

NEWSLETTER

Law No. 14,905/2024



Amendments to the Civil Code regarding monetary adjustment and interest in civil and contractual obligations.

SOUZACKAWA
ADVOGADOS

Amendments to the Civil Code

Law No. 14,905, dated June 28, 2024, and published in the Official Gazette on July 1, 2024, introduced amendments to the Brazilian Civil Code ("CC"), particularly regarding monetary adjustment in cases of non-compliance with obligations and the default interest rate in civil and contractual obligations.

These changes aim to modernize and clarify the rules related to monetary correction and interest in civil and contractual relationships, providing greater legal certainty and alignment with contemporary economic practices.



Monetary Adjustment: The law establishes that, in the absence of a specific index defined contractually or by law, the variation of the Broad Consumer Price Index (IPCA), calculated by the IBGE, or another index that replaces it, will be applied.



Interest: Interest arising from unmet obligations will be set according to the legal rate, which will correspond to the reference rate of the Special System for Settlement and Custody (Selic), minus.



Amendments to the Civil Code



o IPCA (Article 406 of the Civil Code). In cases of loan operations for economic purposes (Article 591 of the Civil Code), the rule provided in Article 406 also applies. The methodology for calculating the legal rate will be defined by the National Monetary Council and published by the Central Bank of Brazil.



Default and Losses and Damages: The defaulting debtor will be liable for the damages caused, including interest, monetary adjustment, and legal fees.



Usury Law: In addition to establishing new rules for the application of interest, the new law also relaxed Decree-Law 2,626 of 1933, known as the Usury Law. This decree, which previously prohibited charging interest rates higher than twice the legal rate and compound interest. Thus, with the changes introduced by the new law, the Usury Law no longer applies to transactions between legal entities, obligations represented by credit instruments, or



Amendments to the Civil Code



securities, debts with investment funds or clubs, financial institutions authorized by the Central Bank, leasing companies, simple credit companies, and public-interest civil society organizations dedicated to providing credit.



Interest Rate Simulation: The Central Bank of Brazil will provide a public interactive tool to simulate the use of the established legal interest rate.

Our office closely monitors legislative updates and is available for any clarifications on the topic.



SOUZAOKAWA
ADVOGADOS

 + 55 (11) 3532-7710

 Av. Brigadeiro Faria Lima, 1663 - 14º andar
Jardim Paulistano - São Paulo - SP, 01452-001

 souza.okawa@souzaokawa.com.br

 souzaokawa.com.br