main operational instrument of the SBCE. It will define:

- Maximum emission limits;
- The number of available CBEs;
- Rules for CBE distribution;
- The use of CRVEs in periodic reconciliations.

7. Who will be obligated to participate?

Operators whose installations emit more than 10,000 tons of CO₂ equivalent per year must monitor, report, and verify their emissions and periodically reconcile their obligations.

For installations emitting more than 25,000 tons of CO₂ equivalent per year, regulation will also require:

- Submission of monitoring plans;
- Presentation of GHG emission and removal reports.

Companies involved in waste management and liquid effluent treatment that utilize technologies to neutralize emissions will be exempt from compliance with established limits.

Additionally, insurance companies, pension funds, capitalization companies, and local reinsurers subject to the rules of CMN Resolution No. 4,994 of 03/24/2022 must allocate at least 1% of their annual assets to investments in environmental credits or securities.

8. How will the taxation of SBCE assets work?

8.1. Sale of Carbon Credits and SBCE Assets

Profits from the sale of carbon credits, CBEs, and CRVEs will be taxed under the Income Tax (IR) and Social Contribution on Net Income (CSLL), as follows:

- **For developers:** Taxation will follow the tax regime adopted by the developer.
- **For transactions on stock, commodity, or futures exchanges and organized over-the-counter markets:** Taxation will apply to net gains.
- **For other transactions:** Profits will be treated as capital gains, following the taxation rules for individuals and legal entities.

No PIS or COFINS will be levied on revenues from the sale of carbon credits or SBCE assets, enhancing the economic appeal of these operations.

8.2. Conversion of Carbon Credits into SBCE Assets

The conversion of carbon credits into SBCE assets will not trigger tax liability.

8.3. Deductibility of Expenses for IRPJ, CSLL, and IRPF

For calculating Taxable Income (IRPJ and CSLL) or Personal Income Tax (IRPF), the following expenses are deductible:

- Emission reductions or removals tied to the generation of carbon credits and SBCE assets;
- Expenses incurred in generating carbon credits, including administrative and financial costs related to issuance, certification, registration, trading, and bookkeeping of these assets.
- If carbon credits or SBCE assets are canceled, these expenses may still be deducted when calculating taxable income, provided general deductibility rules are met.

8.4. Effects of Accounting Methods and Criteria

Differences arising from accounting methods and criteria will not affect the calculation of federal taxes.

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